ISS INVESTOR PRESENTATION

H1 2023 Interim Report

10 August 2023

Jacob Aarup-Andersen
Group CEO

Agenda

Executive summary
- Continued strong execution of the OneISS strategy

OneISS

Strategic direction and priorities remain unchanged
-
ISS intends to divest its French business

Financials

Strong momentum and upgrade of organic growth outlook
-
Continued underlying margin improvements

M&A

Acquisition of Grupo Fissa in Spain has been signed

Strategic update
- rigorous execution of the OneISS strategy continued

Update on strategic development

- Strategic direction and priorities remain unchanged with strong focus on growth and execution of the OneISS strategy
- As ISS France has not generated the expected financial improvements, ISS intends to divests its French business
- Acquisition of Grupo Fissa in Spain will add 1% to Group revenue

Commercial momentum

- The investments in the commercial and operating models are yielding results as ISS was awarded a key account IFS contract with Defra in the UK
- Customer retention rate improved further to historical level of 95% (LTM) as ISS extended and expanded several key account contracts
- The pipeline for IFS solutions within prioritised segments remains attractive

Operational development

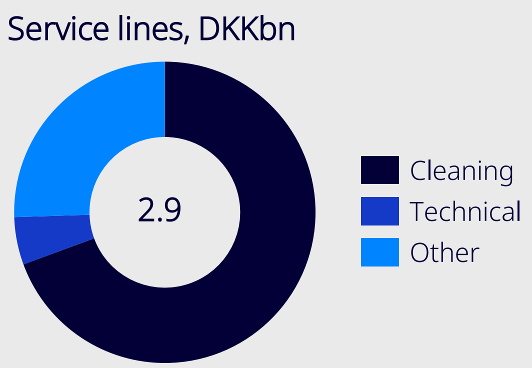
- As expected, the operating margin benefitted from OneISS efficiencies and cost initiatives as well as operating leverage from higher revenue
- Improvements in the previous hotspots was driven by the UK and DTAG offset by France where the operating margin did not develop as expected

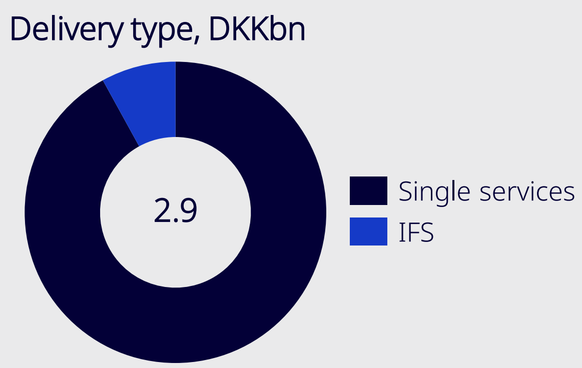
ISS intends to divest its French business
- will continue to service existing and future Global Key Accounts

- ISS has worked towards restructuring the business and establishing a solid foundation in the French market
- However, the development in France has not generated the expected financial improvements
- Building a profitable, sustainable business and a strengthened market position in France will require further significant investments and management attention

- The strategic ambition of ISS is to become the global leader in IFS, with investments prioritised to support this ambition
- ISS therefore plans to strategically reposition itself in the French market, to focus on servicing its Global Key Accounts and intends to divest its other activities
- During the search for a buyer, ISS France will continue to service all existing customers in the same way as today

ISS France revenue





Acquisition of Grupo Fissa in Spain
- bolt-on business addition

Strong strategic fit

- **Adding scale** within cleaning supporting strong market position
- **Enhance market position** within Healthcare which is a prioritised segment
- **Strengthening operations** in southern Spain
- **Improve service delivery** for local key accounts

Financial accretive

- The deal is **margin accretive** (post synergies) to both ISS Spain and Group
- **ROIC** above WACC with immediate improvement post synergies
- **Swift integration** which is expected to be completed in Q1 2024

Grupo Fissa, key facts

- Annual revenue: DKK 0.7 billion
- Addition of approx. 4,500 placemakers

Transaction highlights

+1%
addition to Group revenue

Q3 2023
expected closing

Strong and experienced management team in ISS Spain
successful with similar type of acquisitions in the past

Stringent integration and synergy realisation
tracking and control anchored in Group Finance

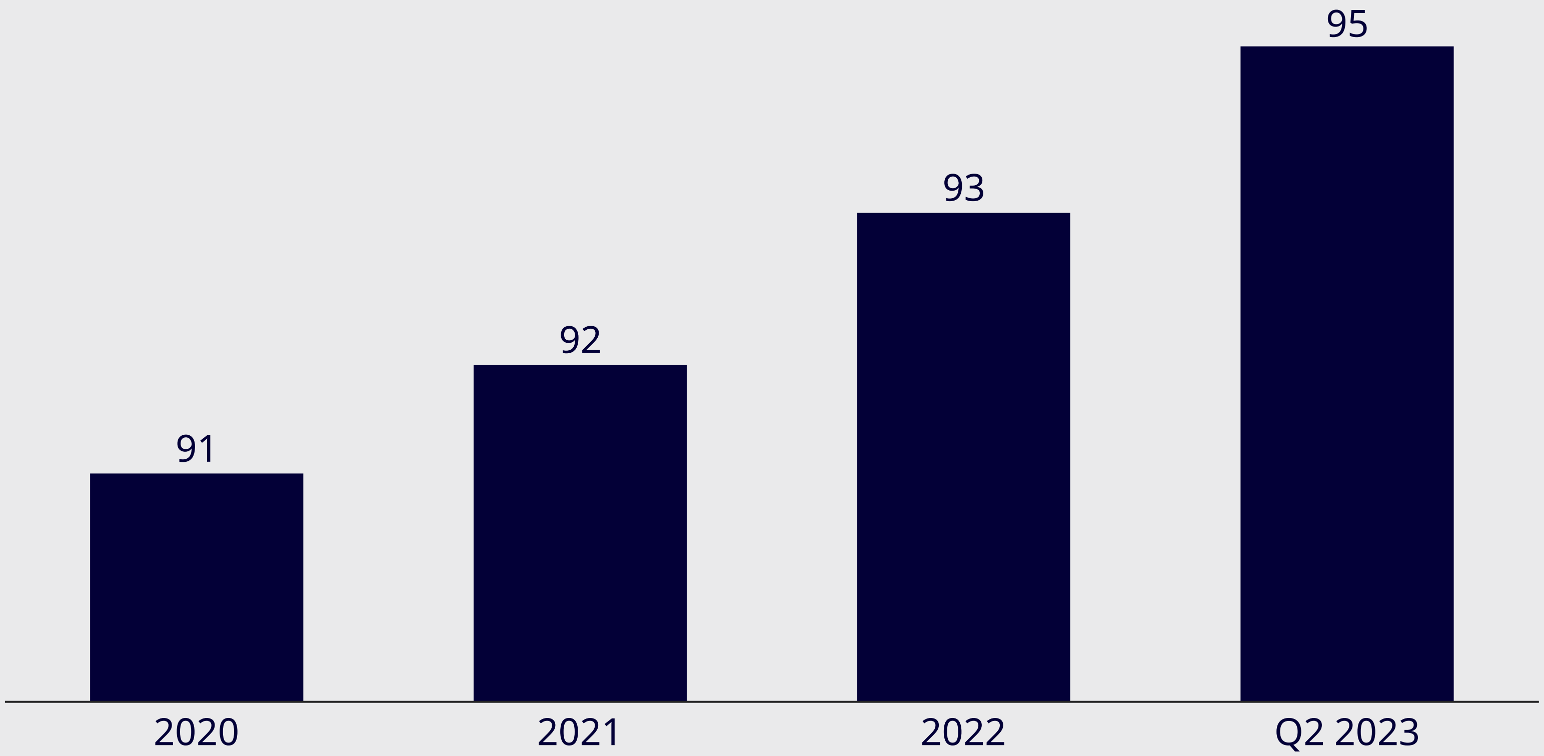
Agenda

1. Executive summary
2. Strategic update
3. Market and Business
4. Financials
5. Outlook
6. Q&A

OneISS strategy in action (1/2)
- customer satisfaction essential when building long-term partnerships

Satisfied customers[1)]

… impacting customer retention rate[2)] positively



1) *Customer Engagement Survey 2023, Europe*
2) *LTM retention rates*

OneISS strategy in action (2/2)
- leveraging the global commercial scale locally

ISS strategic focus

- Office-based
- Healthcare
- Production-based

Banking customer, Australia

- Previously no banking customers in Australia
- Former supplier provided services for 20+ years
- A competitive tender process

OneISS differentiators

- Leveraging ISS's global IFS banking value proposition and expertise locally
- Enhance customer experience through service products and technology
- ISS demonstrated 'best of breed' banking services on site in the US

Pharmaceutical customer, US

- Managing 30+ suppliers independently at each site
- ISS was an existing provider of food services
- Increased scope in terms of services and geography with the new agreement

OneISS differentiators

- IFS and self-delivery model and global expertise within life sciences
- Global presence and ability to meet future expansion plans
- Improve service quality and elevate customer experience

Commercial momentum

- Pipeline remains strong within prioritised segments

New wins[1)]

- Defra, United Kingdom (c. DKK 520 million)

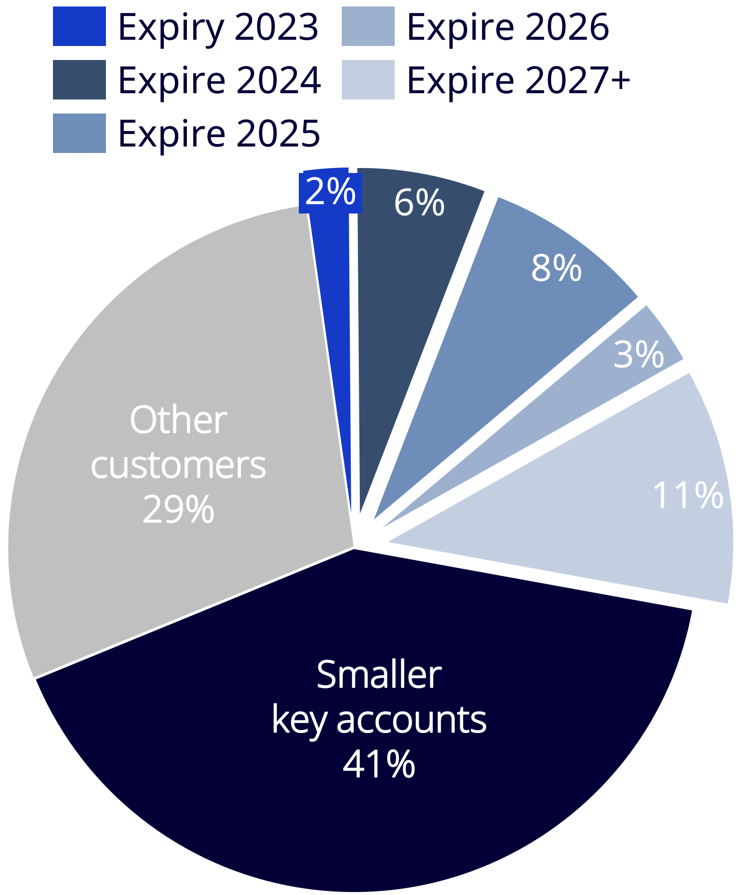
Extensions and expansions[1)]

- Pharmaceutical customer, Switzerland & Austria
- Deutsche Bank, Italy
- Banking customer, Nordics
- Consulting customer, Global
- Industry & Manufacturing customer, Global

Losses[1)]

- Industry & Manufacturing customer, United States

Large key accounts[2)] contract maturity profile



1) Since Q1 2023 results on 4 May 2023. Includes contracts above DKK 100 million annually
2) Chart is based on all global key accounts and key accounts generating revenue above DKK 200 million annually

Kasper Fangel
Group CFO

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4. **Financials**
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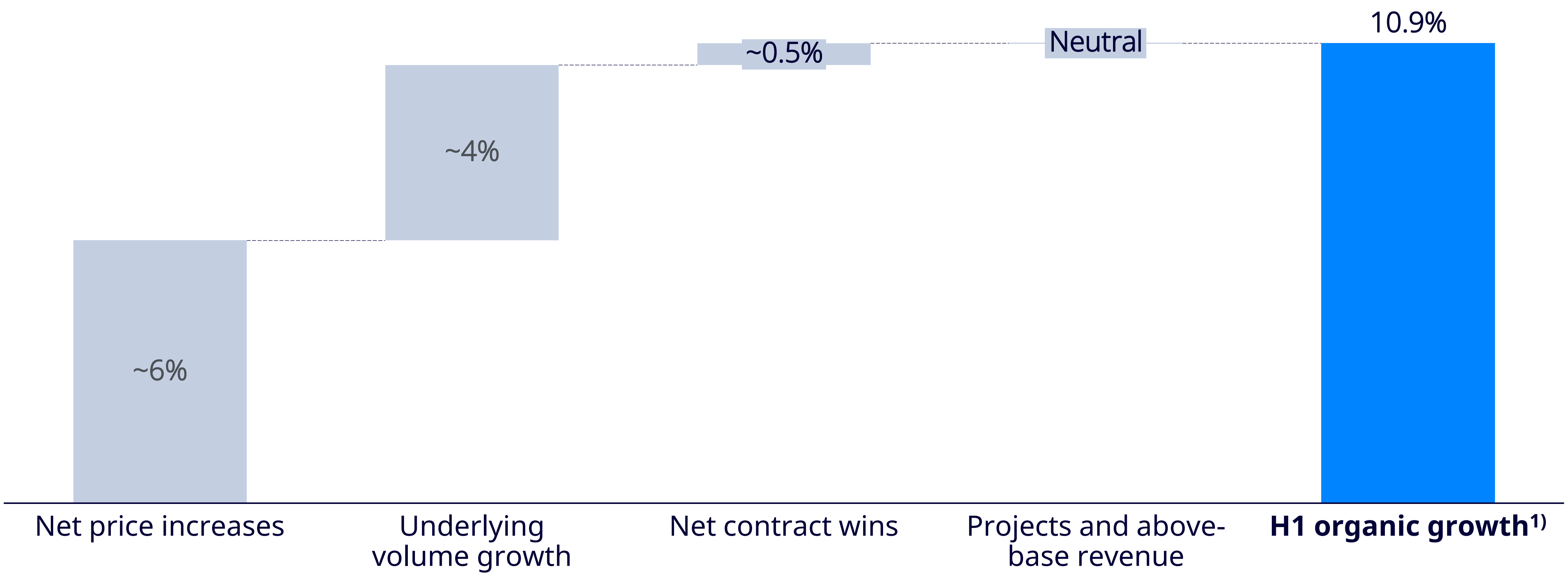
First half of 2023 at a glance

	H1 2023	H1 2022
Organic growth	10.9%	6.7%
Excl. France	11.4%	7.3%
Operating margin[1)]	3.3%	2.9%
Excl. France	3.6%	3.1%
Free cash flow	DKK -1.1 billion	DKK 0.6 billion

1) Excl. hyperinflation (IAS 29)

Organic growth of 10.9% in H1 2023
- driven by strong portfolio revenue growth

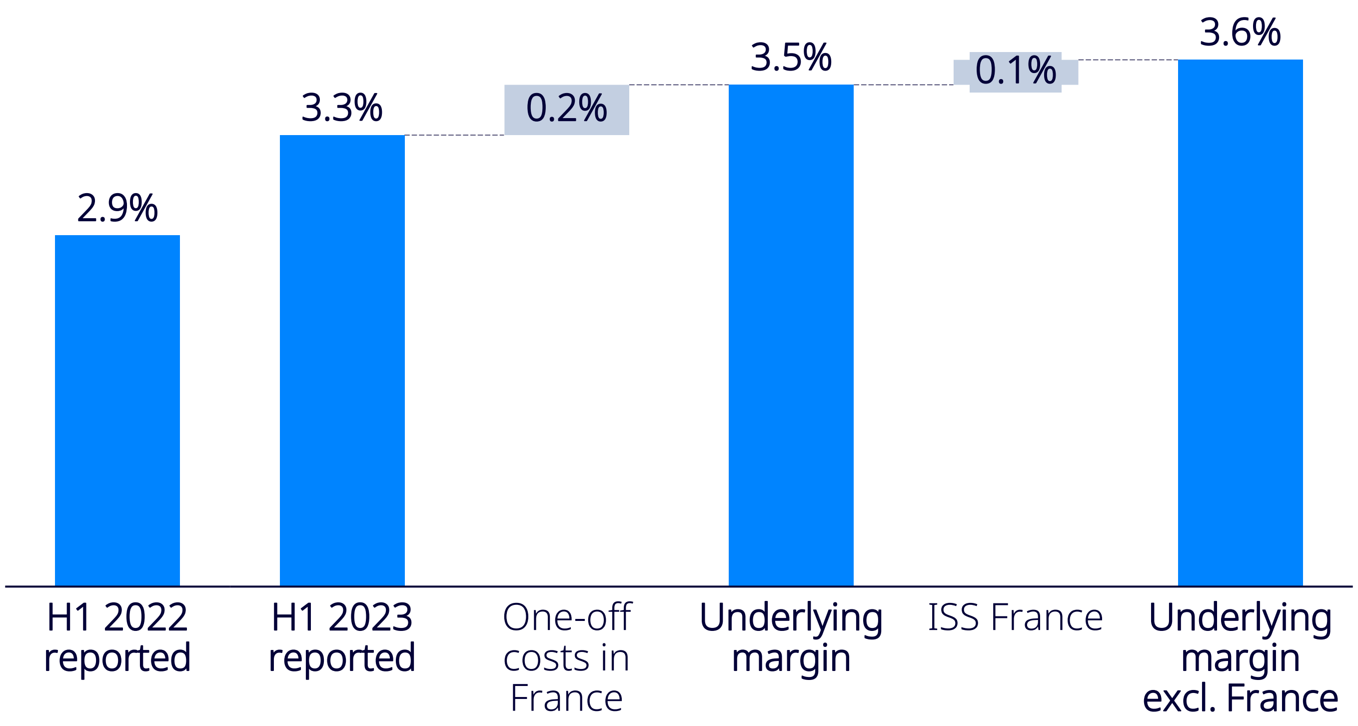
Organic growth building blocks



1) *Excl. France, H1 2023:* ***11.4%***

Operating margin development
- solid underlying improvements

Operating margin before other items[1)]



Key comments

- Margin positively impacted by OneISS efficiencies, cost initiatives and operating leverage across the Group
- Solid financial improvements of underperforming areas, offset by France
- Margin negatively impacted by one-off costs related to strategic review in France
- Price increases kept the margin generally unaffected from cost inflation

1) Excl. hyperinflation (IAS 29)

Regional performance H1 2023
- All regions delivered underlying improvements

	Northern Europe (36% of Group)	Central & Southern Europe (33% of Group)	APAC (18% of Group)	Americas (12% of Group)
Organic Growth	6% *(Q1 2023: 6%, Q2 2023: 5%)*	16% *(Q1 2023: 17%, Q2 2023: 15%)*	7% *(Q1 2023: 6%, Q2 2023: 8%)*	20% *(Q1 2023: 22%, Q2 2023: 18%)*
Margin[1)]	4.3% *(H1 2022: 4.4%)*	4.0% *(H1 2022: 3.2%)*	5.9% *(H1 2022: 5.8%)*	4.0% *(H1 2022: 3.5%)*

Northern Europe

- Organic growth was mainly driven by underlying volume growth and price increases
- Underlying margin developed positively driven by operational improvements in UK, OneISS efficiencies and cost initiatives and leverage from higher revenue
- This was offset by lower contribution from margin enhancing non-portfolio work and lower revenue in Denmark

Central & Southern Europe

- High growth predominately driven by Turkey
- The margin improved due to improvements on the Deutsche Telekom contract, OneISS efficiencies and cost initiatives and operating leverage from higher revenue
- This was offset by France with negative organic growth and the operating margin not developing as expected

APAC

- Underlying volume growth and price increases were main growth drivers predominately in India and Australia
- Hong Kong and China negatively impacted by reduced demand for Covid-19 related services
- Stable margin reflects benefit from OneISS efficiencies and cost initiatives, despite lower level of Covid-19 services

Americas

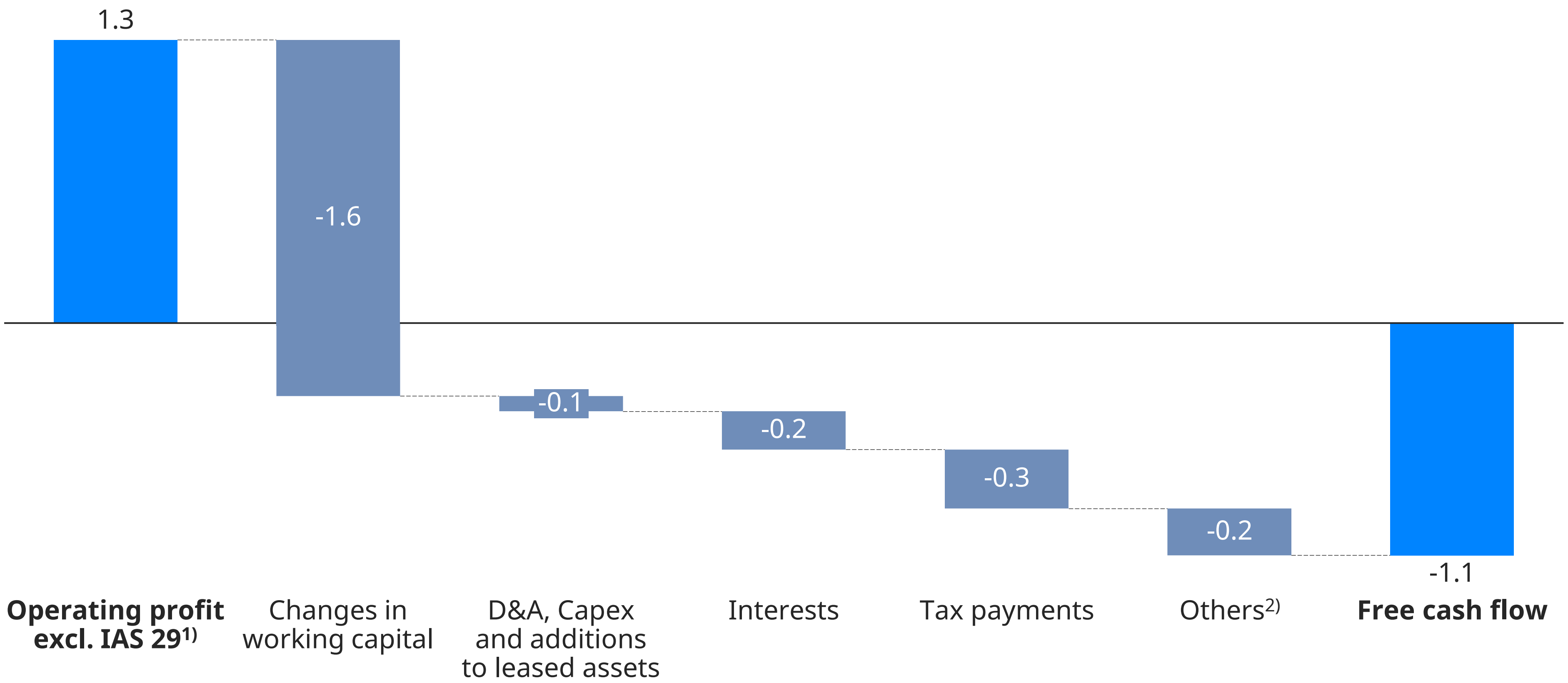
- Organic growth driven by increased activity level, price increases and contract wins
- Higher activity level benefitted food services in particular
- Operating margin improved as a result of OneISS efficiencies, cost initiatives and operating leverage

1) Excl. hyperinflation (IAS 29)

Note: Other countries represent 1% of Group revenue

Free cash flow H1 2023
- negatively impacted by strong growth

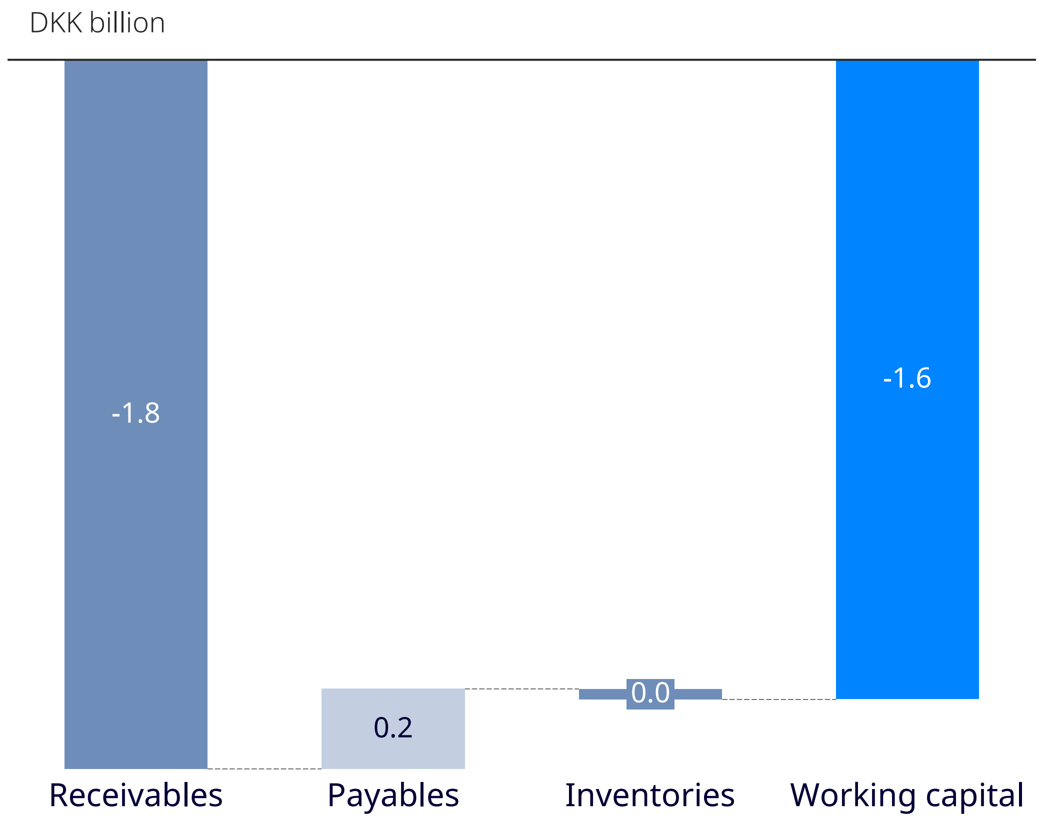
Free cash flow development (DKK billion)



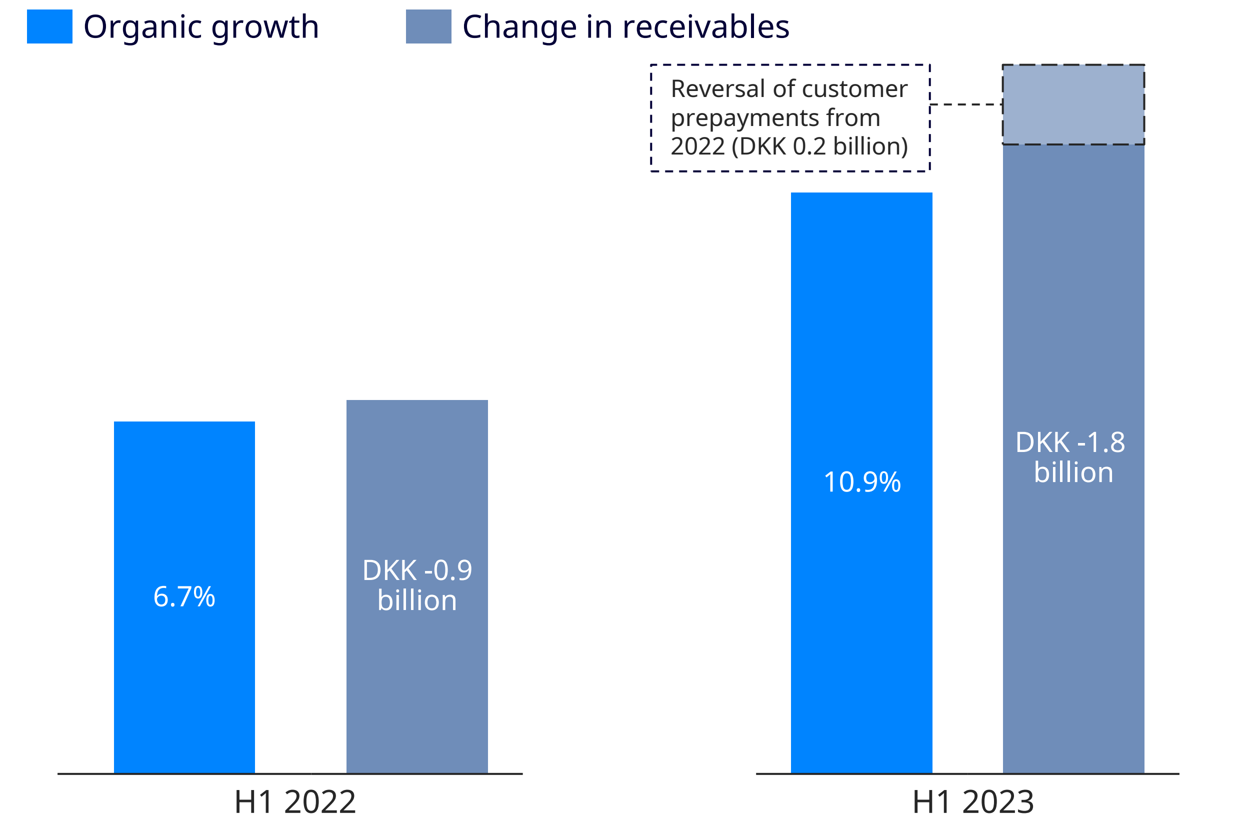
1) Including operating profit from Discontinued Operations
2) Others include: 'Non-cash items related to Hyperinflation', 'Changes in provisions, pensions and similar obligations', 'Share-based payments', 'Other expenses paid', and 'Acquisition of financial assets excl. investments in equity-accounted investees',

Working capital development
- increase in receivables following high revenue growth

H1 2023 changes in working capital, deep-dive

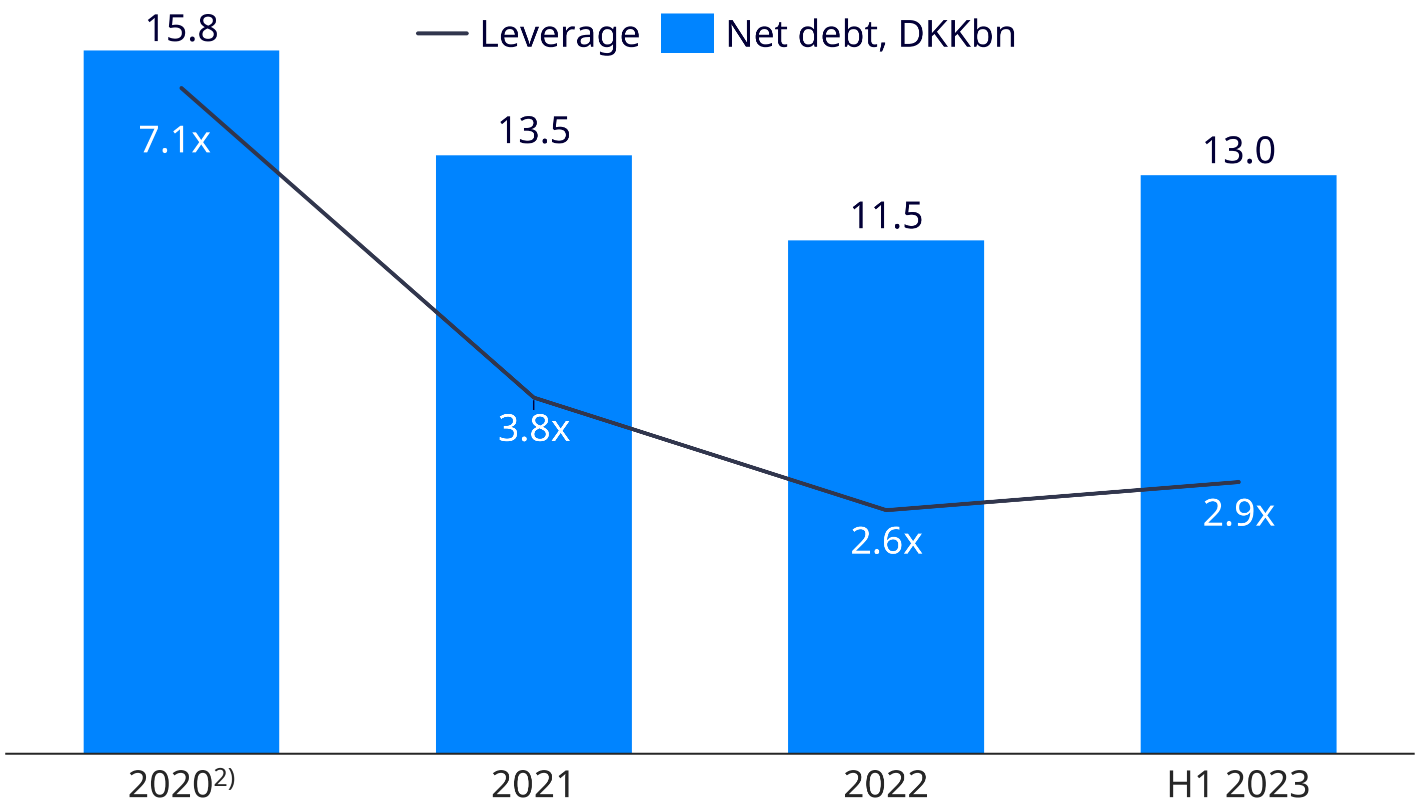


Changes in receivables development



Capital structure
- financial leverage impacted by negative free cash flow in H1 2023

Leverage ratio development[1)]



Key comments

- Despite EBITDA growth, the higher net debt as a result of negative free cash flow and dividends paid, impacted leverage negatively
- Reduction in leverage expected for the full year driven by increased financial performance (higher EBITDA) and lower net debt (free cash flow generation)
- ISS targets financial leverage of 2.0-2.5x

1) *Net debt / Pro forma adjusted EBITDA (LTM)*
2) *Adjusted for restructuring and one offs*

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Outlook 2023[1)]

- Upgrade of organic growth to 7 - 9%

Organic growth

7 - 9%

(Before: 6 – 8%)

- The upgrade is due to higher customer activity and thereby higher underlying volume growth
- The positive effect from net price increases and net contract wins are unchanged
- A negative effect from lower project and above-base work is still expected

Operating margin[2)]

4.25 - 4.75%

(Unchanged)

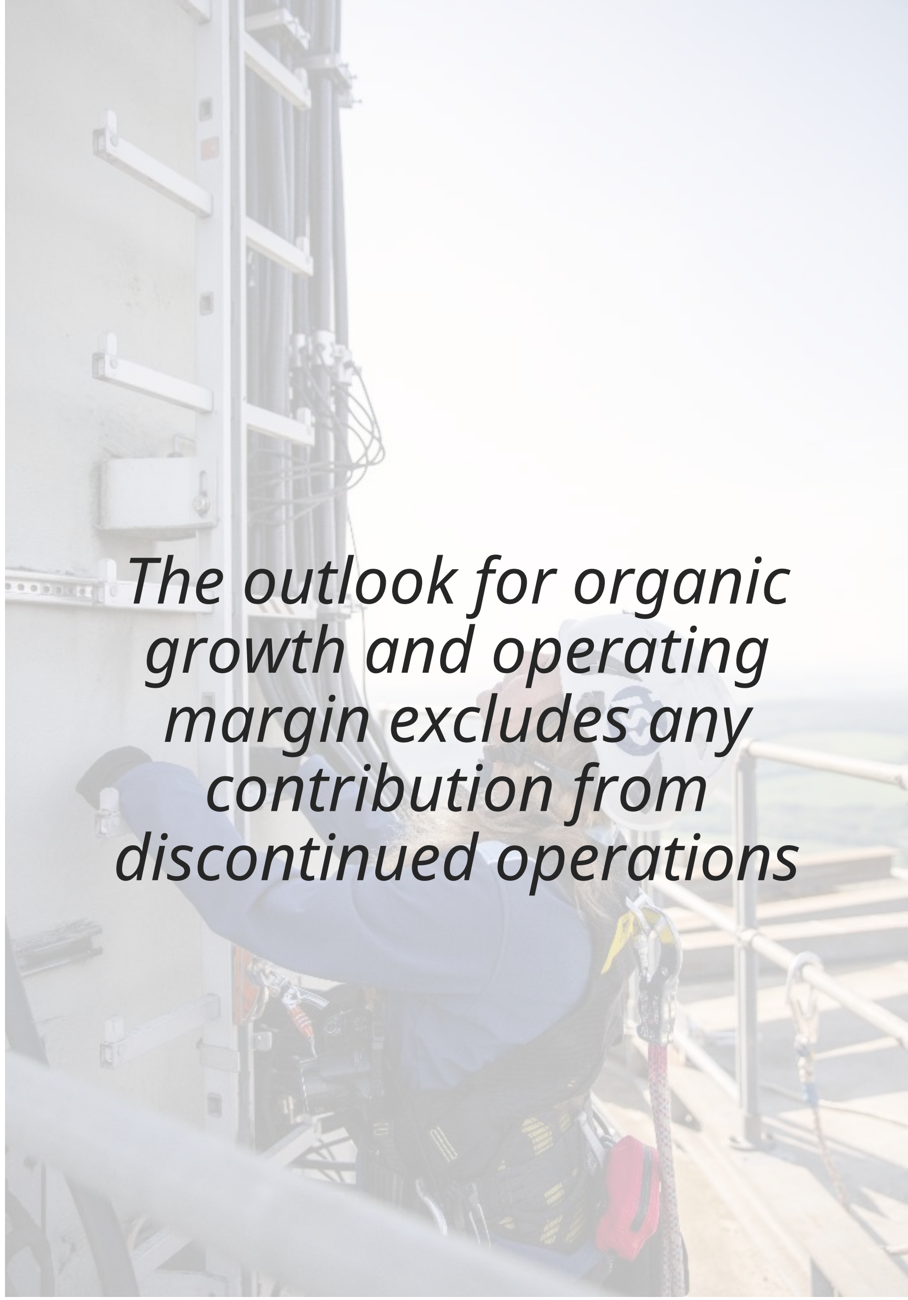
- Margin improvements in the two previous hotspots; the UK and Deutsche Telekom
- Positive effects from OneISS efficiencies and cost initiatives across the Group
- Operating leverage from higher revenue

Free cash flow

Around DKK 2.0 bn

(Unchanged)

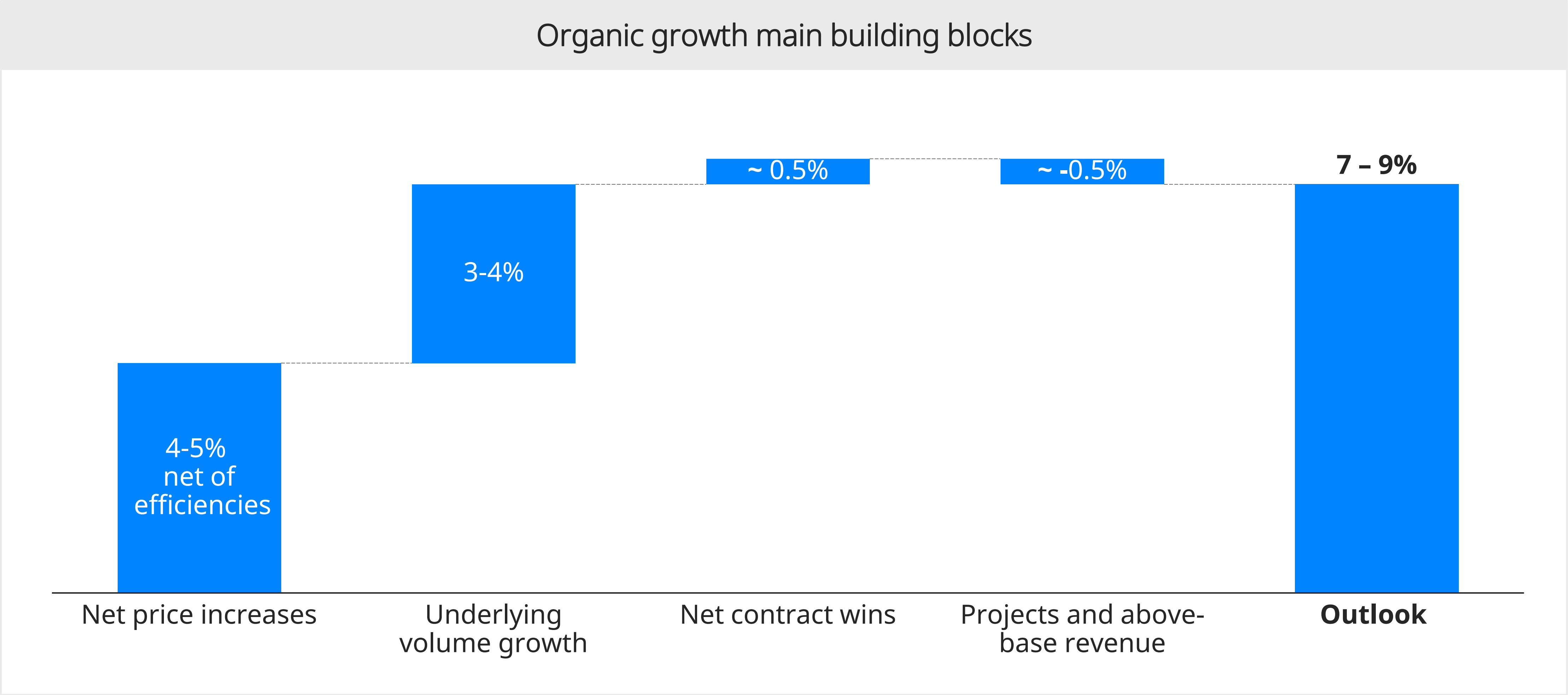
- Improvement in operating profit
- Negative impact from working capital including customer prepayments in 2022
- Increased tax outflow due to higher operating profit
- Capex in line with depreciation and amortisation



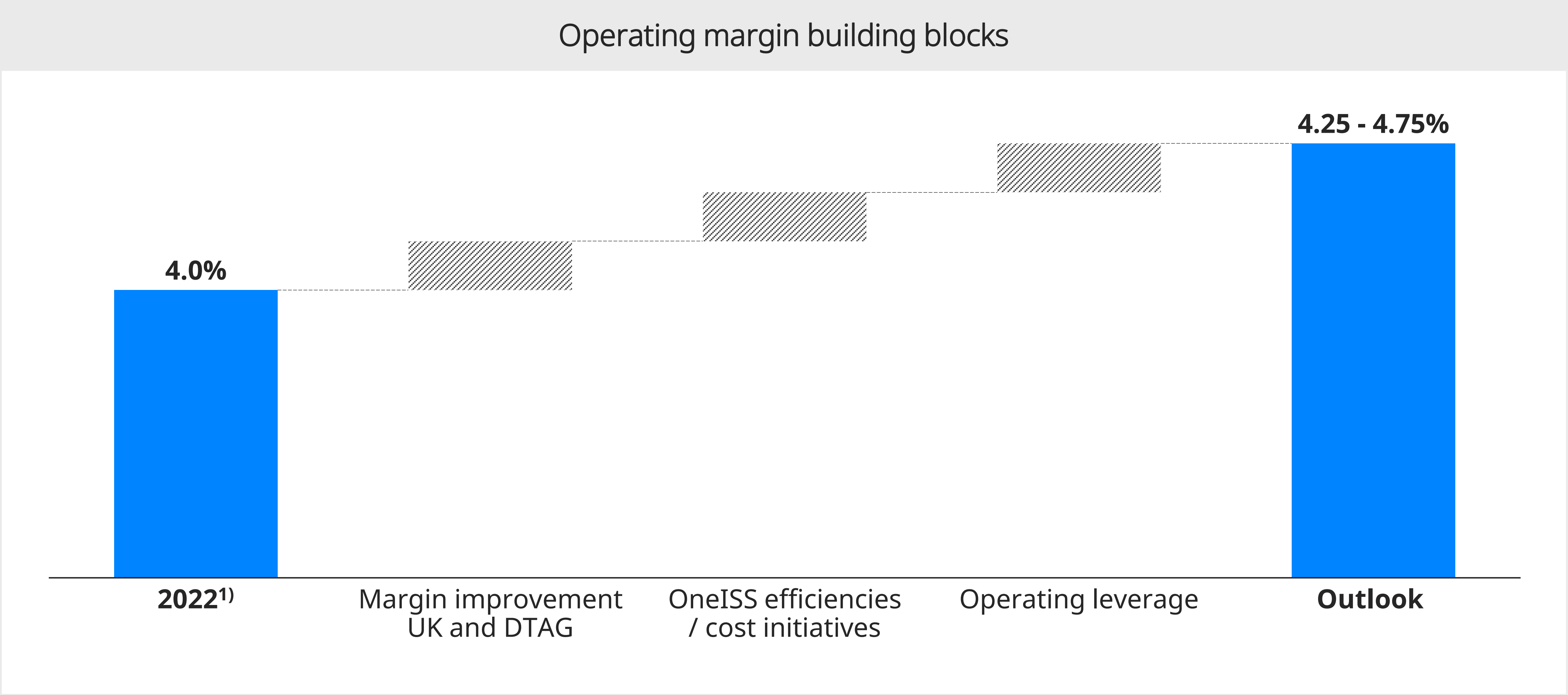
1) Outlook excl. IAS 29
2) Operating profit margin before other income and expenses

Organic growth outlook for 2023

- Upgrade driven by increased activity level

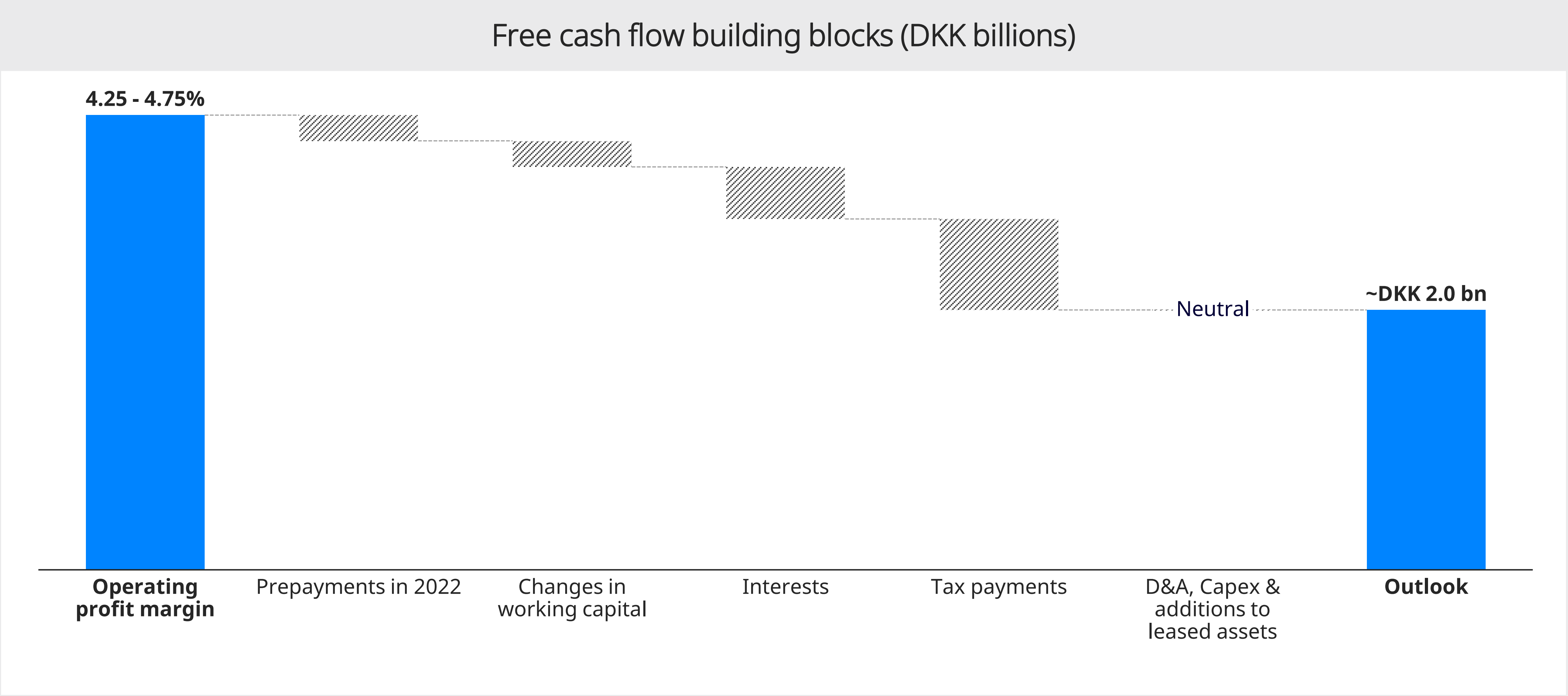


Operating margin outlook for 2023



1) *Restated excl. France (including Global Key Accounts)*

Free cash flow outlook for 2023



Financial targets from 2024 and beyond
- all targets confirmed

Organic growth	Operating margin	Cash conversion[1]
4 - 6%	**> 5%**	**> 60%**

1) Cash conversion, % = Free cash flow/Operating profit before other items

Agenda

H1 2023 INTERIM REPORT

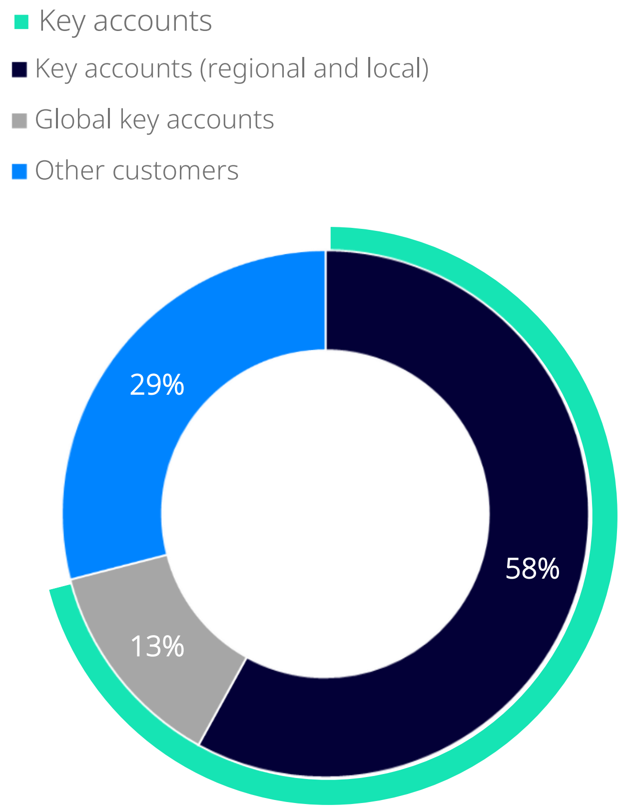
Q&A

INVESTOR PRESENTATION

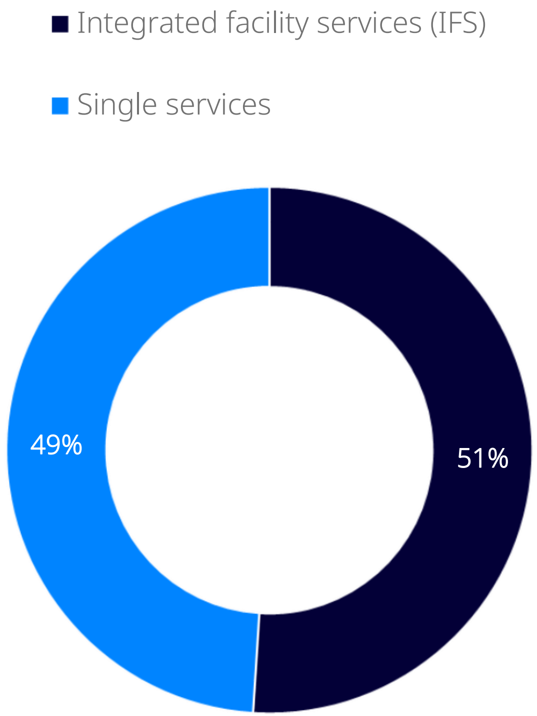
Appendix

Revenue split based on FY2022 (1/2)

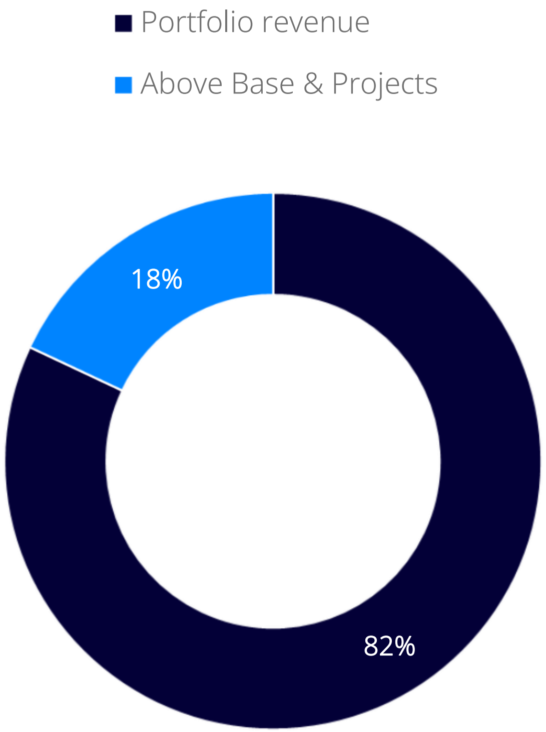
Customer type



Delivery type

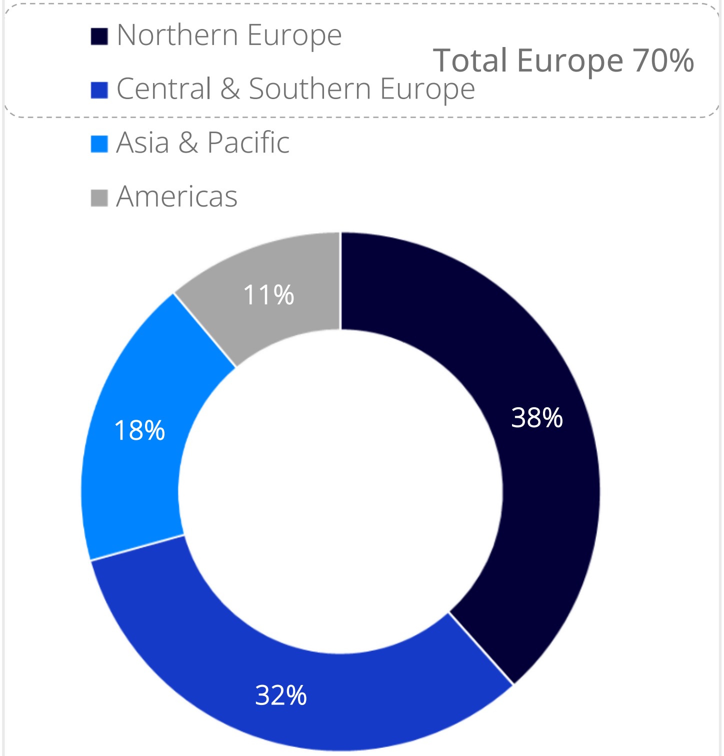


Revenue type

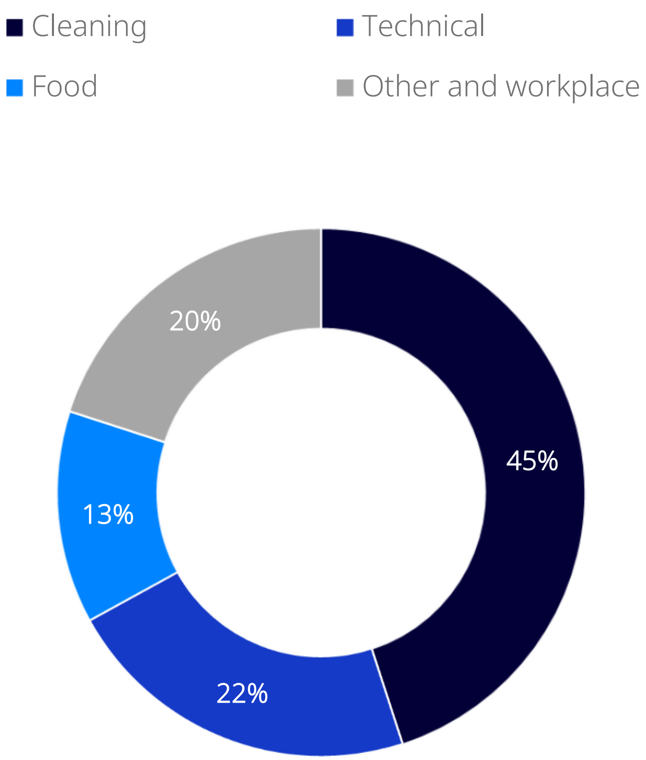


Revenue split based on FY2022 (2/2)

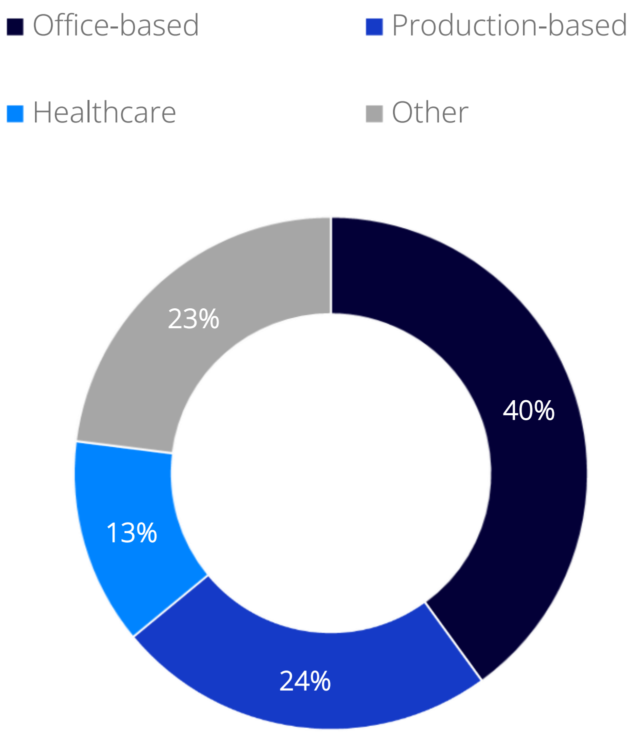
Geography[1)]



Service lines



Customer segments



1) Revenue related to other countries amounted to 1%

Sustainability ratings

Ratings 2022	Performance
MSCI	Methodology note, AAA = top score **AA rating** – 5 straight years
SUSTAINALYTICS	Methodology note, low score = good **13 / 100** – low score
S&P Global Ratings	Methodology note, 100 = top score **56 / 100** – above industry average in all disclosure categories
ISS ESG	Methodology note, A = top score **C+** – prime status, B highest rating in the industry
CDP	Methodology note, A = top score **C** – C average for the industry

Investor Relations

Investor Relations contacts

Jacob Johansen
Head of Investor Relations
+45 2169 3591
JJO@ISS.biz

Kristian Tankred
Senior IR Manager
+45 3067 3525
KRT@ISS.biz

ISS A/S
Buddingevej 197
2860 Søborg
Denmark
www.issworld.com

Financial calendar 2023

Q3 2023 Trading Update
2 November 2023

2023 Annual Report
22 February 2024

Share information

Trading symbol	ISS
Identification number / ISIN	DK0060542181
Number of shares	186,568,266
Sector	Business Services
Nominal value, DKK	1
Free float	83%

ADR information

Trading symbol	ISSDY
Structure	Sponsored level 1
Ratio (ADR:ORD)	2 ADRs : 1 share (2:1)
ADR ISIN	US4651472056

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