

# Adecco A/S

Falkoner Allé 1, 2000 Frederiksberg

CVR no. 12 93 23 75

## Annual report 2022

Approved at the Company's annual general meeting on 6 July 2023

Chair of the meeting:



.....

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	12
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Cash flow statement	16
Notes to the financial statements	17

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Adecco A/S for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 6 July 2023  
Executive Board:

*Ane Lüth Elstrup*

.....  
Ane Lüth Elstrup  
CEO



.....  
Niklas Bye Nordkap  
CFO

Board of Directors:

*Gerard Koolen*

Gerard Koolen (6. jul. 2023 14:33 GMT+2)

.....  
Gerard Koolen  
Chairman

*Florian Gheorghe*

Florian Gheorghe (6. jul. 2023 13:39 GMT+3)

.....  
Florian Gheorghe

*Ane Lüth Elstrup*

.....  
Ane Lüth Elstrup

## Independent auditor's report

To the shareholders of Adecco A/S

### Opinion

We have audited the financial statements of Adecco A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain 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.
- ▶ Obtain 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 Company's internal control.

## Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 6 July 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Claus Tanggaard Jacobsen  
State Authorised Public Accountant  
mne23314

## Management's review

### Company details

Name	Adecco A/S
Address, Postal code, City	Falkoner Allé 1, 2000 Frederiksberg
CVR no.	12 93 23 75
Established	1 April 1989
Registered office	Frederiksberg
Financial year	1 January - 31 December
Website	<a href="http://www.adecco.dk">www.adecco.dk</a>
Board of Directors	Gerard Koolen, Chairman Florian Gheorghe Ane Lüth Elstrup
Executive Board	Ane Lüth Elstrup, CEO Niklas Bye Nordkap, CFO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKK'000	2022	2021	2020	2019	2018
<b>Key figures</b>					
Revenue	403,745	495,229	403,315	437,509	494,919
Gross profit	372,424	467,611	369,986	402,941	452,299
Profit before interest and tax (EBIT)	-11,190	-2,247	-16,741	-24,007	-48,625
Net financials	-1,191	-1,404	6,950	-183	-751
Profit/loss for the year	-12,381	-3,752	-2,660	-24,190	-49,376
<b>Balance sheet</b>					
Total assets	88,445	116,734	112,786	107,485	129,060
Investments in property, plant and equipment	545	456	155	206	347
Equity	-12,935	-554	12,198	14,858	39,048
<b>Financial ratios</b>					
Operating margin	-2.8%	-0.5%	-4.2%	-5.5%	-9.8%
Gross margin	92.2%	94.4%	91.7%	92.1%	91.4%
Return on assets	-10.9%	-2.0%	-15.2%	-20.3%	-33.0%
Current ratio	129.4%	137.1%	198.9%	135.5%	160.1%
Return on equity	183.6%	-64.4%	-19.7%	-89.7%	-175.2%
<b>Personnel</b>					
Average number of full-time employees	860	1,048	849	957	1,148

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## Management's review

### Business review

Adecco's core activities are to render temporary staffing and recruitment assistance. The temporary staffing and recruitment activities are either B2B or B2P. Adecco services its customers from 4 offices located in central parts of Denmark and hence provides its services to all of Denmark. The Company's key business segment is nationwide temporary staffing in the areas of office, canteen, storage & industry, IT, domestic help, construction, sales and demonstration.

Adecco also provides healthcare services including personal care, support, monitoring to citizens with the need for assistance, thus providing personal assistance to the major municipalities in Denmark.

### Financial review

The income statement for 2022 shows a loss of DKK 12,381 thousand against a loss of DKK 3,752 thousand last year, and the balance sheet at 31 December 2022 shows a negative equity of DKK 12,935 thousand. The negative development in earnings from 2021 to 2022 is primarily due to a combination of settlement with BJMF, inflation, the energy crises, as well as disrupted supply chains, particularly for industries relying on import of goods.

These challenges have made the markets more cautious about expanding their workforce and hence strained the demand for temporary workforce. The decrease in demand particularly in the blue-collar segment has had a negative impact on Adecco.

Adecco has invested strategically in the recruitment division in 2021 and 2022 and has reaped positive numbers in 2022 compared to previous years. Adecco A/S has furthermore undergone a strategic, commercial, and operational transformation in recent years. Throughout 2022, the company has continued to invest in digital awareness of Adecco A/S and proactively strengthening the company's professional relationships and demand for the services offered. At the same time Adecco A/S has continued a strong focus and investment in process optimization and automation since 2021, which is now evident in our lower cost to serve.

In 2021 the union (BJMF) opened a specific case against Adecco A/S for breach of the collective agreement Jord- og Betonoverenskomsten. The case primarily covered the years 2016-2019. Adecco A/S and BJMF reached an agreement in 2023, to settle the case outside of the arbitration court. The associated costs of DKK 5,0 million have been allocated in the results of 2022.

The combination of a cautious market and a continued investment in digitalization and process reengineering has had a negative impact on the results, but the strategic activities are expected to contribute positively to the earnings in 2023. It is expected that continued investment will take place in 2023.

The combination of inflation, the war in Ukraine, the energy crisis and a large investment in infrastructure/process engineering and the settlement with BJMF, are the main drivers behind the 2022 deficit. Management however still considers the loss for 2022 as non-satisfactory.

With the 2022 results, the equity of Adecco A/S is DKK -12,9 million. The equity will be reestablished in 2023, as described in "events after closing date."



## Management's review

### Knowledge resources

At Adecco A/S processes are in place to ensure that the company specific intellectual know-how and knowledge is shared knowledge, in order to avoid the dependency on specific individuals.

### Financial risks and use of financial instruments

Adecco is primarily exposed to credit risks related to receivables from sales and deposits in banks. Risks related to receivables from sales arise when Adecco A/S carry out sales without receiving prepayments. The majority of the group's customers are well established companies, all of which have a high credit rating, and in cooperation with companies with lower credit ratings, Adecco A/S ensures preventive measures either eliminate or reduce the risks associated with the client. Therefore, the management assesses that the credit risk from receivables from sales is limited.

To assess the need for impairment of losses on receivables from sales, Adecco A/S applies the simplified expected credit loss model, where the expected loss over the entire lifetime of the receivable is recognized immediately in the income statement. Due to Adecco A/S risk focus, historically, no significant losses have been identified on outstanding receivables. The management's assessment is that the expected future losses on the recognized receivables as of December 31, 2022, will be immaterial. As a result, the group has not recognized any expected loss on receivables.

### Statutory CSR report

Adecco A/S has an expanded social responsibility based on the company's service portfolio, and at the same time, Adecco A/S has a special ethical responsibility towards the citizens who receive the company's services in the medical segment. The starting point is that Adecco A/S must adhere to a code of conduct and a set of standards for working with citizens, relatives, performing employees, public authorities, and the public in general, which can match the public sector's heightened requirements for suppliers' compliance with social clauses, etc., in connection with tenders and cooperation agreements in the Medical segment. This requires a close relationship of trust, which Adecco A/S must live up to professionally and in terms of values which is addressed through training and education of Adecco A/S performing employees and ongoing communication and focus from management. Please see the description of the business model under the section Company's main activity and business model.

### Risk Analysis:

The risk of Adecco's negative impact on social and personnel issues, environment and climate, human rights, and anti-corruption is assessed to be limited. The risk assessment has been conducted by analyzing selected areas and factors for potential risks to both Adecco A/S and its primary stakeholders. Risk is considered as a product of the relationship's proportional role in the daily business and the likely negative impact it may have on the Adecco A/S or their stakeholders.

## Management's review

### Social and personnel conditions:

Adecco A/S is a labor-intensive company with approximately 800 employees, most of whom are working in operations with our customers. The majority of Adecco A/S employees are unskilled workers, but several have a higher level of education. The majority of Adecco A/S employees have relatively short-term employment within the company. As part of the work on employee satisfaction, Adecco A/S has started implementing more structured onboarding processes in 2022. This includes a system-generated survey that employees must complete on a yearly basis, that will be launched in 2023. The purpose of both these initiatives is to ensure employee well-being and to do everything possible to reduce employee turnover rate.

In 2022, Adecco A/S conducted employee satisfaction surveys among employees at the headquarters on a quarterly basis. This will be expanded to all employees across Adecco A/s in 2023. Across the surveys employee satisfaction was found to be high. Adecco A/S continue to work with specific focus areas of the survey, to ensure a continuously high satisfaction rating. Satisfaction surveys will be carried out quarterly in 2023 for HQ employees, and in Q2 for the operational employees.

Adecco A/S treats its employees with respect and only employs individuals under the law of the Danish labor market. Adecco is very strict on compliance with all applicable rules and legislation in Denmark, which is why the risk of human rights violations is considered minimal. Therefore, Adecco A/S has assessed that there is no need to develop a human rights policy. The company's policies are described in the personnel handbook and cover relevant personnel matters such as maternity leave policy, offboarding policy, IT policies, substance abuse policy, communication policy, and more.

A collaborative committee has been established to address relevant personnel matters that can contribute to positive progress in the development of employee conditions.

The main risk that Adecco A/S faces when trying to secure a healthy and safe working environment while ensuring our employee's well-being is their physical and mental well-being.

### Knowledge resources:

Adecco A/S has focus on its performing employees as knowledge resources. This is because the quality of Adecco services and the client's perception of quality are highly dependent on the performing employees' skills, well-being, and appearance. Therefore, efforts have been made to ensure a good working environment at our clients through regular conversations with both employees and clients. In 2023 a new APV system is launched to further strengthen the knowledge and ensure the wellbeing of our employees.

### Environment:

In general, Adecco A/S has a modest environmental footprint as the company's production consists of selling hours rather than physical products. Therefore, there is no climate impact from manufacturing a product, and there are no significant waste byproducts. Adecco A/S aims to focus on energy-saving measures to the extent that it makes sense. The administration of Adecco A/S is located in an energy-efficient building in Copenhagen. Throughout 2022, Adecco A/S has focused on reducing paper usage and printing by introducing new IT-supported workflows, reducing the number of printers, and consistently encouraging employees to avoid printing. Adecco A/S acknowledges the limited environmental and climate risk associated with transportation of employees from residences to client locations. Due to the minimal environmental and climate impact relative to the size of the organization, the risk of significant environmental and climate effects from Adecco A/S side is considered minimal. In 2023 Adecco A/S has agreed an integrated partnership with an external partner to measure the CO2 footprint of the business.

## Management's review

### Anti-corruption and bribery:

Adecco A/S prioritizes honesty and integrity in its interactions with colleagues, authorities, customers, suppliers, business partners, organizations, and other stakeholders. The company has a zero-tolerance policy towards all forms of corruption, which has been a fundamental element of the company's DNA since its establishment. Transparency and propriety have been high on the company's agenda since its inception. Adecco A/S has a written anti-corruption and business ethics policy. The values of business ethics are an integral part of the management's approach to behavior and corporate governance, as outlined in Adecco A/S Code of Conduct. Adecco A/S does not offer, promise, or provide any form of bribery to exert undue influence on public officials, judges, or business associates. The company also refrains from accepting or receiving any form of bribery. The zero-tolerance stance of the company extends to so-called facilitation payments or grease payments, which involve paying a small sum of money to a public individual or authority to expedite routine matters. The company's stance on corruption does not prevent fostering and promoting good business relationships with customers and other partners, as long as any exchanges are conducted within legal and ethical boundaries. The benefits are moderate and exchanged openly, in accordance with the Code of Conduct. Adecco A/S does not operate in markets where bribery, facilitation payments, kickbacks, etc. are common practices. Therefore, the company considers it unlikely that it would be involved in these various forms of corruption and bribery. In 2022, Adecco A/S did not observe any cases or have any suspicions of violations of the company's Code of Conduct regarding anti-corruption and bribery. Adecco A/S acknowledges that when working across countries and cultures, there is a risk that the employees can be exposed to situations involving corruption, bribery or questions about facilitation payment. "In 2022, Adecco A/S has informed all our current and in-scope business partners about our anti-corruption policy. In the future, we will communicate our guidelines and expectations regarding anticorruption to employees and business relations through our code of conducts.

### Human Rights:

Adecco A/S aims to make a positive contribution to the surrounding community and the individuals the company interacts with. The company holds great respect for human rights, Adecco A/S only operates in Denmark and follows Danish laws, regulations, and codes. Therefore, the company considers the risk of human rights violations among its employees to be minimal, why Adecco A/S has not developed policies on this area.

### Expectations for future work on corporate social responsibility:

In the future, Adecco A/S will continue to work on all areas of corporate social responsibility. However, due to the business structures of the company, the scope and impact of this work are expected to remain modest. Please refer to the description of the business model in the section Company's main activity and business model for further details.

### Statement on Data Ethics in accordance with the ÅRL §99d:

Since 2019, Adecco A/S has been working diligently to ensure the protection of employees' and citizens' personal information from misuse through security and compliance measures. Adecco A/S has among other initiatives worked closely together with the supplier of our middle office system, to develop, and optimized our databases accordingly. In 2023 Adecco will continue to focus on embedding and emphasizing IT security and data privacy within the organization. The company has established a set of policies, procedures, business process descriptions, manuals, and compliance systems to maintain a high level of data ethics within the company. Adecco's activities involve the exchange and storage of sensitive personal information, which inevitably entails some inherent risks associated with the handling of this data.

## Management's review

### Account of the gender composition of Management

In Adecco A/S, it is our clear objective to ensure diversity in the staff composition not least at executive level. We believe that diversity can contribute positively to the development and competitiveness of the organization. Diversity relates to both gender, age and ethnic background and are all an integral part of our Global Code of Conduct.

As of December 2022, the gender composition in other managerial positions is 55% women and 45% men. The other management is calculated by head count. The other management are people with employee responsibilities.

At the executive level 50% are women and 50% are men, calculated by head count. The members of the Board of Directors consist of 66,6% men and 33,3% women, which is an equal gender distribution cf. The Danish Business Authorities,

As Adecco has a clear policy regarding equal opportunities for all in relation to promotion and career development, it is considered as natural that the gender composition will be at an equivalent level over the coming years (4 years).

At the same time, it should be emphasized that Adecco A/S, always, chooses to promote and appoint executive officers – at all levels – not based on gender, but on who is best suited for the job – professionally, technically, and personally. As such, both genders are taken into considerations upon promotion and appointment of new executives.

### Data ethics

Please see the full Adecco A/S policy for Data ethics on the following address  
<https://www.adecco.dk/virksomhed/certifikater/>

### Events after the balance sheet date

After the balance sheet date, an agreement has been entered into where debt to Adecco Group AG of DKK 14.3 million and any royalty fee to Adecco Group AG for 2023 are not due for payment before April 2024 at the earliest.

### Outlook

We expect Adecco A/S to deliver a positive result before tax in 2023. However, the uncertainty of the effects of the war in Ukraine, the increase in consumer prices, and the continuous global supply challenges, is still expected to have a negative impact on 2023. Adecco A/S will continue to invest in IT & processes in 2023 as well as building on the already strong client relationship, hence we expect the turnover to be between DKK 425-450 million, and the result before tax to be between DKK 0,5 and 1,5 million.

With the impact from global core inflation as well as higher energy prices, the budget for 2023 still contains a higher degree of uncertainty than anticipated under "normal circumstances.

Adecco A/S will continue to invest in systems, digitalization and take the necessary steps to comply with the market-and the economy situation and transforming the organization to become even more agile. We will continue to deliver quality services and focus on organic growth while delivering a positive result in 2023.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2022	2021
3	Revenue	403,745	495,229
	Other operating income	13	0
4	Other external expenses	-31,334	-27,618
	Gross profit	372,424	467,611
5	Staff costs	-381,823	-467,342
	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,791	-2,516
	Profit/loss before net financials	-11,190	-2,247
	Financial expenses	-1,191	-1,404
	Profit/loss before tax	-12,381	-3,651
	Tax for the year	0	-101
	Profit/loss for the year	-12,381	-3,752

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Acquired software	2,386	2,360
		<u>2,386</u>	<u>2,360</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	395	345
	Leasehold improvements	281	94
		<u>676</u>	<u>439</u>
8	Financial assets		
	Other receivables	1,108	1,005
		<u>1,108</u>	<u>1,005</u>
	Total non-current assets	<u>4,170</u>	<u>3,804</u>
	Current assets		
	Receivables		
	Trade receivables	71,467	110,827
	Receivables from group entities	1,492	0
	Other receivables	99	210
9	Prepayments	1,569	691
		<u>74,627</u>	<u>111,728</u>
	Cash	9,648	1,202
	Total current assets	<u>84,275</u>	<u>112,930</u>
	TOTAL ASSETS	<u><u>88,445</u></u>	<u><u>116,734</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	1,003	1,003
	Retained earnings	-13,938	-1,557
	Total equity	<u>-12,935</u>	<u>-554</u>
	Liabilities		
11	Non-current liabilities		
	Other payables	36,266	34,903
	Total non-current liabilities	<u>36,266</u>	<u>34,903</u>
	Current liabilities		
	Bank debt	0	2,885
	Trade payables	7,202	8,399
	Payables to group entities	14,296	3,525
12	Other payables	43,616	67,576
	Total current liabilities	<u>65,114</u>	<u>82,385</u>
	Total liabilities	<u>101,380</u>	<u>117,288</u>
	TOTAL EQUITY AND LIABILITIES	<u>88,445</u>	<u>116,734</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 13 Contractual obligations and contingencies, etc.
- 14 Contingent assets
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit/loss

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2021	10,003	2,195	12,198
	Capital reduction	-9,000	0	-9,000
17	Transfer, see "Appropriation of profit/loss"	0	-3,752	-3,752
	Equity at 1 January 2022	1,003	-1,557	-554
17	Transfer, see "Appropriation of profit/loss"	0	-12,381	-12,381
	Equity at 31 December 2022	1,003	-13,938	-12,935



## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2022	2021
	Profit/loss for the year	-12,381	-3,752
18	Adjustments	2,982	3,920
	Cash generated from operations (operating activities)	-9,399	168
19	Changes in working capital	24,077	2,503
	Cash generated from operations (operating activities)	14,678	2,671
	Interest paid, etc.	-1,191	-1,404
	Cash flows from operating activities	13,487	1,267
	Additions of intangible assets	-1,552	-2,416
	Disposals of intangible assets	44	0
	Additions of property, plant and equipment	-545	-456
	Additions of financial assets	-103	-63
	Cash flows to investing activities	-2,156	-2,935
	Cash capital reduction	0	-9,000
	Other cash flows from financing activities	-2,885	2,885
	Cash flows from financing activities	-2,885	-6,115
	Net cash flow	8,446	-7,783
	Cash and cash equivalents at 1 January	1,202	8,985
	Cash and cash equivalents at 31 December	9,648	1,202

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Adecco A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Income statement

##### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

The Company generates revenue from the sale of temporary staffing services, permanent placement services, outsourcing services and other services.

Revenue related to temporary staffing services is generally negotiated and invoiced on an hourly basis. Associates record the hours they have worked, and these hours, at the rate agreed with the customer, are then accumulated and invoiced according to the agreed terms. Temporary staffing service revenue is recognised upon the rendering of the service.

Revenue related to permanent placement services is generally recognised at the time at which the candidate begins full-time employment, or as the fee is earned. An allowance provision is established based on historical information for any non-fulfillment of permanent placement obligations.

Revenue related to outsourcing services and other services is negotiated with the client on a project basis and is recognised upon rendering of the services. Revenue invoiced prior to providing the services is deferred and recognised in "Other current liabilities" until the services have been rendered.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, royalty, etc.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc., made to the Company's employees and temporary workers. The item is net of refunds made by public authorities.

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired software	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, financial expenses relating to realised and unrealised capital gains and losses, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Other intangible assets include software licences and other acquired intangible rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Property plant and equipment comprise other fixtures and fittings, tools and equipment as well as leasehold improvements.

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash in banks.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities" or "Payables to group entities", as applicable.

##### Equity

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise expected expenses relating to restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated based on the liability method of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Events after the balance sheet date

After the balance sheet date, an agreement has been entered into where debt to Adecco Group AG of DKK 14.3 million and any royalty fee to Adecco Group AG for 2023 are not due for payment before April 2024 at the earliest.

DKK'000	2022	2021
3 Segment information		
Breakdown of revenue by business segment:		
Temporary staffing services	393,744	486,014
Recruitment assistance	10,001	9,215
	<u>403,745</u>	<u>495,229</u>
Breakdown of revenue by geographical segment:		
Denmark	403,745	495,229
	<u>403,745</u>	<u>495,229</u>

With reference to section 96 (1) of the Danish Financial Statements Act, the Company does not disclose customer segments of revenue as Management is of the opinion that such disclosure is of significant interest to its competitors and may, therefore, be highly detrimental to the Company.

DKK'000	2022	2021
4 Fee to the auditors appointed in general meeting		
Statutory audit	198	180
Tax assistance	38	0
Other assistance	82	58
	<u>318</u>	<u>238</u>
5 Staff costs		
Wages/salaries	315,036	388,754
Pensions	29,000	34,625
Other social security costs	30,441	35,517
Other staff costs	7,346	8,446
	<u>381,823</u>	<u>467,342</u>
Average number of full-time employees	<u>860</u>	<u>1,048</u>

Total remuneration of the Executive Board and the Board of Directors amounted to DKK 3,458 thousand (2021: By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management was not disclosed in 2021).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK'000	Acquired software
Cost at 1 January 2022	36,872
Additions in the year	1,552
Disposals in the year	-363
Cost at 31 December 2022	<u>38,061</u>
Impairment losses and amortisation at 1 January 2022	34,512
Amortisation/depreciation in the year	1,482
Amortisation/depreciation and impairment of disposals in the year	-319
Impairment losses and amortisation at 31 December 2022	<u>35,675</u>
Carrying amount at 31 December 2022	<u><u>2,386</u></u>
Amortised over	<u>3-5 years</u>

#### 7 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	8,370	4,962	13,332
Additions in the year	348	197	545
Cost at 31 December 2022	<u>8,718</u>	<u>5,159</u>	<u>13,877</u>
Impairment losses and depreciation at 1 January 2022	8,025	4,868	12,893
Amortisation/depreciation in the year	298	10	308
Impairment losses and depreciation at 31 December 2022	<u>8,323</u>	<u>4,878</u>	<u>13,201</u>
Carrying amount at 31 December 2022	<u><u>395</u></u>	<u><u>281</u></u>	<u><u>676</u></u>
Depreciated over	<u>3-5 years</u>	<u>3-5 years</u>	



## Financial statements 1 January - 31 December

### Notes to the financial statements

8	Financial assets	
	DKK'000	<u>Other receivables</u>
	Cost at 1 January 2022	1,005
	Additions in the year	<u>103</u>
	Cost at 31 December 2022	<u>1,108</u>
	Carrying amount at 31 December 2022	<u><u>1,108</u></u>

### 9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

	DKK'000	<u>2022</u>	<u>2021</u>
10	Share capital		
	Analysis of the share capital:		
	1,003 shares of DKK 1,000.00 nominal value each	<u>1,003</u>	<u>1,003</u>
		<u><u>1,003</u></u>	<u><u>1,003</u></u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Opening balance	1,003	10,003	10,003	10,002	10,002
Capital increase	0	0	0	0	1
Capital reduction	<u>0</u>	<u>-9,000</u>	<u>0</u>	<u>1</u>	<u>0</u>
	<u><u>1,003</u></u>	<u><u>1,003</u></u>	<u><u>10,003</u></u>	<u><u>10,003</u></u>	<u><u>10,003</u></u>

### 11 Non-current liabilities

DKK'000	<u>Total debt at 31/12 2022</u>	<u>Repayment, next year</u>	<u>Long-term portion</u>	<u>Outstanding debt after 5 years</u>
Other payables	<u>36,266</u>	<u>0</u>	<u>36,266</u>	<u>36,266</u>
	<u><u>36,266</u></u>	<u><u>0</u></u>	<u><u>36,266</u></u>	<u><u>36,266</u></u>

Non-current liabilities relates to the frozen holiday funds.

12	Other payables	
	Other payables	<u>43,616</u>
		<u><u>43,616</u></u>
		<u><u>67,576</u></u>
		<u><u>67,576</u></u>

Other payables primarily consist of holiday accruals and VAT.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 13 Contractual obligations and contingencies, etc.

Other contingent liabilities

Other financial obligations

Other rent and lease liabilities:

DKK'000	<u>2022</u>	<u>2021</u>
Rent and lease liabilities	<u>1,547</u>	<u>3,027</u>

Rent and lease liabilities include a rent obligation, totalling DKK 1,084, in a interminable rent agreements with remaining contract terms of 6 month. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 463.

#### 14 Contingent assets

The Company's tax loss carry-forwards total DKK 201,843 thousand (2021: DKK 195,987 thousand). The nominal value totals DKK 44,405 thousand (2021: DKK 43,117 thousand) using a tax rate of 22% (2021: 22%).

The Company's deferred tax asset has not been recognised in the balance sheet due to uncertainty as to the future utilisation of the tax losses.

#### 15 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

#### 16 Related parties

Adecco A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Avanta Intermare Holdings LTD	Great Britain	Immidiata Parent Company, shareholder

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>
Avanta Intermare Holdings LTD	Great Britain

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 16 Related parties (continued)

##### Related party transactions

Adecco A/S was engaged in the below related party transactions:

DKK'000	2022	2021
Royalty fees, management costs to parties exercising control	8,075	8,394
Management costs and other costs from other group entities	2,456	1,741
Payables to other group entities	14,296	3,525
Receivables from parties exercising controlling entities	1,492	0

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Name	Domicile
Avanta Intermare Holdings LTD	Great Britain
Adecco Group AG	Schwitzerland

	2022	2021
17 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-12,381	-3,752
	<u>-12,381</u>	<u>-3,752</u>
18 Adjustments		
Amortisation/depreciation and impairment losses	1,791	2,516
Financial expenses	1,191	1,404
	<u>2,982</u>	<u>3,920</u>
19 Changes in working capital		
Change in receivables	40,742	-11,313
Change in trade and other payables	5,932	-6,947
Other changes in working capital	-22,597	20,763
	<u>24,077</u>	<u>2,503</u>