Financial Statements

Adecco Financial Services (North America), LLC
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Adecco Financial Services (North America), LLC

Financial Statements

Years Ended December 31, 2023 and 2022

Contents

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Building a better working world

Report of Independent Auditors

The Board of Directors
Adecco Financial Services (North America), LLC

Opinion

We have audited the financial statements of Adecco Financial Services (North America), LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive (loss) income, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst & Young LLP

April 5, 2024

Adecco Financial Services (North America), LLC

Balance Sheets

	December 31	
	2023	**2022**
Assets		
Current assets:		
Cash	$ 139,908	$ 151,770
Due from Group companies	82,184,761	119,232,127
Interest receivables from Group companies	5,843,202	5,026,853
Total current assets	88,167,871	124,410,750
Long-term loans to Group companies	418,959,889	355,799,969
Total assets	$ 507,127,760	$ 480,210,719
Liabilities		
Current liabilities:		
Accrued expenses	$ 1,177,830	$ 1,181,199
Total current liabilities	1,177,830	1,181,199
Long-term debt	91,798,191	98,721,386
Derivative	25,952,850	18,349,566
Total liabilities	118,928,871	118,252,151
Equity		
Additional paid-in capital	302,344,969	302,344,969
Retained earnings	87,094,574	60,203,673
Accumulated other comprehensive loss	(1,240,654)	(590,074)
Total equity	388,198,889	361,958,568
Total liabilities and equity	$ 507,127,760	$ 480,210,719

See accompanying notes to financial statements.

Adecco Financial Services (North America), LLC

Statements of Operations and Comprehensive (Loss) Income

	Year Ended December 31	
	2023	**2022**
Interest income from Group Companies	$ 32,364,307	$ 18,163,198
Interest expense	(5,185,807)	(5,160,403)
Financial income	27,178,500	13,002,795
Operating expense	(1,433)	(40,588)
Other expenses	(286,166)	(268,355)
Financial expenses	(287,599)	(308,943)
Net income	26,890,901	12,693,852
Other comprehensive income (loss)	(650,580)	20,136,758
Total comprehensive income (loss)	$ 26,240,321	$ 32,830,610

See accompanying notes to financial statements.

Adecco Financial Services (North America), LLC

Statements of Cash Flows

	Year Ended December 31	
	2023	**2022**
Cash flows from operating activities		
Net income	$ 26,890,901	$ 12,693,852
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Changes in assets and liabilities:		
Interest receivables from Group companies	(816,349)	(2,103,103)
Accrued expenses	(3,369)	(29,627)
Net cash provided by operating activities	26,071,183	10,561,122
Cash flows from investing activities		
Due to/from Group companies	(26,112,554)	(10,439,721)
Net cash used by investing activities	(26,112,554)	(10,439,721)
Cash flows from financing activities		
(Repayments) Borrowings of long-term debt, net of issuance costs	(36,459)	48,904
Net cash (used) provided by financing activities	(36,459)	48,904
Effect of exchange rate changes on cash	65,968	(18,539)
Net increase (decrease) increase in cash	(11,862)	151,766
Cash at the beginning of the year	151,770	4
Cash at the end of the year	$ 139,908	$ 151,770

See accompanying notes to financial statements.

1. The Business and Summary of Significant Accounting Policies

Organization and Basis of Presentation

Adecco Financial Services (North America), LLC (hereafter "AFS" or the "Company") was formed on September 26, 2017, as a limited liability company. The Company is a wholly owned subsidiary of Adecco, Inc., whose principal business is providing human resource services, including temporary staffing, permanent placement, outsourcing, career transition, and other services to businesses and organizations in North America. The principal activity of AFS is to raise funds for Adecco Group AG (hereafter "Group"), Parent of Adecco, Inc.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgements, and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 could differ from those estimates.

Financial Instruments

In accordance with Accounting Standards Codification (ASC) 815, *Derivatives and Hedging* (ASC 815), all derivative instruments are initially recognized at fair value as either other current assets, other assets, other accrued expenses, or other liabilities in the accompanying balance sheets, regardless of the purpose or intent for holding the derivative instruments. The derivatives are subsequently remeasured to fair value at the end of each reporting period. For derivative instruments designated and qualifying as fair value hedges, changes in the fair value of the derivative instruments, as well as the changes in the fair value of the hedged item attributable to the hedged risk, are recognized within the same line item in earnings. Any cash flow impact on settlement of these contracts is classified within the statements of cash flows according to the

1. The Business and Summary of Significant Accounting Policies (continued)

nature of the hedged item. For derivative instruments designated and qualifying as cash flow hedges, the effective portion of the changes in the fair value of derivative instruments is initially recorded as a component of accumulated other comprehensive income/loss, net, in equity and reclassified into earnings in the same period during which the hedged transaction impacts earnings. The ineffective portion of the change in fair value of the derivative instruments is immediately recognized in earnings. The cash flow impact on settlement of these contracts is classified according to the nature of the hedged item.

Fair Value of Assets and Liabilities

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement is determined based on the assumptions that market participants would use in pricing the asset or liability. In accordance with ASC 820, *Fair Value Measurement*, the Company uses a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from independent sources (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the Company's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – Unobservable inputs for the asset or liability, which are typically based on the Company's own assumptions, as there is little, if any, related market activity.

Loans

The loans are stated at cost using the effective interest rate unless stated otherwise. The initial recognition is at fair value. At the end of each reporting period, the Company tests whether there is any indication of loans granted and other assets being subject to impairment. If any such indications are present, the recoverable amount of these assets is determined. An asset is subject to impairment if its carrying amount exceeds its recoverable amount. An impairment loss is directly recognized as an expense in the income statement. As of December 31, 2023 and 2022,

1. The Business and Summary of Significant Accounting Policies (continued)

no impairment loss was recognized. In addition, management assessed the impact of Accounting Standards Codification (ASC) 326, *Financial Instruments–Credit Losses* (ASC 326), on the loans noting that no allowance is required based on the analysis performed and underlying characteristics of the transactions.

Revenue Recognition

The Company generates interest income from loans issued to Group companies. Interest from loans is recognized on a time proportion basis as stated in each respective loan agreement.

Income Tax

Earnings of the Company are taxed directly to the members; accordingly, the accompanying financial statements do not reflect a provision or liability for federal income taxes. All potential accrued interest and penalties for income taxes, if any, are reported within the financial statements of the Company's parent, Adecco, Inc.

2. Loans to Group Companies

The Company's loans to Group companies as of December 31, 2023 and 2022 consist of the following:

Group Company	Maturity Date	2023 and 2022 Annual Interest Rate	2023 Principal	2022 Principal
Adecco USA, Inc.	11/1/2027	8.88%	$ 185,338,947	$ 185,338,947
Modis, Inc.	11/1/2027	7.76	117,005,022	117,005,022
ADO Staffing, Inc.	10/3/2033	5.80	116,615,920	53,456,000
			$ 418,959,889	$ 355,799,969

Interest rates mentioned are also the effective interest rates, as loans are issued at par 100% and repaid at par 100% and there are no transaction costs for these loans.

3. Interest Receivables From Group Companies

The Company’s interest receivables from Group companies consist of the following:

	December 31 2023	December 31 2022
Group Company		
Adecco USA, Inc.	$ 2,751,151	$ 2,751,151
Modis, Inc.	1,517,802	1,517,802
ADO Staffing, Inc	1,574,249	757,900
	$ 5,843,202	$ 5,026,853

Interest on the loans with Adecco USA, Inc. and Modis, Inc. is payable and due to the Company in annual installments commencing on November 1, 2023 and continuing each year thereafter until loan maturity.

Interest on the loan with ADO Staffing, Inc. is payable and due to the Company on April 3 and October 3 each year commencing on October 3, 2018 and continuing until loan maturity.

4. Equity

The summary of changes in equity for the years ended December 31, 2023 and 2022 is as follows:

Balance as of December 31, 2021	$ 329,127,958
Net income	12,693,852
Other comprehensive income	20,136,758
Balance as of December 31, 2022	361,958,568
Net income	26,890,901
Other comprehensive loss	(650,580)
Balance as of December 31, 2023	$ 388,198,889

5. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss (OCL) are as follows:

	December 31 2023	December 31 2022
Change in fair value of cash flow hedge	$ (7,603,284)	$ 6,328,079
Foreign exchange effect on debt	6,952,704	13,808,679
Net change in OCL during year	(650,580)	20,136,758
OCL balance at beginning of year	(590,074)	(20,726,832)
OCL balance at end of year	$ (1,240,654)	$ (590,074)

6. Interest Income From Companies

The Company's interest income from Group companies consists of the following:

	Year Ended December 31 2023	Year Ended December 31 2022
Group Company		
Adecco USA, Inc.	$ 16,461,805	$ 8,925,731
Modis, Inc.	9,081,930	6,136,968
ADO Staffing, Inc.	6,820,572	3,100,499
	$ 32,364,307	$ 18,163,198

7. Related-Party Transactions

The Company's loans were issued to ADO Staffing, Inc., Adecco USA, Inc. and Modis, Inc., which are wholly owned subsidiaries of Adecco, Inc. See Notes 2, 3, and 6 for additional disclosures related to the loans.

The Company participates in a cash pooling arrangement with Group companies and the entire Due from Group companies balance is related to this arrangement.

Group companies may provide services to related affiliates without charging for such services.

8. Financial Instruments

Risk and Use of Derivative Instruments

Group conducts business in various countries and funds its subsidiaries in various currencies and is therefore exposed to the effects of changes in foreign currency exchange rates. In order to mitigate the impact of currency exchange rate fluctuations, the Company assesses its exposure to currency risk and hedges certain risks through the use of derivative instruments. The Company has also issued fixed rate long-term notes. Accordingly, the Company may manage exposure to changes in fair value of fixed rate long-term debt through the use of derivative instruments.

The main objective of holding derivative instruments is to minimize the volatility of earnings arising from these exposures in the absence of natural hedges. The responsibility for assessing exposures, as well as entering into and managing derivative instruments, is centralized in the Company's treasury department. The activities of the treasury department are covered by corporate policies and procedures approved by the Board of Directors, which limit the use of derivative instruments for trading and speculative purposes. Group management approves the hedging strategy and monitors the underlying market risks.

Fair Value of Derivative Financial Instruments

Level 2 inputs were used to measure the fair value of the cross-currency interest rate swap.

A cross-currency interest rate swap, with notional amounts of JPY $6 billion (approximately USD $53 million in 2023 and 2022, respectively) that contain a receipt of fixed interest rate amount in JPY and payment of fixed interest rate amount in USD, has been designated as a cash flow hedge of the 2033 notes for JPY $6 billion issued by the Company. The outstanding contract has a coupon rate of 1.05%, an original contract period of fifteen years, and expires in October 2033.

A cross-currency interest rate swap, with notional amounts of JPY $7 billion (approximately USD $63 million in 2023 and 2022, respectively) that contain a receipt of fixed interest rate amount in JPY and payment of fixed interest rate amount in USD, has been designated as a cash flow hedge of the 2039 notes for JPY $7 billion issued by the Company. The outstanding contract has a coupon rate of 1.14%, an original contract period of twenty years, and expires in April 2039.

8. Financial Instruments (continued)

Gains of $7,603,284 and $6,328,079 related to the cash flow hedge are included as a component of accumulated other comprehensive loss as of December 31, 2023 and 2022, respectively. No gains or losses were recorded in 2023 or 2022 due to ineffectiveness of the cash flow hedge relationships and no gains or losses were excluded from the assessment of hedge effectiveness in the cash flow hedge relationships. No significant reclassifications into earnings of gains or losses that are reported in accumulated other comprehensive loss, net is expected within the next 12 months.

See Note 9 for further discussion of the cash flow hedge.

9. Financing Arrangements

On April 10, 2018, the Company and Group executed a EUR $600 million multicurrency credit facility agreement with Credit Suisse International, and the funds will be used towards the general corporate purposes of Group. The credit facility agreement terminated on June 16, 2023, and borrowings are subject to an interest rate of 0.275%, which is defined as Margin, plus LIBOR or, in relation to any loan in euros, EURIBOR. The Margin will be adjusted based on debt to EBITDA ratios, as set forth in the credit facility agreement.

On June 16, 2023, the Company and Group executed a EUR $750 million multicurrency credit facility agreement with Bank of America, and the funds will be used towards the general corporate purposes of Group. The credit facility agreement will terminate on June 16, 2028, and borrowings are subject to an interest rate of Margin, plus Term Reference Rate if the borrowing is a term loan or the Compounded Reference Rate if the borrowing is a compounded rate loan as defined in the agreement. The Margin is 0.225-.550% and will be adjusted based on debt to EBITDA ratios as set forth in the credit facility agreement. As of December 31, 2023, there were no outstanding borrowings under the credit facility.

On October 3, 2018, the Company issued JPY $6 billion (approximately USD $42 million and $46 million in 2023 and 2022, respectively), medium-term 15-year notes with a coupon of 1.05% guaranteed by Group due on October 3, 2033. There is no public listing of the notes. The proceeds were primarily used for general corporate purposes. Concurrently, the Company entered into a cross-currency swap (CCS) with Group. The CCS is classified within non-current liabilities on the balance sheet at a fair value of $11,730,214 and $8,351,129 as of December 31, 2023 and 2022, respectively. See Note 8 for further discussion on the CCS.

9. Financing Arrangements (continued)

On April 12, 2019, the Company issued JPY $7 billion (approximately USD $50 million and $53 million in 2023 and 2022, respectively), medium-term 20-year notes with a coupon of 1.14% due April 12, 2039, which were guaranteed by Group within the framework of Group's Euro Medium-Term Note Programme. The proceeds were used primarily for general corporate purposes. Currently, the Company entered a CCS with Merrill Lynch International. The CCS is classified within non-current liabilities on the balance sheet at a fair value of $14,222,635 and $9,998,437 as of December 31, 2023 and 2022, respectively. See Note 8 for further discussion on the CCS.

Payments of long-term debt are due as follows:

	2024	2025	2026	2027	2028	Thereafter	Total
Payments due by year	$ –	$ –	$ –	$ –	$ –	$ 92,157,077	$ 92,157,077

Long-term debt on the balance sheet includes $358,886 of unamortized debt issuance costs.

10. Subsequent Events

The Company has performed an evaluation of subsequent events through April 5, 2024, the date the accompanying financial statements were available to be issued.

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