Trading update for 1 January – 31 March 2025

Robust start to the year with continued business development as expected

Highlights

Financial update

- Organic growth was 4.3% in Q1 2025 (Q1 2024: 6.0%) driven by implementation of price increases, growth from projects and above-base work, and positive volume growth, partly offset by net negative contract wins as expected.
- Operating margin and free cash flow developed in line with expectations.

Business update

- ISS secured four new contracts with revenue above DKK 100 million annually, all within our prioritised customer segments, as well as several smaller and mid-sized local IFS contracts.
- Our continued tight focus on extension of customer contracts up for renewal secured a retention rate of 94% (LTM) in the quarter and extension of seven large key account contracts of which three included significant scope expansions up until 5 May 2025.
- A strategy refresh with updated strategic priorities was completed by end 2024. As a result, the Executive Group Management was aligned and reduced to five members in January 2025, and resulting organisational changes have been implemented across the business during Q1 2025.
- The arbitration process with Deutsche Telekom progressed according to plan, and the oral hearing is scheduled to take place in mid July 2025 as previously communicated.

Capital distribution and outlook

- In February 2025, ISS initiated a share buyback programme of DKK 2.5 billion to be executed over a 12-month period. As at 2 May 2025, ISS has bought back 3,515,993 shares with a total value of DKK 563 million.
- The 2025 outlook is unchanged for all three financial KPIs; organic growth of 4 – 6%, operating margin above 5% and free cash flow above DKK 2.4 billion.

Kasper Fangel Group CEO, ISS A/S, says:

"I'm pleased that in the first quarter of 2025, we kept the momentum from last year and continued to see business improvements despite heightened political uncertainty around the world. Since we deliver our services locally rather than export goods, we are less exposed to global events. During the first three months of the year, we maintained a steadfast focus on executing our refreshed strategic priorities across the organisation. The pipeline for integrated facility services remains attractive, particularly driven by local and regional opportunities, and I'm confident that we are well positioned to convert these opportunities into concrete results in 2025. With the development in the first quarter, we are on track to deliver on our full year financial targets."

Revenue overview

DKK million	Q1 2025	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenue	20,930	20,090	20,591	20,269	22,811
Organic growth	4.3 %	6.0 %	5.8 %	4.8 %	8.3 %
Acquisitions & Divestments	1.1 %	0.7 %	1.2 %	1.1 %	1.0 %
Currency & other adjustments	(1.2)%	(2.5)%	1.1 %	(4.4)%	2.7 %
Revenue growth	**4.2 %**	**4.2 %**	**8.1 %**	**1.5 %**	**12.0 %**

Business update

Following the strategic review conducted in 2024, we sharpened our focus from previously five strategic OneISS priorities to three Global priorities to be executed from 2025 and onwards.

In the first three months of 2025, main focus has been on laying the foundation for execution in terms of business plans for each initiative, including milestones and targets, as well as establishing management oversight supported by a dedicated transformation team.

Operationally, the business developed as expected in the first three months of 2025 as we continued to successfully manage wage inflation by implementing price increases with our customers. Mobilisation activities for contracts secured in 2024 also continued according to plan, most notably related to the key account contract with DWP in the UK.

Geopolitical uncertainties

In Q1 2025, macroeconomic and geopolitical uncertainties remained high with added uncertainty from imposed tariffs and trade barriers, especially from the US. Since ISS delivers services locally, rather than export goods, we are less exposed to such global events. However, we continue to monitor the situation as it develops.

Deutsche Telekom

As previously disclosed, ISS and Deutsche Telekom (DTAG) have certain contractual disagreements, and in December 2022, ISS initiated the establishment of an Arbitration Tribunal under the German Institute of Arbitration (DIS) to decide on these disagreements. The final oral hearing in the arbitration proceedings is scheduled to take place in mid July 2025.

In the proceedings, ISS and DTAG have exchanged claims against each other. ISS has claimed remuneration for services performed. DTAG has disputed the claims. This situation is currently unchanged.

Share buyback programme

2024 programme

On 19 February 2025, ISS completed the share buyback programme launched in 2024 as shares for a total consideration of DKK 1.5 billion had been repurchased.

2025 programme

On 20 February 2025, ISS announced a new share buyback programme. Under the programme, ISS will buy back own shares in two equal tranches for a maximum consideration of DKK 2.5 billion over a 12-month period from 20 February 2025 to 13 February 2026. As at 2 May 2025, ISS had purchased 3,515,993 shares under the first tranche with a total value of DKK 563 million.

Share capital reduction

At the Annual General Meeting on 11 April 2025, reduction of the share capital by cancellation of own shares was approved from nominally DKK 185,668,226 to nominally DKK 174,200,000.

Group performance

Group revenue

January – March 2025

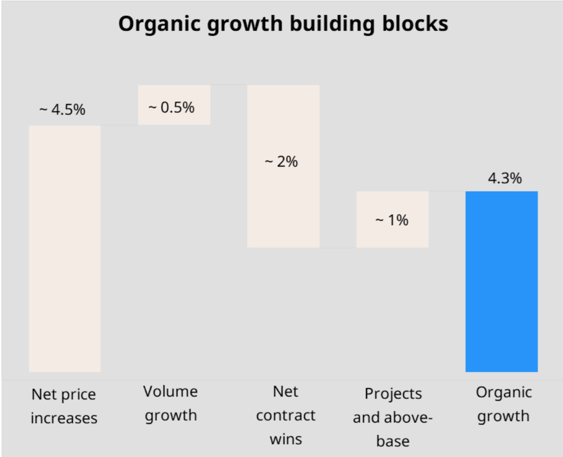
Group revenue in the first three months of 2025 was DKK 20.9 billion (Q1 2024: 20.1 billion), an increase of 4.2% compared with the same period last year. Organic growth was 4.3%, acquisitions and divestments, net increased revenue by 1.1%, while currency and other effects were negative by 1.2%. The net impact from the hyperinflation restatement in Türkiye (IAS 29) was negative 0.7%.

Organic growth of 4.3% (Q1 2024: 6.0%) was mainly driven by implementation of price increases across the Group. In line with contractual agreements, price increases have been implemented to mitigate the impact of wage increases and general cost inflation. Price increases contributed around 4.5%-points to organic growth, which was slightly higher than expected, and around half was stemming from Türkiye.

In Q1 2025, volume growth contributed around 0.5%-point to organic growth driven by a combination of increased activity levels at customer sites and expansion of contracts with existing customers.

Net contract wins contributed negatively by around 2%-points as a result of contracts lost in 2024 as well as certain deliberate contract exits, especially in the Americas region.

Revenue from projects and above-base work accounted for 15% (Q1 2024: 15%) of Group revenue and grew organically by 7.9% in Q1 2025.



Growth was mainly driven by projects related to customers' refurbishment programmes and other above-base work.

Revenue from key account customers was 69% of Group revenue in the first three months of 2025 (Q1 2024: 71%) and generated 3% organic growth.

All regions, except Americas, contributed to the positive organic growth. Central & Southern Europe reported the highest organic growth, mainly driven by price increases in Türkiye. In Northern Europe, growth was positively impacted by the start-up of Defra in the UK which started in Q2 2024. Asia & Pacific was mainly supported by solid growth in Australia and Singapore. In Americas, growth was negative due to deliberate contract exits and losses in prior year.

Revenue and growth

(DKKm)	Q1 2025	Q1 2024	Organic growth	Acq./ div.	Currency & other adj.	Revenue Growth
Northern Europe	7,850	7,528	4%	(0)%	0%	4%
Central & Southern Europe	7,233	6,555	9%	3%	(2)%	10%
Asia & Pacific	3,681	3,521	4%	-	1%	5%
Americas	2,056	2,242	(9)%	-	1%	(8)%
Other countries	187	168	12%	-	(1)%	11%
Corporate / eliminations	(22)	(11)	-	-	-	
Group, excl. IAS 29	**20,985**	**20,003**	**4.3%**	**1.1%**	**(0.5)%**	**4.9%**
Group	**20,930**	**20,090**	**4.3%**	**1.1%**	**(1.2)%**	**4.2%**

[1)] The net impact from hyperinflation restatement in Turkey (IAS 29) was -0.7% on Group-level, that has been included in Currency & other adj.

Commercial development

In the Annual Report 2024, we announced the creation of a new Group Commercial and Revenue function to lead the strategic priority "Customer Centric Growth" from January 2025. Through this function we will drive new wins going forward by amplifying our focus on targeting the right customers with unique selling propositions.

One of the most pressing issues our customers face today is declining employee engagement. With our self-delivery model and strengths within workplace and quality of customer experience, we can support customers in solving this challenge by transforming workplaces into spaces where people can thrive.

In the first three months of 2025, our focus has been on mobilising the updated strategic initiative while at the same time keeping momentum on ongoing commercial processes and retentions.

As a result, in Q1 2025 ISS secured three new contracts with large key accounts in Europe as well as one new contract with a technology customer in India. Furthermore, we extended five large key account contracts as well as a number of mid-sized and smaller contracts. One of the extensions included a significant scope expansion. Consequently, the customer retention rate improved slightly to 94% (LTM) in the quarter.

In the beginning of May, ISS also announced the strengthening of the partnership with key account customer Australia Pacific Airports (Melbourne) through the extension of the existing contract, including a significant scope expansion. Furthermore, ISS extended and expanded its healthcare agreement with a central procurement agency for public healthcare in Southeast Asia.

The commercial pipeline for integrated facility services solutions remains attractive and is mainly driven by local and regional opportunities.

Q1 2025 Major key account developments [1]	Countries	Segment	Term	Effective
Wins				
Insurance Customer	Europe	Financial & Insurance	5 years	Q1 2025
Professional services Customer	Europe	Professional services	5 years	Q1 2025
Aroundtown	Germany	Real Estate	3 years	Q2 2025
Technology Customer	India	Business Service and IT	5 years	Q2 2025
Extensions/expansions				
Danish Crown A/S	Denmark	Food & Beverages	5 years	Q1 2025
Salling Group A/S	Denmark	Retail & Wholesale	5 years	Q1 2025
Construction customer	Türkiye	Industry & Manufacturing	1 year	Q1 2025
Healthcare Customer	Spain	Healthcare	5 year	Q2 2025
Real Estate Customer	Hong Kong	Real Estate	3 years	Q2 2025

[1] Annual revenue above DKK 100 million.

Regional performance

Northern Europe

Revenue amounted to DKK 7,850 million in the first three months of 2025, which was an increase of 4% compared with the same period last year. Organic growth was 4% (Q1 2024: 5%), while the effects from acquisitions and divestments, net and currency were neutral.

Organic growth was driven by price increases implemented across the region and volume growth from higher activity levels at customer sites, offset by net negative contract wins. As a consequence, portfolio revenue grew organically by 3% while organic growth from projects and above-base work was 6%. Most countries in the region contributed to the growth, though most notably the UK due to the contract with Defra which went live in Q2 2024.

Central & Southern Europe

Revenue amounted to DKK 7,233 million in the first three months of 2025, which was an increase of 10% compared with the same period last year. Organic growth was 9% (Q1 2024: 12%), while acquisitions and divestments, net increased revenue by 3% related to the acquisitions made in 2024 in Switzerland, Spain and Austria. Currency effects impacted negatively by 2% and the net impact from hyperinflation restatement in Türkiye (IAS 29) was net negative by 2%.

Türkiye was the main contributor to organic growth, primarily due to implementation of price increases to offset the high level of wage inflation. In the beginning of 2025, another round of price increases was successfully implemented towards customers. Across the region, the development was solid as a result of price increases, and volume growth due to increased customer activity. As a result, portfolio revenue grew 9% organically. Revenue from projects and above-base work showed positive organic growth driven by increased demand for refurbishment projects and other services.

ISS Türkiye is jointly owned by private equity fund Actera (39.9%), management of ISS Türkiye (10%) and ISS (50.1%) being the controlling shareholder. The shareholders' agreement between ISS, Actera and management establishes the rights and obligations of the parties, including rights and restrictions on transferring shares, such as right of first refusal, drag along rights from Q4 2024 and right to explore a potential Initial Public Offering (IPO). As previously mentioned, and in line with the terms of the shareholders' agreement, Actera has initiated a dialogue to explore their potential exit options, and that dialogue remains ongoing. Please refer to page 23 in the Annual Report 2024.

Asia & Pacific

Revenue amounted to DKK 3,681 million in the first three months of 2025, which was an increase of 5% compared with the same period last year. Organic growth was 4% (Q1 2024: 5%) and currency effects increased revenue by 1%, while acquisitions and divestments, net was neutral.

Organic growth was driven by implementation of price increases and volume growth across the region, partly offset by effects from deliberate contract exits in 2024. As a result, portfolio revenue grew 5% organically. Australia and Singapore reported the highest growth rates driven by increased activity levels at customer sites and price increases implemented to offset wage inflation. Revenue growth from projects and above-base work was neutral.

Americas

Revenue amounted to DKK 2,056 million in the first three months of 2025, which was a decrease of 8% compared with the same period last year. Organic growth was negative by 9% (Q1 2024: negative by 2%) and the effect from acquisitions and divestments, net was neutral, while currency effects were positive by 1%.

The negative organic growth was primarily driven by deliberate contract exits and losses in 2024 having full effect in the quarter. This was partly offset by price increases and volume growth due to continued increased activity levels across the region. Portfolio revenue declined organically by 12% as a consequence, despite continued positive organic growth within food services. Revenue from projects and above-base work grew organically by 22%.

Management changes

On 11 April 2025, Henrik Lind and Jens Bjørn Andersen were elected as new members of the Board of Directors at the Annual General Meeting. Søren Thorup Sørensen did not seek re-election and stepped down as a member of the Board of Directors. In addition, Jens Bjørn Andersen was elected new Deputy Chair and replaced Lars Petersson who will continue as a member of the Board of Directors. ISS has increased the Board of Directors from 10 to 11 members with these changes.

Outlook

Outlook 2025

This section should be read in conjunction with "Forward-looking statements" as shown in the table on page 9.

In Q1 2025, organic growth developed as expected, driven by price increases, projects and above-base work and volume growth, while the contribution from net contract wins was slightly negative. Operating margin and free cash developed in line with expectations. The 2025 outlook is thus confirmed for all three financial KPIs.

The outlook assumes that macroeconomic and geopolitical uncertainties remain elevated, at the same time making ISS's business model more relevant than ever. The execution of the OneISS strategy through our updated strategic priorities continues and will support the commercial growth agenda, enable further cost efficiencies and ensure continued high focus on driving shareholder value.

The outlook is excluding any effects of hyperinflation (IAS 29).

Organic growth is still expected to be 4 – 6% for 2025 (2024: 6.3%). Growth will be driven by price increases across the Group to offset cost inflation and protect operating margins. In addition, positive volume growth from increasing activity levels at customer sites and contract expansions is expected, as well as a positive contribution from net contract wins. The impact from projects and above-base work is expected to be neutral to slightly negative.

Operating margin is still expected to be above 5% (2024: 5.0%). Across the Group, we expect to see further operational improvements and efficiencies, including scale benefits. Our focus is on increasing nominal operating profit before other items and thereby driving increased shareholder value.

The expectation for free cash flow is still based on an underlying free cash flow of above DKK 2.6 billion, equalling a cash conversion of above 60%. However, adjusted for DKK 0.2 billion in prepayments for services not yet rendered and receivables paid before due date, the reported free cash flow is expected to be above DKK 2.4 billion for 2025. Assuming payments withheld by Deutsche Telekom (DTAG) in 2024 are received in 2025, reported free cash flow is expected to be above DKK 3.0 billion.

Outlook 2025	Annual Report 2024	Trading update Q1 2025
Organic growth	4 - 6%	4 - 6%
Operating margin[1)]	Above 5%	Above 5%
Free cash flow	Above DKK 2.4 bn [2)]	Above DKK 2.4 bn [2)]

1) Based on operating profit before other items
2) Underlying free cash flow: Above DKK 2.6bn

Expected revenue impact from divestments, acquisitions and foreign exchange rates in 2025

Acquisitions and divestments completed by 1 May 2025 (including in 2024) are expected to have a positive impact on revenue growth in 2025 of around 0.5%-point.

Based on the current exchange rates, a negative impact on revenue growth of around 2-3%-points[1)] (previously negative around 1%-point) is expected in 2025 from the development of foreign exchange rates, excluding any effects of hyperinflation (IAS 29).

[1)] The forecasted average exchange rates for the financial year 2025 are calculated using the actual average exchange rates for the first four months of 2025 and the average forward exchange rates (as of 5 May 2025) for the remaining eight months of 2025.

Financial targets

At the Capital Markets Day in November 2022, new financial targets were announced for organic growth, operating margin and cash conversion. From 2024 and beyond, ISS targets to deliver strong growth at attractive and sustainable margins:

- Organic growth of 4 - 6%
- Operating margin above 5%
- Cash conversion above 60%

Forward-looking statements

This report contains forward-looking statements, including, but not limited to, the guidance and expectations in Outlook. Statements herein, other than statements of historical fact, regarding future event or prospects, are forward looking statements. The words may, will, should, expect, anticipate, believe, estimate, plan, predict, intend or variations of such words, and other statements on matters that are not historical fact or regarding future events or prospects, are forward-looking statements. ISS has based these statements on its current views with respect to future events and financial performance. These views involve risks and uncertainties that could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of ISS.

Although ISS believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ, e.g. as the result of risks related to the facility service industry in general or ISS in particular including those described in this report and other information made available by ISS. As a result, you should not rely on these forward-looking statements. ISS undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, expect to the extent required by law.

The Annual Report of 2024 of ISS A/S is available at the Group's website, www.issworld.com.

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Conference Call
A conference call will be held on 6 May 2025 at 10:00 am CET. Presentation material will be available online prior to the conference call.

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https://issworld.eventcdn.net/events/trading-update-for-q1-2025

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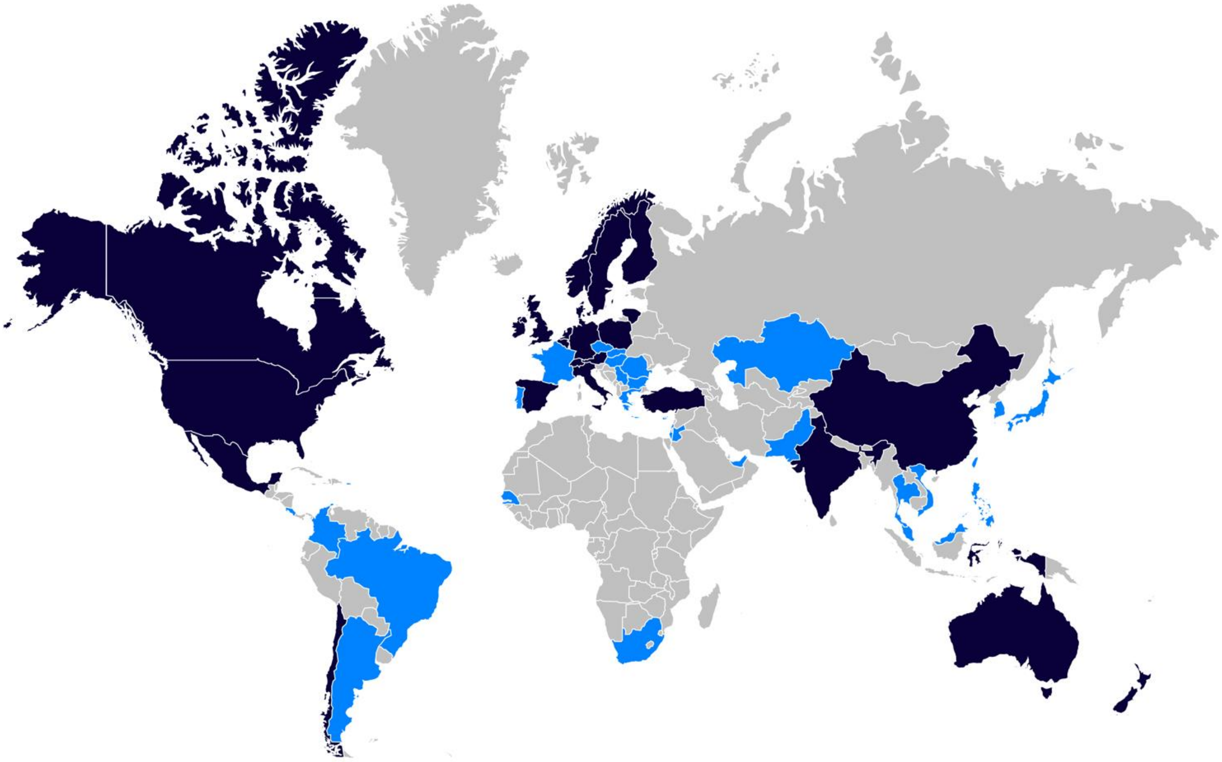
Our global footprint



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