



THE ADECCO GROUP

Group press release, Zurich, Switzerland, 28 July 2021

AKKA TECHNOLOGIES AND MODIS UNITE TO BUILD A GLOBAL SMART INDUSTRY LEADER

HIGHLIGHTS

- Adecco Group to acquire AKKA Technologies and combine the business with Modis to create the global #2 in the engineering R&D market, a powerful platform to drive future Smart Industry leadership
- Transaction consideration of €2.0 billion of Enterprise Value, equivalent 10.6x EV/EBITDA 2022e¹
- Accelerates Adecco Group's Future@Work strategic implementation toward high-value, technology-led services in less-cyclical markets, while reinforcing the strength of Adecco Group's unique solutions ecosystem; the three Global Business Units will be recognised market leaders
- Combined, AKKA Technologies and Modis 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
- AKKA Technologies and Modis will offer larger scale and scope for career growth and development for team members of both companies
- New business will have extensive capabilities in innovative technologies, as well as a differentiated end-to-end service offering, enhancing AKKA Technologies and Modis' ability to capture accelerating demand for Smart Industry
- 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 AKKA Technologies and its engineers as part of Adecco Group's ecosystem
- Revenue synergies in excess of €200 million and cost synergies of €65 million identified
- Margin and EPS accretive in year one², EVA positive in year three
- Closing of first stage of transaction to be followed by Mandatory Tender Offer in Belgium and France for remaining AKKA Technologies securities
- Closing expected in H1 2022, subject to regulatory approvals
- Mr Jan Gupta appointed President-elect of combined business. Mr Mauro Ricci to be appointed as Special Advisor to the CEO of the Adecco Group and Mr Jean-Franck Ricci to be appointed as Chairman of the Customer Advisory Board of the AKKA Technologies & Modis combined business

¹ Enterprise Value assuming 100% equity acquired for €1.5 bn and including reported net debt as at end June 2021 and excluding the ODIRNANE, which is equity accounted under IFRS (€175 mn, first call in 2025). Multiple based on consensus estimates. Source: Société Générale.

² Excluding one-time integration and implementation costs.

“We are very pleased to announce today that AKKA Technologies and Modis will come together in a landmark transaction. Alongside our Workforce and Talent Solutions global pillars, we are creating a global market leader in technology and digital engineering. The combined business will be a trusted partner to the world’s leading companies, with an ability to capture the accelerating demand for digital transformation through its Smart Industry focus,” said Alain Dehaze, CEO of Adecco Group.

“By combining AKKA Technologies and Modis, we are delivering a step-change moment in our Future@Work strategy. This is a compelling investment in a higher growth, higher margin business that has more predictable and resilient earnings and will create significant value for all stakeholders.”

He added: “The two businesses strongly complement one another, united by a shared passion for technology and talent and a dynamic, entrepreneurial culture. We also see potential for the Adecco Group’s ecosystem to provide exciting new opportunities for AKKA Technologies and its team of engineers, with an enhanced ability to combine technology solutions with workforce and talent solutions as part of a truly unique service offering for our customers.”

Mauro Ricci, Chairman and CEO of AKKA Technologies said: “Today marks a turning point in AKKA’s history as we announce the creation of the number 2 global player in the Smart Industry, through combining with Modis. The innovation that our customers need is a never-ending story, and we must constantly evolve and invest in new technologies and in new skills to remain a valuable and long-term partner. While the engineering industry keeps changing, and its consolidation has not been completed yet, I am convinced that Modis is the ideal partner to write this new chapter in our history, together.”

He added: “The addition of leading-edge digital engineering skills combined with our deep expertise in the engineering of the full product life-cycle that we have acquired working with our blue-chip clients for decades will create value for all our stakeholders. This opens up exciting opportunities for our engineers, who will access a larger playing field to continue to innovate alongside our customers and keep expressing their passion for technologies.”

“This is a milestone day and major leap forward in our mission to be a leading enabler of Smart Industry, which is where IT and engineering technologies converge into a digital and connected world. We look forward to joining forces with AKKA Technologies, combining their excellent market reputation in engineering with Modis’ strong digital experience. Together we will provide cutting-edge high-tech solutions through highly experienced engineers and digital experts,” said Jan Gupta, President of Modis.

“United, we will be a global engineering and digital solutions powerhouse, one that is a well-positioned and trusted partner worldwide, able to meet accelerating demand from customers who are facing technological disruptions and who need our services and skills to scale their transformation. We have the joint ambition to lead the market and to be in the forefront of accelerating innovation and time to market for our customers and partners. Together, we will engineer a smarter future.”

TRANSACTION OVERVIEW

- The Ricci Family Group and SWILUX S.A., fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, which collectively own approximately 60 percent of AKKA Technologies' issued share capital and approximately 68 percent voting rights, have irrevocably undertaken to simultaneously and at the same price sell their shares to the Adecco Group³
- Agreed terms with Mr Mauro Ricci and Mr Jean-Franck Ricci, which hold 33.10 percent of AKKA Technologies' issued share capital, at €42 per share cash plus €7 per share value equivalent in Adecco Group new ordinary shares
- Agreed terms with SWILUX S.A., fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, and the other members of the Ricci family, who collectively hold 26.81 percent of AKKA Technologies' issued share capital, at €49 per share all cash
- Subject to closing of the first stage of the transaction, the Adecco Group will launch a Mandatory Tender Offer in Belgium and France for the remaining AKKA Technologies securities, at €49 per share all cash and at an equivalent price in cash per warrant or convertible bond
- Offer price per share represents a premium of approximately 115 percent to the share price of €22.82 on 23 July 2021
- The transaction will be financed mainly through approximately €1,000 million new senior bonds, an €500 million hybrid bond and the placing of new ordinary shares to raise gross proceeds of up to €350 million, including the new ordinary shares to be issued to Mr Mauro Ricci and Mr Jean-Franck Ricci
- The Adecco Group's capital allocation policies are unchanged, including its progressive dividend commitment, leverage targets and strong investment grade rating. Given this announcement, the previously announced share buyback programme is now placed on hold

Introducing a global Smart Industry leader

The Board of Adecco Group and Management are pleased to have reached agreement with the Ricci family and SWILUX S.A., subsidiary of Compagnie Nationale à Portefeuille SA, to acquire their holdings in AKKA Technologies, providing Adecco Group with a controlling stake in the company. Thereafter, the Adecco Group will launch a Mandatory Tender Offer for the remaining AKKA Technologies securities.

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 percent of outstanding standing share capital, and accounts for AKKA Technologies' net financial debt as of end June 2021⁴. The agreed purchase price represents an EV/EBITDA multiple of 10.6x 2022e⁵.

AKKA Technologies ("AKKA") is a global leader in engineering R&D services ("ER&D"), headquartered in Belgium and employing around 20,000 engineers and digital experts. The company has a strong presence in Europe and in

³ At the closing of the transaction, the members of the Ricci Family Group owning profit sharing certificates will renounce them, and these profit sharing certificates will be cancelled subsequently.

⁴ Excluding the ODIRNANE, which is equity accounted under IFRS (€175 mn, first call in 2025).

⁵ Multiple based on consensus estimates. Source: Société Générale.

the mobility sector (automotive, aerospace, railway). It has deepened its digital expertise in cutting-edge technologies including data analytics, IoT, autonomous driving, mobile services, and embedded software, including through the acquisition of Data Respons in 2020. The company generated 75 percent of its revenues from digital and embedded software activities in 2020⁶. AKKA reported revenues of €1.8 billion in 2019 and €1.5 billion in 2020 and an adjusted operating profit margin of 8.0% in 2019 and 1.3% in 2020⁶, as a consequence of the COVID crisis.

Positioned to win in an attractive market, together

The Adecco Group intends to combine AKKA and Modis. Through this landmark step, the new business will generate €3.7 billion of revenues and be the global number two in the 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 AKKA and Modis 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.

The global ER&D market is anticipated to expand to \$2,000 billion by 2023⁷, driven by double-digit demand for digital engineering, which is forecast to reach 47 percent of global ER&D spend in 2023, up from 36 percent in 2020⁷. ER&D service companies that can provide value-add in these areas will benefit most within an addressable market estimated to grow by at a CAGR of 8 percent over the medium-term⁷.

AKKA and Modis are highly complementary businesses

The world's leading companies are increasingly seeking trusted partners with global presence and capabilities. AKKA and Modis will be well positioned to serve these customers, leveraging AKKA's long-standing relationships with global OEMs and a complementary footprint across more than 30 countries. The combined business will generate around 50 percent of revenues from EMEA, 30 percent from North America, and 20 percent from APAC, led by Japan and Australia⁸. AKKA's strong presence in Europe provides new opportunities for Modis, while Modis' strength in APAC and its positioning in North America will provide incremental opportunities for AKKA.

Meanwhile, Modis' balanced industry profile will be boosted by AKKA'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 percent of revenues, while software & technology services will be the second largest with approximately 15 percent of revenues⁸.

⁶ Company Annual Report FY2020.

⁷ Zinnov Research & Analysis: Enterprise ER&D Strategy & Focus, May 2021.

⁸ Management estimates, proforma based on 2020 results.

More extensive capabilities and services provide opportunity to capture additional growth

Modis' deep cross-sector expertise and existing technology and digital engineering capabilities will be complemented by AKKA. AKKA offers best-in-class ER&D and valuable expertise in innovative technologies, such as autonomous driving and infotainment. Furthermore, AKKA works alongside customers through the full life cycle of their products, from design to prototyping and testing. 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, AKKA and Modis 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, AKKA and Modis will be able to offer workforce and talent solutions to customers which want more holistic solutions, to drive further growth.

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 company expects the acquisition to accelerate a beneficial shift in Adecco Group's portfolio mix, further diversifying the company 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.

The Group expects AKKA and Modis to grow at the upper end of the 3 to 6 percent medium-term market growth range that was previously announced for Modis on a stand-alone basis, with growth accelerating thereafter as the aerospace industry's recovery gains traction.

The transaction will improve Adecco Group's earnings quality and resilience by providing increased exposure to long-cycle activities. This is due to the nature of ER&D services, which involve multi-year projects for customers that invest in innovation to retain market leadership, even in recessionary periods.

Strong value creation opportunity

The acquisition will create significant value for the Adecco Group's stakeholders by elevating exposure to structural growth markets, with technology solutions expected to contribute 17 percent of group revenues, up from 11 percent⁹. On a proforma basis, Group revenues would have been €21.1 billion in 2020 and €25.3 billion in 2019⁹. The acquisition will also be margin accretive in year one, and the strategic focus on expansion in the higher margin Smart Industry market will further benefit margins going forward.

The limited customer overlap and complementary footprint between Modis and AKKA are set to drive strong synergies. The Group has further identified over €200 million in revenue synergies, on a recurring run-rate, pre-tax basis, driven mainly by cross-selling. AKKA, Modis and the Adecco Group will benefit from each other's extensive customer network, while in combining AKKA and Modis, it is expected that the new business will be able to capture a larger share of project value. While the Group will continue to invest in growth and talent across the combined business, it has identified €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, and improved utilisation of engineers.

The vast majority of synergies will be captured by the end of year three and will be delivered on top of AKKA's current restructuring programme, which AKKA confirms to be firmly 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.

The transaction will provide EPS accretion in year one¹⁰ and be EVA positive in year three.

Transaction and financing details

The transaction is anticipated to close in H1 2022. In a first stage, the Ricci Family Group and SWILUX S.A., fully-owned subsidiary of Compagnie Nationale à Portefeuille SA, which collectively own approximately 60 percent of AKKA Technologies' issued share capital and approximately 68 percent voting rights, have irrevocably undertaken to simultaneously and at the same price sell their shares to Adecco Group. Closing of this first stage is expected in early Q1 2022, subject to a number of customary conditions precedent, in particular obtaining all regulatory approvals.

Mr Mauro Ricci and Mr Jean-Franck Ricci, which collectively hold 33.10 percent of AKKA Technologies' issued share capital, have agreed to accept an offer at €42 per share in cash plus €7 per share value equivalent in Adecco Group new ordinary shares created from authorised capital, on which Mr Mauro Ricci and Mr Jean-Franck Ricci have agreed a lock-up period of 24 months.

SWILUX S.A., fully-owned subsidiary of Compagnie Nationale à Portefeuille SA and the other members of the Ricci family, who collectively hold 26.81 percent of AKKA Technologies' issued share capital have agreed to accept

⁹ Management estimates, based on 2020 proforma results.

¹⁰ Excluding one-time integration and implementation costs.

an offer at €49 per share, all cash. The agreement also provides for the renunciation by members of the Ricci Family Group and the subsequent cancellation by AKKA Technologies of the 7,927,487 outstanding profit sharing certificates.

Consequent to closing of the first stage, the Adecco Group would own approximately 48 percent of AKKA Technologies securities with voting rights¹¹. As a result, the Group will have to launch a Mandatory Tender Offer in Belgium and France for the remaining AKKA Technologies securities, at the same cash price of €49 per share. The Mandatory Tender Offer will be unconditional. AKKA Technologies security holders will thus have the option to tender their holdings for €49 per share in cash, or an equivalent price in cash per warrant or convertible bond. Subject to the relevant approvals being obtained, the Group expects the Mandatory Tender Offer to be launched around end Q1 2022. Communications on the Mandatory Tender Offer under applicable tender offer rules will follow in due course.

The Board of AKKA Technologies has undertaken to unanimously recommend the Offer.

The offer price per share represents a premium of 114.7 percent to the share price of €22.82 on 23 July 2021, and an 108.4 percent premium over the last three months' volume weighted average price.

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 shares, warrants and convertible bonds of AKKA Technologies as well as its delisting from Euronext Brussels and Euronext Paris.

The transaction will be financed mainly through approximately €1,000 million new senior bonds, a new €500 million hybrid bond and through the placing of new ordinary shares from authorised capital to raise gross proceeds of up to €350 million, inclusive of the new ordinary shares to be received by Mr Mauro Ricci and Mr Jean-Franck Ricci. Bridge financing for this transaction of €1.0 billion is fully secured.

The Adecco Group's capital allocation policies, including its progressive dividend commitment, target of 1x Net Debt/EBITDA and strong investment grade rating, remain unchanged. Given this announcement, the company has decided to put the previously announced share buyback programme on hold. As of 23 July 2021, the Adecco Group has acquired 1,271,388 shares under this programme for CHF 79 million.

Société Générale and Credit Suisse acted as financial advisers to the Adecco Group, and Sullivan & Cromwell LLP, Eubelius CVBA and Bratschi AG provided legal counsel. Linklaters LLP provided legal counsel to AKKA Technologies.

¹¹ Being 18,698,822 shares out of a total of 39,137,565 shares and profit sharing certificates combined.

More information

The Adecco Group will host a conference call and webcast for analysts and investors today, starting at 09:00 a.m. CEST (08:00 a.m. BST). The conference call can be followed either via webcast on the Group's [website](#), or via telephone call:

UK/Global	+ 44 (0)20 7107 0613
United States	+ 1 (1) 631 570 56 13
Switzerland	+ 41 (0)58 310 50 00

A press conference call is scheduled to begin today at 11:30 a.m. CEST (10:30 a.m. BST). The conference call can be followed either via [webcast](#) on the Group's website, or via telephone call:

UK/Global	+ 44 (0)20 7107 0613
United States	+ 1 (1) 631 570 56 13
Switzerland	+ 41 (0)58 310 50 00

About AKKA

AKKA is a European leader in engineering consulting and R&D services. AKKA's comprehensive portfolio of digital solutions combined with expertise in engineering, uniquely positions AKKA to support its 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 (autonomous driving, IoT, Big Data, robotics, embedded computing, machine learnings etc.) to help them rethink their products and business processes. Founded in 1984, AKKA 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 AKKA values of respect, courage, and ambition. AKKA Technologies is listed on Euronext Paris and Brussels – segment B (ISIN: FR0004180537).

About Modis

In the converging world of IT and engineering, Modis 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. Modis 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. Modis is a Global Business Unit of the Adecco Group.

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 30,000 employees. We are proud to have been consistently ranking on of the "World's Best Workplaces" by Great Place to Work®. The Group is headquartered in Zurich, Switzerland (ISIN: CH0012138605) and listed on the SIX Swiss Exchange (ADEN).

This information is information that the Adecco Group is obliged to make public pursuant to the EU Market Abuse Regulation and the ad hoc publicity rules pursuant to art. 53 of the listing rules of the SIX Swiss Exchange. The information was submitted for publication, through the agency of the contact person set out below, at 6.45 a.m. CEST on 28 July, 2021.

In case of discrepancies between the English and other language versions of this press release, only the English version shall be deemed valid.

Further information to the holders of AKKA Technologies securities

The communications on the Mandatory Tender Offer under the applicable tender offer rules will follow in due time.

Disclaimer

This press release does not constitute a bid to acquire the securities of AKKA Technologies nor a solicitation by any person in any jurisdiction thereof.

Neither this press release nor any other information relating to the matters contained herein may be published, broadcasted or distributed, directly or indirectly, in any jurisdiction where a registration, qualification or any other legal or regulatory obligation or restriction is in force or would be with regard to the content hereof or thereof. 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. Modis, the Adecco Group, 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 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); 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.

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