



Company Announcement

Copenhagen, 23 January 2023

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Preliminary financial results for 2022 - organic growth and free cash flow exceeding expectations

ISS A/S (ISS.CO, ISS DC, ISSDY), a leading workplace experience and facility management company, below announces unaudited preliminary consolidated key financial metrics for 2022 with organic growth and free cash flow exceeding the latest outlook presented as part of the Q3 2022 Trading Update. If not otherwise stated, the information provided in this announcement excludes any effects of IAS 29 (hyperinflation accounting).

2022	Unaudited preliminary results	Latest outlook (2 Nov 2022)	Initial outlook (24 Feb 2022)
Organic growth, %	7.8	~6.5	>2.0
Operating margin (before other items), %	3.8	~3.8	>3.5
Free cash flow, DKK bn	1.7	~1.5	>1.3

The strong financial performance continued during Q4 2022 with organic revenue growth of 9.4% for the quarter resulting in organic growth for the full-year 2022 of 7.8%, exceeding the latest outlook of around 6.5%. Growth in the quarter was primarily driven by return-to-office trends, customers investing in the workplaces and price increases implemented across the portfolio. Price increases in Turkey contributed with around 1.5%-point to the full-year organic growth in 2022. Revenue from projects and above-base work showed negative organic growth; however, the negative contribution of 0.3%-point to Group organic growth for 2022 was less than initially expected. Revenue for Q4 2022 amounted to DKK 20.3 billion and DKK 76.5 billion for the full-year 2022, including the net impact from hyperinflation accounting in Turkey (IAS 29), which increased full year revenue with 0.2%.

Operating margin before other items developed as expected in line with the latest outlook of around 3.8%. The margin development was driven by the improvement of the underperforming countries and contracts, predominately the UK and the Deutsche Telekom contract. In H2 2022, additional costs related to commercial investments and mobilisation of new contracts were incurred, as expected. Cost inflation continued to be

managed tightly, and operating margin was generally unaffected. Hyperinflation effects from IAS 29 decreased operating margin with 5 bps for the full-year 2022.

Free cash flow for H2 2022 amounted to DKK 1.1 billion and DKK 1.7 billion for the full-year 2022, exceeding the latest outlook of around DKK 1.5 billion. Cash outflow related to restructuring projects accounted for in the financial year 2020 amounted to DKK 0.5 billion. Despite the higher revenue, working capital was managed tightly and additionally benefitted from certain early payments from customers related to 2023 of approx. DKK 0.2 billion.

The preliminary 2023 outlook, presented at the Capital Markets Day on 7 November 2022, for operating margin of 4.25 – 4.75% is confirmed. The final audited consolidated, financial results will be announced with the Annual Report 2022 on 23 February 2023. ISS will, at the latest, provide its 2023 outlook for organic growth, operating margin and free cash flow when announcing the Annual Report 2022.

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The final consolidated financial results for the financial year 2022 are subject to completion of the Annual Report 2022 and audit hereof.

The Annual Report 2021 of ISS A/S is available at the Group’s website, www.issworld.com.