



THE ADECCO GROUP



Annual Report 2019

Adecco International Financial Services B.V.

The Adecco Group

Hogeweg 123, 5301 LL Zaltbommel

P.O. Box 5, 5300 AA Zaltbommel

The Netherlands

Phone: +31 (0) 418 - 784 000

E-mail: Info@adecco.nl

Internet: <http://www.adecco.nl>

Chamber of Commerce number: 30212925

Registered seat in Utrecht, the Netherlands

Content Annual Report 2019

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BOARD OF DIRECTORS' REPORT 2019

General information

Adecco International Financial Services B.V. (the 'Company') was incorporated on March 1, 2006 as a private limited liability company, with its registered seat in Utrecht, the Netherlands, having its head office at Hogeweg 123, 5301 LL Zaltbommel, the Netherlands. Registered with the Chamber of Commerce with number: 30212925. The Company is governed by the Netherlands law.

The Company is a wholly owned subsidiary of Adecco Group AG, Zurich, Switzerland. Adecco Group AG is registered in Switzerland and listed on the SIX Swiss Exchange.

The principal activity of the Company is to act as financial company of the Group.

Financial statements

The financial statements have been prepared on the going concern basis in conformity with Part 9 of book 2 of the Dutch Civil Code.

The financial statements of the Company will be filed at the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands, after adoption by the General Meeting of Shareholders.

Company operations

The Company is engaged in financing and investment activities for the Adecco Group and obtains funds through loans via external banking and capital markets.

Bonds

Under the Group's Euro Medium Term Notes (EMTN) program the Company has issued the following bonds:

Amount of Bond	Year of issuance	Year maturing	Interest rate	Effective interest rate	Issuance price
EUR 500,000,000	2011	2018	4.750%	4.840%	99.453%
EUR 400,000,000	2013	2019	2.750%	2.770%	99.911%
EUR 400,000,000	2015	2022	1.500%	1.509%	99.939%
EUR 500,000,000	2016	2024	1.000%	1.110%	99.162%
USD 300,000,000 *	2017	2021	2.625%	2.803%	99.334%
EUR 300,000,000	2019	2029	1.250%	1.307%	99.446%

* USD 300,000,000 (equivalent to EUR 267,558,600 as per December 31, 2019 revalued balance EUR 261,620,400 as per December 31, 2018 revalued balance).

The proceeds of the bond issuances have been used for general financing purposes of the Adecco Group or for refinancing purposes of the Adecco Group.

As presented in the table above the Company issued on the May 20, 2019 EUR 300,000,000 fixed rate bonds guaranteed by Adecco Group AG, the parent company, due November 20, 2029. The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 1.250%. The proceeds were used for general purposes of the Adecco Group and for refinancing purposes of the Adecco Group.

In 2019 the 2013-2019 bond matured. All bonds are listed at the London Stock Exchange, United Kingdom.

Loans and commercial paper

Interest income from Adecco Group companies and other financing income amount to EUR 40.1 million in 2019 (2018: EUR 48.4 million), and interest expenses on the issued securities and other financial expenses amount to EUR 39.5 million in 2019 (2018: EUR 49.5 million). The net profit amounts to EUR 0.2 million in 2019 (2018: loss of EUR 1.6 million).

In March 2018, the Company issued EUR 370 million commercial paper as part of the French, so called 'NEU CP' Commercial Paper Program. Under this program the Company may issue short-term commercial paper up to a maximum of EUR 500 million, with maturity of individual papers of 365 days or less. In order to strengthen the liquidity position of the Adecco Group the Company issued commercial paper in March 2018, ending in June, September, October, November and December 2018. No commercial paper has been issued in 2019.

Guarantee

As described above, the Company is a subsidiary of Adecco Group AG and serves as a funding entity for the benefit of the Adecco Group. Accordingly, the objectives of the Company are very much depending on the need of funding within the Adecco Group.

Adecco Group AG is guarantor for liabilities arising from the bonds and / or other instruments issued by the Company. Accordingly, the financial position and credit worthiness of the Company and the Adecco Group must be considered as a whole. The notes issued by the Company are fully guaranteed by Adecco Group AG and a comfort letter is issued by Adecco Group AG committed to fund the Company if needed.

Personnel

AIFS B.V. had no personnel in 2019 (2018: nil).

Prospective information

The annual interest expenses will decrease due to the maturity of the 2013-2019 bond which has a nominal value of EUR 400,000,000 with an interest rate of 2.750% while the new issued 2019-2029 bond has a nominal value of EUR 300,000,000 with an interest rate of 1.250%. The result after taxation is therefore expected to increase compared to 2019.

The Company is as part of the Adecco Group always looking for new financing opportunities if there is a (future) cash need within the group. This can result in issuance of bonds (long-term finance need) or commercial paper program loans (short-term finance need).

The on-going coronavirus / COVID-19 outbreak across the globe prompted government authorities to adopt containment measures that have disrupted the local economies. In the context of COVID-19, the management has reviewed its management forecast and, more importantly for the near term, its liquidity forecast. The Board of Directors expects the direct impact on the operation of the Company to be limited. Among the outstanding bonds of the Company, the earliest maturity date is on November 21, 2021.

Although there is also no immediate direct impact on the operation of the Company, the parent Company is willing and has cash balance (due to the closure of the Soliant divestiture end of December 2019) and an revolving credit facility that can, when necessary, support the borrowers to cope with adverse effects of this pandemic and to meet their financial obligation to the Company.

The management will carefully monitor the situation and will take appropriate actions, when necessary.

Risk management

The purpose of the Company is to provide flexible financing to companies within the Adecco Group. The risks for the Company are mainly financing risks. The Company issues bonds and commercial paper program loans, and the proceeds are lent to other Adecco Group companies as long- and short-term loans.

The risk profile has not changed significantly in the last years. The Company has classified its risk into two categories:

- Financial risks and;
- Reporting and Compliance risks

The company continuously monitors the risks within both categories. The Company's risks and uncertainties (the risk appetite) is limited for each risk category. The level of the Company's risk appetite gives guidance as to whether the Company would take measures to control such uncertainties.

The risk appetite is further clarified in the section below.

Financial risks

Market Risk / Price Risk

The Company is exposed to market/price risk, especially the interest rate risk on loans to Adecco Group companies. The intercompany loan extensions will be renegotiated considering current market interest rates which may be different compared to the rate upon issuance of the bond.

The possibility exists that intercompany loans will bear a lower interest rate than the initial intercompany loan entered into upon issuance of the bond which will have an impact on the profitability of the Company. If the situation requires, the parent company is willing and has the ability to recapitalize the Company or can implement other measures to support the Company to continue as a going concern.

The interest rate risk for the Company is limited as all lending activities are subject to fixed rates and the loans and debts have the same maturity date.

Credit Risk

Credit risk arises mainly from the lending activities of the Company where there is a possibility of incurring losses as a result of a default of a borrower. Since the lending activity is constrained within the Adecco Group, the implicit risk of the Company is the risk for the parent company, Adecco Group AG.

As of December 31, 2019, the credit rating of Adecco Group AG is 'BBB+' (2018: 'BBB+'), by Standard and Poor's and 'Baa1' (2018: 'Baa1') by Moody's, which is considered to be 'strong investment grade' by the market. Therefore, the risk of a credit loss on the group lending is limited.

Furthermore, Adecco Group AG, as a beneficial owner of the Company, ensures that Adecco Group companies can meet their contractual and other obligations to third parties under the guarantee structure.

Liquidity Risk

Liquidity risk refers to the possibility of not being able to meet own payment obligations in full or when due. The Board of Directors believes that the ability to generate cash from operations combined with additional capital resources available is sufficient to support the existing business activities and to meet short and medium-term financial commitments.

Foreign exchange risk

Foreign exchange risk is the risk that the future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. It arises on financial instruments that are denominated in a foreign currency other than the functional currency which they are measured. The Company has foreign exchange risk arising from the USD bond issued in 2017. This risk is mitigated by lending on the proceeds to other Adecco Group companies in the same currency.

Reporting and Compliance risks

The complexity of the laws regulating public interest entities have increased in the last years, which means that the Company is subject to increased exposure to non-compliance, which could result in fines or reputational damage.

Internal Control Systems

The Company's internal control system is designed to provide reasonable assurance to Adecco Group management and the Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its financial statements. All internal control systems, no matter how well designed, have limitations.

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.

Putting controls into practice

There is a monthly result reporting and forecasting to Adecco Group AG. The Company submits a management representations letter quarterly that certifies that the corporate policies have been complied with and explains any exceptions or deviations that have occurred. In addition, the Company also submits a legal report that certifies that all applicable laws and regulations have been complied with.

There is a quarterly business review meeting with the Board of Directors, where all aspects of the business are scrutinized and discussed with corporate departments, such as Group Treasury, Group Tax, Group Legal and Accounting Netherlands.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is embedded within the Adecco Group's policy and is based on the CSR Performance ladder level 3. The key principle is the basic right of all individuals to decent and safe work. This principle enables the Company to nurture the right conditions for maximum diversity in the workplace for training and education.

The Company removes obstacles for those for whom access to employment is not (yet) an inevitable given. The Company establish partnerships with civil society organizations who hold the same work-related objectives as ourselves. We take our responsibility for our environment very seriously. Where possible concrete measures to reduce waste, energy consumption and pollution are taken.

Key priorities are:

- Excellence
Contributing to the positive effects for the stakeholders and society.
- Development of talent (Skills)
Enhancing prospects for self-development, for everyone.
- Integration
Equal opportunities in the labor market, for everyone.
- Prevention (Safety)
Effective health and safety, proper conditions of work for everyone.

The Adecco Group is constantly striving to match quality and capacity at work so that individuals can get the best out of themselves. The firm belief is that this will benefit the quality of life for the people who work via the Adecco Group. At the same time this has a positive effect on employers and society in general. In achieving this goal, less capacity will be lost as a result of the under or over-utilization of human capital. This vision ties in with a sustainable employment market.

Management and Supervision Act (Wet Bestuur en Toezicht)

As of January 1, 2013, the law 'Wet Bestuur en Toezicht', a new Management and Supervision Act came into effect. The new Act requires large-sized legal entities to have a balanced composition of their Board of Directors in terms of gender, with at least 30% of the seats occupied by women and at least 30% by men.

The current composition of the Board of Directors deviates from the above mentioned percentages. With regard to future nominations and appointments, the Board of Directors will take the gender diversity objectives into account as much as possible.

The members of the Board of Directors did not receive remuneration in 2019 (2018: nil) in their capacity as Board of Directors of the Company.

The Board of Directors of the Company is composed as follows:

- Hans Ploos van Amstel, director as of September 1, 2015;
- Melvin de Boer, director as of January 9, 2018;
- Robert Wolff, director as of May 1, 2019;
- Rob van Dusseldorp, director as of June 1, 2019

Responsibility statement of the Board of Directors

The Board of Directors confirms that internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and confirms that these controls functioned properly in the year under review and that there are no indications that they will not continue to do so. The financial statements fairly represent the Company's financial condition and the results of the Company's operations and provide the required disclosures.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation rules and regulations.

In accordance with Article 5.25c of the Financial Markets Supervisory Act, and in view of all of the above the Board of Directors confirms, that to its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the financial statements include a fair review of the position at the balance sheet date and the development and performance of the business during the financial year together with a description of the principal risks and uncertainties that the Company faces.

March 31, 2020
The Board of Directors

Melvin de Boer

Rob van Dusseldorp

Hans Ploos van Amstel

Robert Wolff

FINANCIAL STATEMENTS 2019

Balance sheet

(after proposed appropriation of result)

	Note	Balance sheet as per December 31, 2019		Balance sheet as per December 31, 2018	
		EUR	EUR	EUR	EUR
Non-current assets					
Long-term loans to Group companies	4	1,552,225,077		1,250,539,495	
Total non-current assets			1,552,225,077		1,250,539,495
Current assets					
Receivables from Group companies	5	20,952,586		413,862,169	
Corporate income tax receivable	16	241,222		222,389	
Total current assets			21,193,808		414,084,558
Cash					
Cash	6	366,310		422,947	
Total cash			366,310		422,947
Total assets			1,573,785,195		1,665,047,000
Shareholder's equity					
Share capital	7	2,500,000		2,500,000	
Share premium	7	30,223,245		30,223,245	
Additional paid in capital	7	23,786,217		23,786,217	
Accumulated losses	7	(49,728,647)		(49,895,336)	
Total shareholder's equity			6,780,815		6,614,126
Non-current liabilities					
Long-term liabilities, less current maturities	8	1,558,312,276		1,253,618,503	
Total non-current liabilities			1,558,312,276		1,253,618,503
Current liabilities					
Long-term liabilities - current portion	9	-		399,723,986	
Payables to Group companies	10	6,044,720		1,704,080	
Interest payables to third parties	11	2,406,064		3,378,132	
Other payables	12	241,320		8,173	
Total current liabilities			8,692,104		404,814,371
Total shareholder's equity and liabilities			1,573,785,195		1,665,047,000

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

Income statement

	Note	Income statement over the year 2019		Income statement over the year 2018	
		EUR	EUR	EUR	EUR
Financial income	13		40,065,023		48,441,116
Financial expenses	14		<u>(39,515,835)</u>		<u>(49,527,188)</u>
Financial result			549,188		(1,086,072)
General and administrative expenses	15		(185,991)		(165,064)
Result before taxation			363,197		(1,251,136)
Deferred taxes	16		-		6,946
Income taxes	16		<u>(196,508)</u>		<u>(321,568)</u>
Total taxes			(196,508)		(314,622)
Result after taxation			166,689		(1,565,758)

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

Cash flow statement

	Cash flow statement over the year 2019		Cash flow statement over the year 2018	
	EUR	EUR	EUR	EUR
Operating activities				
Operating expenses	(156,283)		(340,589)	
Interest received	26,590,249		45,131,644	
Interest paid	(29,833,270)		(54,363,447)	
Financing and guarantee fees paid	(6,978,313)		(11,245,580)	
Taxes paid (VAT)	(64,857)		-	
Taxes paid (current income tax)	(215,341)		(466,061)	
Cash flow used in operating activities		(10,657,815)		(21,284,033)
Investing activities				
Issuance of Long-term loans to Group companies	(295,813,000)		-	
Issuance of Short-term loans to Group companies	(15,600,000)		(800,000)	
Collection of Short-term loans to Group companies	420,927,021		522,870,784	
Cash flow from investing activities		109,514,021		522,070,784
Financing activities				
Proceeds from the issuance of long-term liabilities	297,438,000		-	
Received short-term loans from Group companies	5,350,000		1,700,000	
Repayment of Long-term liabilities	(400,000,000)		(500,000,000)	
Repayment of Short-term loans from Group companies	(1,700,000)		(2,863,360)	
Issuance of commercial paper	-		370,528,239	
Repayment of commercial paper	-		(370,000,000)	
Cash flow used in financing activities		(98,912,000)		(500,635,121)
Net cash flow		(55,794)		151,630
Exchange rate differences on cash		(843)		2,533
Change in cash		(56,637)		154,163
Cash at beginning of year		422,947		268,784
Cash at end of year		366,310		422,947
Change in cash		(56,637)		154,163

The cash flow statement has been prepared in accordance with the direct method. The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. General

Adecco International Financial Services B.V. (the 'Company') was incorporated on March 1, 2006 as a private limited liability company, with its registered seat in Utrecht, the Netherlands, having its head office at Hogeweg 123, 5301 LL Zaltbommel, the Netherlands. Registered with the Chamber of Commerce with number: 30212925. The Company is governed by the Netherlands law.

The Company is a wholly owned subsidiary of Adecco Group AG, Zurich, Switzerland. Adecco Group AG is registered in Switzerland and listed on the SIX Swiss Exchange

The principal activity of the Company is to act as financial company of the Group.

The financial statements have been prepared on the going concern basis in conformity with Part 9 of book 2 of the Dutch Civil Code.

The financial statements of the Company will be filed at the Trade Register of the Chamber of Commerce in Utrecht, the Netherlands, after adoption by the General Meeting of Shareholders.

The financial statements of the Company are included in the consolidated financial statements of Adecco Group AG. Copies of the consolidated financial statements are available at the head office of the parent company.

2. Summary of significant accounting policies

The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

a) Basis of presentation

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Company.

Assets and liabilities are generally measured at historical cost or at fair value at the time of acquisition. The balance sheet and profit and loss account contain references. These refer to the disclosures in the financial statements.

b) Use of estimates

The preparation of financial statements in conformity with Dutch GAAP requires management to make judgements, assumptions, and estimates that affect the amounts reported in the financial statements and accompanying notes. On an on-going basis, management evaluates its estimates which is related to the allowance for doubtful accounts.

The Company bases its estimates on historical experience and on various other market-specific assumptions that are believed to be reasonable under the circumstances. The results of these 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 differ from those estimates.

c) Reporting currency

Items included in the financial statements of Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency) and reflects the significance of the Company's Euro-dominated operations. The financial statements are presented in euros (EUR), which is the functional and presentation currency of the Company.

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

d) Related parties

All legal entities, natural persons and other related companies which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the true and fair view.

e) Long-term assets

Long-terms assets are recognised initially at fair value, net of transaction cost and subsequently measured at amortised cost.

The Company assesses at each balance sheet date whether there is objective evidence that the loans to Group companies is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on loans to Group companies stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through income statement.

The balances of loans to Group companies that are expected to be recovered or collected more than twelve months after the reporting date are presented as non-current assets.

f) Current assets

Short terms loans to Group companies are recognised initially at fair value, net of transaction cost and subsequently measured at amortised cost. Corporate income tax receivable and other (group) receivables are stated at nominal value. The interest receivables from Group companies are stated at amortised cost (which generally equals nominal value).

g) Cash

Cash is stated at nominal value. The cash balance at the year-end represents cash held at banks at the free disposal of the Company.

h) Shareholder's equity

Share capital, comprising of common shares, is classified as equity and is stated as nominal value. Share premium includes consideration received in excess of the par value on the issuance of share capital. Additional paid-in capital pertains to the amounts received from the parent Company after the issuance of share to ensure to strengthen the equity position of the Company.

i) Long-term liabilities

Long-term liabilities are recognised initially at fair value, net of transaction cost and subsequently measured at amortised cost.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts.

The amounts to be paid more than twelve months after the reporting date are presented as non-current liabilities.

j) Current liabilities

Short terms loans from Group companies are recognised initially at fair value, net of transaction cost and subsequently measured at amortised cost. The interest payables, other (group) payables, accrued and other liabilities are recognised at amortised cost (which generally equals nominal value).

k) Determination of the result

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

General and administrative expenses are determined on a historical basis and are attributed to the reporting year to which they relate. Expenses incurred in the direction and general administration of day-to-day operations of the Company and are generally recognised when the service is used or the expense arises.

l) Income taxes

Taxes are based on tax rulings concluded with the Dutch Tax Authorities and the (fiscal) operating expenses as disclosed in the income statement and are stated at nominal value. The effective tax rate applied will differ from the nominal tax rate of 25.0% (2018: 25.0%).

m) Cash flow statement

The cash flow statement has been prepared in accordance with the direct method.

Consolidated cash flows for the entire group are included in the Adecco Group AG consolidated financial statements. A separate cash flow statement for the Company is not required by Dutch law. To be in line with the practice in the capital market, the Company prepares a cash flow statement, using the direct method.

In previous years, the Company applied indirect method in presenting cash flows. The change of method does not have any effect on the figures.

The cash items included in the cash flow statement consists of current accounts maintained with local banks. Cash flows denominated in foreign currencies have been translated at average exchange rates and exchange differences affecting the cash balance is included in the respective amounts.

Cash from loans granted to group companies are included in investing activities. Cash from borrowings including additional paid-in capital are included in the financing activities. Interest received and paid and all other movements in the cash balance are included in operating activities.

3. Risk disclosure

This risk paragraph is a copy of the risk management paragraph as reported in the Board of Directors' Report.

The purpose of the Company is to provide flexible financing to companies within the Adecco Group. The risks for the Company are mainly financing risks. The Company issues bonds and commercial paper program loans, and the proceeds are lent to other Adecco Group companies as long- and short-term loans.

The risk profile has not changed significantly in the last years. The Company has classified its risk into two categories:

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As of December 31, 2019, the credit rating of Adecco Group AG is 'BBB+' (2018: 'BBB+'), by Standard and Poor's and 'Baa1' (2018: 'Baa1') by Moody's, which is considered to be 'strong investment grade' by the market. Therefore, the risk of a credit loss on the group lending is limited.

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Reporting and Compliance risks

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There is a quarterly business review meeting with the Board of Directors, where all aspects of the business are scrutinized and discussed with corporate departments, such as Group Treasury, Group Tax, Group Legal and Accounting Netherlands.

4. Long-term loans to Group companies

The long-term loans to Group companies can be detailed as follows:

Group Company	Interest rate	01-01-2019	Additions / FX revaluations	Redemption / Transfers *	Amortisation	31-12-2019
		Opening balance				Closing balance
		EUR	EUR	EUR	EUR	EUR
Adecco Secad Ltd, Bermuda	2.400%	497,250,000		(497,250,000)		-
Adecco Refinancing B.V., The Netherlands	1.600%	167,154,000				167,154,000
Adecco Refinancing B.V., The Netherlands	1.431%	199,867,000				199,867,000
Adecco Refinancing B.V., The Netherlands	1.680%	127,539,000				127,539,000
Adecco Secad Ltd, Bermuda **	3.525%	258,729,495		(258,729,495)		-
Adecco Group AG, Switzerland	1.897%	-	83,751,069			83,751,069
Adecco Group AG, Switzerland **	3.525%	-	5,872,582	258,729,495		264,602,077
Adecco Invest SA, Switzerland	2.400%	-		497,250,000		497,250,000
Adecco Refinancing B.V., The Netherlands	1.486%	-	212,061,931			212,061,931
Long-term loans to Group companies		1,250,539,495	301,685,582	-	-	1,552,225,077

* Transfers of loans relate to loans maturing within twelve months after balance sheet date and have been reclassified from long-term loans to short-term loans as per the balance sheet date.

** The long-term loan to Adecco Secad Ltd, Bermuda / Adecco Group AG, Switzerland is stated in USD and is impacted by the foreign exchange rate. The FX revaluation is shown at Adecco Group AG, Switzerland who took over the loan from Adecco Secad Ltd, Bermuda.

Group Company	Interest rate	01-01-2018	Additions / FX revaluations	Redemption / Transfers *	Amortisation	31-12-2018
		Opening balance				Closing balance
		EUR	EUR	EUR	EUR	EUR
Adecco Beteiligungs GmbH, Germany	3.630%	98,444,000		(98,444,000)		-
Adecco Coordination Center S.A., Luxembourg	5.000%	307,467,881		(307,467,881)		-
Adecco Secad Ltd, Bermuda	2.400%	497,250,000				497,250,000
Adecco Refinancing B.V., The Netherlands	1.600%	167,154,000				167,154,000
Adecco Refinancing B.V., The Netherlands	1.431%	199,867,000				199,867,000
Adecco Refinancing B.V., The Netherlands	1.680%	127,539,000				127,539,000
Adecco Secad Ltd, Bermuda **	3.525%	247,172,427	11,557,068			258,729,495
Long-term loans to Group companies		1,644,894,308	11,557,068	(405,911,881)	-	1,250,539,495

* Transfers of loans relate to loans maturing in 2018 and have been reclassified from long-term loans to short-term loans as per the balance sheet date.

** The long-term loan to Adecco Secad Ltd, Bermuda is stated in USD and is impacted by the foreign exchange rate.

5. Receivables from Group companies

The receivables from Group companies can be detailed as follows:

	31-12-2019	31-12-2018
	EUR	EUR
Short-term loans to Group companies	15,600,000	405,542,413
Interest receivables from Group companies	5,352,586	7,191,784
Other receivables from Group companies	-	1,127,972
Receivables from Group companies	20,952,586	413,862,169

6. Cash

Cash is stated at nominal value. The cash balance at the year-end represents cash held at banks and is readily available.

7. Shareholder's equity

The authorized share capital amounts to EUR 12,500,000 divided into 12,500 shares, each with a nominal value of EUR 1,000. As of December 31, 2019, there were 2,500 shares registered and fully paid in.

Shareholder's equity 2019	Share capital EUR	Share premium EUR	Additional paid in capital EUR	Accumulated losses EUR	Total EUR
Shareholder's equity January 1, 2019	2,500,000	30,223,245	23,786,217	(49,895,336)	6,614,126
Result after taxation	-	-	-	166,689	166,689
Shareholder's equity December 31, 2019	2,500,000	30,223,245	23,786,217	(49,728,647)	6,780,815

Shareholder's equity 2018	Share capital EUR	Share premium EUR	Additional paid in capital EUR	Accumulated losses EUR	Total EUR
Shareholder's equity January 1, 2018	2,500,000	30,223,245	23,786,217	(48,329,578)	8,179,884
Result after taxation	-	-	-	(1,565,758)	(1,565,758)
Shareholder's equity December 31, 2018	2,500,000	30,223,245	23,786,217	(49,895,336)	6,614,126

These financial statements have been prepared on the basis that the result for the year will be added to accumulated losses account. A proposal will be made at the General Meeting of Shareholders.

8. Long-term liabilities

The long-term liabilities can be detailed as follows:

Group Company	Interest rate	Maturity	31-12-2019 EUR	31-12-2018 EUR
Nominal value bond issued 2019 300M EUR	1.250%	2029	300,000,000	-
Issuance discount and costs			(3,076,304)	-
Nominal value bond issued 2017 300M USD *	2.625%	2021	267,558,600	261,620,400
Issuance discount and costs *			(1,355,061)	(2,047,719)
Nominal value bond issued 2016 500M EUR	1.000%	2024	500,000,000	500,000,000
Issuance discount and costs			(3,816,544)	(4,592,800)
Nominal value bond issued 2015 500M EUR	1.500%	2022	500,000,000	500,000,000
Issuance discount and costs			(998,415)	(1,361,378)
Long-term liabilities, less current maturities			1,558,312,276	1,253,618,503

* 2017 Bond is stated in USD and is impacted by the foreign exchange rate. This revaluation is included in the data as per 31-12-2019.

All bonds are listed at the London Stock Exchange, United Kingdom.

On May 20, 2019, the Company issued a loan to Adecco Refinancing B.V. The proceeds were used by Adecco Refinancing B.V. to initiate the bond buyback program which was launched by the Adecco Group.

As a result of this buyback, Adecco Refinancing B.V. is holding EUR 152,250,000 of the 2015-2022 bond.

Nominal amounts held by participants after buyback programm	31-12-2019 EUR	31-12-2018 EUR
Third parties	1,367,563,600	1,476,041,400
Group companies	199,995,000	185,579,000
Nominal amounts held by participants after buyback programm	1,567,558,600	1,661,620,400

Bond 2013-2019

On July 16, 2013, the Company issued EUR 400,000,000 fixed rate bond guaranteed by the parent company, due November 15, 2019 (6-year 122 days bond). The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 2.750%, the effective interest rate is 2.770%. The net proceeds, EUR 398,444,000, were used for general purposes of the Adecco Group. A call option has been used to mature the bond in August 2019.

Bond 2015-2022

On May 18, 2015, the Company issued EUR 500,000,000 fixed rate bond guaranteed by the parent company, due November 22, 2022 (7-year 184 days bond). The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 1.500%, the effective interest rate is 1.509%.

Bond 2016-2024

On December 2, 2016, the Company issued EUR 500,000,000 fixed rate bond guaranteed by the parent company, due December 2, 2024 (8-year bond). The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 1.000%, the effective interest rate is 1.110%. The issuance fee related to the bond is EUR 471,810. The net proceeds, EUR 494,560,000, were partially used for the bond buyback program of the Adecco Group.

Bond 2017-2021

On November 21, 2017, the Company issued USD 300,000,000 (equivalent to EUR 267,558,000 as per December 31, 2019 revalued balance; equivalent to EUR 261,620,400 as per December 31, 2018 revalued balance) fixed rate bond guaranteed by the parent company, due November 21, 2021 (4-year bond). The Company as the issuer has an option to redeem the bond at any point within the term of the instrument.

The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 2.625%, the effective interest rate is 2,803%. The issuance fee related to the bond is EUR 260,162. The net proceeds were used for general purposes of the Adecco Group.

Bond 2019-2029

On May 20, 2019, the Company issued EUR 300,000,000 fixed rate bond guaranteed by the parent company, due November 20, 2029 (10.5-year bond). The Company as the issuer has an option to redeem the bond during period commencing three months prior to the maturity date. The interest is paid on the fixed rate bond annually in arrears at a fixed annual rate of 1.250%, the effective interest rate is 1.307%. The issuance fee related to the bond is EUR 1,605,000. The net proceeds, EUR 297,438,000, were partially used for the bond buyback program of the Adecco Group and for general financing purposes.

9. Long-term liabilities – current portion

The current portion of long-term liabilities can be detailed as follows:

Group Company	Interest rate	Maturity	31-12-2019 EUR	31-12-2018 EUR
Nominal value bond issued 2013 400M EUR *	2.750%	2019	-	400,000,000
Issuance discount and costs			-	(276,014)
Current portion of long-term debt			-	399,723,986

* 2013 Bond will mature in 2019 and has been reclassified from long-term debt to current portion of long-term debt as per 31-12-2018.

10. Payables to Group companies

The payables to Group companies can be detailed as follows:

	31-12-2019 EUR	31-12-2018 EUR
Short-term loans from Group companies	5,350,000	1,700,000
Interest payables to Group companies	291	280
Other payables to Group companies	694,429	3,800
Payables to Group companies	6,044,720	1,704,080

The short-term loan from Group companies of EUR 5,350,000 has an interest rate of 0.065% and will mature in December 2020 (2018: loan of EUR 1,700,000 had an interest rate of 0.212% and matured in December 2019).

11. Interest payables to third parties

The interest payables to third parties of EUR 2,406,064 (2018: EUR 3,378,132) relates to the interest accrued and not yet paid on the fixed rate bonds. The amount of interest payables to third parties decreased compared to 2018 as the 2013 Bond matured in August 2019 and the coupon is paid in August 2019 together with the repayment of the bond (interest rate 2.750%). A new bond has been issued in May 2019 with an interest rate of 1.250%. The coupon is each year paid in November and December.

12. Other payables

The amount of other payables relates for 2019 to EUR 227,878 Value Added Tax (VAT) to pay and accrued expenses of EUR 13,443 (2018: EUR 8,173).

13. Financial income

The financial income can be detailed as follows:

	2019 EUR	2018 EUR
Interest income from Group companies	40,065,023	48,040,254
Other financing income *	-	379,867
Foreign exchange gain	-	20,995
Financial income	40,065,023	48,441,116

* For 2018 the amount of other financing fees relates to the negative interest on commercial paper, which is actually a financial income so reclassified from financial expenses to financial income compared to Financial Statements 2018.

14. Financial expenses

	2019 EUR	2018 EUR
Amortization discount and fees	(2,345,056)	(2,957,149)
Other financing fees *	(296,900)	-
Interest and similar expenses	(36,859,154)	(46,568,905)
Interest expense from Group companies	(1,673)	(1,134)
Foreign exchange loss	(13,052)	-
Financial expenses	(39,515,835)	(49,527,188)

* For 2019 the amount of other financing fees relates to VAT expenses and other bond issuance expenses.

15. General and administrative expenses

The general and administrative expenses can be detailed as follows:

	2019 EUR	2018 EUR
Tax consulting and audit expenses	(88,847)	(87,758)
Recharged staff expenses from Adecco Holding Europe B.V., The Netherlands	(22,800)	(50,731)
Banking expenses	(16,981)	(21,070)
Other operating expenses	(57,363)	(5,505)
General and administrative expenses	(185,991)	(165,064)

16. Taxes

Deferred taxes

Due to the tender in April 2011 a loss was recognised. Exchange premium and issuance fee expenses are expensed over the life of the 7-year bond resulting in a deferred tax position in the income statement of EUR 6,946 for 2018. As the bond matured in 2018 there is no deferred tax for 2019.

Income taxes

The total current income tax payable as of December 31, 2019 is EUR nil (2018: nil) and the total expense in the income statement is EUR 196,508 (2018: EUR 314,622). As the preliminary tax assessment was higher than the year end calculation the Company has an income tax receivable of EUR 241,222 at December 31, 2019 (2018: EUR 222,389).

The effective tax rate is 54.11% (2018: -25.15%) leading to a difference with the domestic income tax rate of 25%. This is caused by the Advanced Price Agreements (APA) which are in place, resulting in a difference between the commercial and fiscal result.

17. Employees

During 2019, the Company had no employees (2018: no employees).

18. Related party transactions

In the normal course of business, the Company has transactions with related parties as follows:

- a) Loans granted to Group companies are EUR 1,567,825,077 (2018: 1,656,081,908). The related accrued interest receivable are EUR 5,352,586 (2018: 7,191,784) and are disclosed in notes 4 and 5. In 2019, the management has assessed that no impairment loss needs to be recognised during the year (2018: nil).
- b) As of December 31, 2019, the balance of other receivables from Group companies is nil (2018: EUR 1,127,972) and is disclosed in note 5. The amount of 2018 relates to an overpayment on the guarantee fees paid to Adecco Group AG. This amount has been settled in 2019.
- c) As of December 31, 2019, the balance of loans obtained from Group companies is EUR 5,350,00 (2018: EUR 1,700,000) with accrued interest payable of EUR 291 (2018: EUR 280). This is disclosed in note 10.
- d) As of December 31, 2019, the balance of other payables to Group companies is EUR 694,429 (2018: EUR 3,800) and is disclosed in note 10. The amount of 2019 relates to the guarantee fees to be paid to Adecco Group AG (due in Q4 2020). The amount of 2018 is for the monthly recharge of salary costs from Adecco Holding Europe (November - December 2018). This balance is paid in 2018 and also the full year 2019 has been paid in 2019.
- e) Interest income from Group companies (financial income) is EUR 40,065,023 (2018: EUR 48,040,254) and is disclosed in note 13.
- f) In 2019, a guarantee fee (financial expenses) of EUR 8,054,798 (2018: EUR 9,702,209) is charged by Adecco Group AG for the underwriting of the bonds(and commercial paper in 2018). This is disclosed in note 13 in the interest and similar expenses.
- g) Interest expense from Group companies (financial expenses) is EUR 1,673 (2018: EUR 1,134) and is disclosed in note 13.
- h) Recharged staff expenses from Group companies is EUR 22,800 (2018: EUR 50,731) and is disclosed in note 15.

19. Fair value non-derivative financial instruments

The following table shows the carrying value and the fair value of non-derivative financial instruments as of December 31, 2019 and 2018.

Fair value non-derivative financial instruments	31-12-2019	31-12-2019	31-12-2018	31-12-2018
	EUR	EUR	EUR	EUR
	<i>Carrying value</i>	<i>Fair value</i>	<i>Carrying value</i>	<i>Fair value</i>
Non-current assets				
Long-term loans to Group companies	1,552,225,077	1,656,961,266	1,250,539,495	1,307,052,310
Current assets				
Short-term loans to Group companies	15,600,000	15,641,422	405,542,413	420,362,201
Interest receivables from Group companies	5,352,586	5,352,586	7,191,784	7,191,784
Other receivables from Group companies	-	-	1,127,972	1,127,972
Cash	366,310	366,310	422,947	422,947
Non-current liabilities				
Long-term debt, less current maturities	1,558,312,276	1,629,153,115	1,253,618,503	1,277,896,902
Current liabilities				
Long-term liabilities - current portion	-	-	399,723,986	407,120,000
Short-term loans from Group companies	5,350,000	5,365,169	1,700,000	1,704,578
Interest payables to Group companies	291	291	280	280
Interest payables to third parties	2,406,064	2,406,064	3,378,132	3,378,132
Other payables to Group companies	694,429	694,429	3,800	3,800
Other payables	241,320	241,320	8,173	8,173

The fair value is presented at LAST / MID prices. In the financial statements 2018 the fair value of loans has been presented at BID price while for the financial statements of this year the Company has used the LAST/MID price to align to Group policies. For this reason the comparative figures 2018 have been adjusted to LAST / MID prices.

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

The Company uses the following methods to estimate the fair value of each class of non-derivative financial instruments:

- **Long and short term loans to – from Group companies**

To calculate the fair market value of loans to Group companies, the discounted cash flow method was applied. Starting from the scheduled interest and principal payments set forth in the loan contracts each individual loan is valued by discounting the remaining interest and principal payments with the relevant interest rate as of valuation date.

- **Long-term liabilities including the current portion**

The fair value of the Company's publicly traded long-term liabilities, including accrued interest, is estimated using quoted market prices on last trade during the year.

- **Other financial instruments**

The carrying amounts approximate fair value primarily due to the relatively short-term maturities of these financial instruments.

20. Audit fees

The total audit fees for 2019 are EUR 44,000 excluding VAT (2018: EUR 44,000 excluding VAT). Fees are related to the assurance assignments of the Company, no other services are rendered.

21. Remuneration of the Board of Directors

The members of the Board of Directors did not receive remuneration in 2019 (2018: nil) in their capacity as Directors of the Company.

22. Cross border listings

The Company has issued bonds that are listed on the London Stock Exchange.

23. Subsequent events

No significant events between the balance sheet date and the date of approval of the financial statements 2019 occurred that would require adjustments in the reported figures nor additional disclosure in the financial statements.

The on-going coronavirus/COVID-19 outbreak across the globe prompted government authorities to adopt containment measures that have disrupted the local economies. In the context of COVID-19, the management has reviewed its management forecast and, more importantly for the near term, its liquidity forecast. The Board of Directors expects the direct impact on the operation of the Company to be limited. Among the outstanding bonds of the Company, the earliest maturity date is on November 21, 2021.

Although there is also no immediate direct impact on the operation of the Company, the parent Company is willing and has cash balance (due to the closure of the Soliant divestiture end of December 2019) and an revolving credit facility that can, when necessary, support the borrowers to cope with adverse effects of this pandemic and to meet their financial obligation to the Company.

The management will carefully monitor the situation and will take appropriate actions, when necessary.

March 31, 2020
The Board of Directors

Melvin de Boer

Rob van Dusseldorp

Hans Ploos van Amstel

Robert Wolff

OTHER INFORMATION

Appropriation of result

The Articles of Association of the Company provide that the appropriation of the net result for the year is decided upon at the Annual General Meeting of Shareholders.

The Company may make distributions of profit only to the extent that its shareholders' equity exceeds the sum of the amount of the paid up and called up part of the capital and the reserves which must be maintained by law; any distribution of profits shall be made after the adoption of the Annual Accounts from which it shall appear that the same is permitted.

Auditor's report

See next page.

Independent auditor's report

To: the shareholder of Adecco International Financial Services B.V.

A. Report on the audit of the financial statements 2019

Our opinion

We have audited the financial statements 2019 of Adecco International Financial Services B.V. ("the Company"), based in Zaltbommel.

WE HAVE AUDITED	OUR OPINION
<p>The financial statements comprise:</p> <ol style="list-style-type: none"> 1. the balance sheet as at 31 December 2019; 2. the profit and loss account for 2019; and 3. the notes comprising of a summary of the accounting policies and other explanatory information. 	<p>In our opinion, the accompanying financial statements give a true and fair view of the financial position of Adecco International Financial Services B.V. as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.</p>

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Adecco International Financial Services B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 15.7 million. The materiality has been calculated as 1% of the total assets which is the primary consideration of the users of the financial statements of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of € 785,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was 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 this matter.

VALUATION OF LOANS	OUR AUDIT APPROACH
<p>The Company is exposed to credit risk on loans to Group companies as described the “Risk disclosure” and disclosed in note 4 “Long-term loans to Group companies” and note 5 “Receivables from Group companies”. The corresponding financial liabilities related to the loans to Group companies are being guaranteed by Adecco Group AG. We considered the valuation of these loans as a key audit matter due to the size of the portfolio and due to the fact that non-performance on the loans may lead to impairment losses that have a negative impact on the income statement. Judgement arises in the assessment whether there is objective evidence that a loan is impaired and in the determination of the impairment loss.</p> <p>Based on the impairment assessment performed by the Board of Directors, the Board of Directors concluded that no objective evidence exists that a loan is impaired and as a result no impairment loss was recognized.</p>	<p>Our audit procedures to audit the valuation of the loans included:</p> <ul style="list-style-type: none"> ▪ An examination of the impairment analysis methodology applied by the Board of Directors and a validation of the mathematical accuracy and consistency of the methodology applied per group company. ▪ Analyzed if there have been any impairment triggers at an individual loan level. ▪ Reviewed news reports. ▪ A discussion with the Board of Directors regarding their impairment analysis and assumptions and comparing these against external observable data (e.g., data from credit rating agencies and financial data of Adecco Group AG). ▪ An analysis of the completeness of the identified impairment triggers by challenging the fair values determined by Board of Directors. <p>Further, we have reviewed the latest financial information of Adecco Group AG and discussed these with its external auditor to assess its ability to cover the repayment of financial securities issued by the Company in case of default.</p> <p>We also assumed the adequacy of the disclosures in the financial statements relating to the loans to Group companies.</p>

B. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ Board of Directors' report;
- ▶ the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- ▶ is consistent with the financial statements and does not contain material misstatements;
- ▶ contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Board of Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the shareholder as auditor of Adecco International Financial Services B.V. on 21 April 2017, as of the audit for financial year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

D. Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, Board of Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, 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 operations, or has no realistic alternative but to do so.

The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are 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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtaining an understanding of internal control relevant to the audit 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.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- ▶ Concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide 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 Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amstelveen, 1 April 2020

For and on behalf of BDO Audit & Assurance B.V.,

sgd.
drs. M.F. Meijer RA

A420-0539