INTERIM REPORT FOR 1 JANUARY – 30 JUNE 2020

RESILIENT REVENUE REINFORCES THE IMPORTANCE OF THE GLOBAL STRATEGY IN UNPRECEDENTED TIMES

HIGHLIGHTS

- Organic growth of (2.9)% in H1 2020 and (9.9)% in Q2 2020, impacted especially by COVID-19 lockdowns, but underpinned by key accounts (2.2% organic growth in H1 2020) as well as strong demand for deep cleaning and disinfection. Organic growth in July was (7.8)%.
- Operating margin (before other items) of (2.2)% in H1 2020 (H1 2019: 3.7%) or around 0% excluding restructuring costs and one-offs. Performance was impacted by the operating profit drop-through from revenue lost as a result of COVID-19 as well as other operational impacts including inefficiencies and delays in a number of key operational priorities as a result of the significant redirection of resources on the back of COVID-19 and the IT malware attack.
- Free cash flow improved to DKK (1.7) billion in H1 2020 (H1 2019: DKK (2.6) billion). The free cash flow of DKK (1.7) billion was negatively impacted by seasonality, impact of COVID-19 and the IT malware attack on operating performance, while positively impacted by short-term benefits of DKK 1.6 billion from postponed payment of VAT and social charges offered under government support schemes. The utilisation of factoring reduced by DKK 0.7 billion.
- Total readily available liquidity remained above DKK 11 billion at 30 June 2020 (30 April 2020: above DKK 11 billion) and around DKK 14 billion at 31 July 2020.
- Net debt reduced from DKK 18.6 billion at 30 June 2019 to DKK 16.4 billion at 30 June 2020. However, as a result of weaker operating profit, leverage at 30 June 2020 increased to 5.9x pro forma adjusted EBITDA (30 June 2019: 3.4x). Excluding restructuring costs and one-offs impacting operating profit, leverage at 30 June 2020 was 4.3x. While leverage is expected to peak in 2020, we expect a significant reduction in 2021 as performance is expected to normalise and the divestment programme completes. ISS has no financial covenants and no material unaddressed debt until 2024.
- Uncertainty remains high as we reinstate guidance for 2020. Organic growth in 2020 is expected to be (2)%-(10)% with a mid-range of (6)%-(8)%. The operating margin excluding restructurings and one-off costs (0% in H1 2020) is expected to be marginally positive in 2020. Free cash flow in 2020 is expected to be DKK (0.5)-(3.5) billion with a mid-range of around DKK (2) billion.

Jeff Gravenhorst Group CEO, ISS A/S, said:
"The first half of 2020 has proven extraordinarily challenging for ISS given the combined impact of the malware attack and COVID-19. Our financial performance has suffered from the loss of revenue and a delay of certain transformational projects as we reprioritised during the crisis. That said, the strategic decisions we have made over the past few years have made ISS more resilient in these unprecedented times. Our revenue from key account customers has continued to grow, with the strength of our value proposition becoming more apparent. We have helped customers break the chain of infection and supported the safe return of people to their workplaces. We have increased our liquidity, strengthened our cash flows and reduced net debt. We have now started the shift from crisis management back towards execution of our strategic priorities. Global uncertainty remains considerable, but we are well placed to capitalise on the recovery as it comes through and the positive, long-term structural trends."

Lord Allen of Kensington Kt CBE
Chairman

Jeff Gravenhorst
Group CEO

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KEY FIGURES

DKK million (unless otherwise stated)	H1 2020	H1 2019	2019
INCOME STATEMENT			
Revenue	35,927	37,886	78,555
Operating profit before other items [1)]	(785)	1,418	3,290
Operating margin [1)]	(2.2)%	3.7%	4.2%
Operating profit	(2,044)	1,053	2,558
Financial expenses, net	(288)	(327)	(704)
Net profit (adjusted) [2)]	(2,220)	822	2,100
Net profit from continuing operations	(2,558)	502	1,178
Net profit from discontinued operations	(119)	(100)	193
Net profit	(2,677)	402	1,371
CASH FLOW			
Cash flow from operating activities	(1,150)	(1,816)	2,064
Addition of right-of-use assets, net	(232)	(337)	(592)
Acquisition of intangible assets and property, plant and equipment, net	(341)	(499)	(1,095)
Free cash flow	(1,730)	(2,646)	366
FINANCIAL POSITION			
Total assets	49,368	54,789	50,061
Goodwill	20,546	20,960	21,257
Additions to property, plant and equipment	498	692	673
Equity	9,306	11,260	12,547
Equity ratio	18.9%	20.6%	25.1%
EMPLOYEES			
Full-time employees	76%	76%	77%
Number of employees end of period	439,264	484,018	471,056
GROWTH			
Organic growth	(2.9)%	6.0 %	7.1 %
Acquisitions and divestments, net	(1.7)%	(1.5)%	(1.2)%
Currency adjustments	(0.6)%	0.5 %	0.8 %
Total revenue growth	(5.2)%	5.0 %	6.7 %
FINANCIAL LEVERAGE			
Pro forma adjusted EBITDA	2,754	5,405	4,838
Net debt	16,385	18,566	14,730
Net debt / Pro forma adjusted EBITDA	5.9x	3.4x	3x
STOCK MARKET RATIOS			
Earnings per share, DKK			
Basic earnings per share (EPS)	(14.5)	2.1	7.3
Diluted earnings per share	(14.5)	2.1	7.3
Adjusted earnings per share	(12.0)	4.4	11.2
Earnings per share from continuing operations, DKK			
Basic earnings per share (EPS)	(13.9)	2.7	6.3
Diluted earnings per share	(13.9)	2.7	6.2
Adjusted earnings per share	(11.3)	4.2	9.3
Number of shares issued (in thousands)	185,668	185,668	185,668
Number of treasury shares (in thousands)	970	970	970
Average number of shares (basic) (in thousands)	184,698	184,686	184,692
Average number of shares (diluted) (in thousands)	185,257	185,960	186,000

[1)] The Group uses Operating profit before other items for the calculations of operating margin instead of Operating profit. From 2019, operating margin includes restructuring costs, which were previously reported in Other income and expenses, net. Comparative figures have been restated accordingly.

[2)] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.

BUSINESS UPDATE

The first six months of 2020 have proven to be one of the toughest periods in the 119-year history of ISS. External shocks in the form of a malware attack, swiftly followed by the global COVID-19 pandemic, have tested the organisation to the full. Our financial performance has been severely impacted by these events but our operating resilience and steadfast support for our customers during these most testing times has proven enduring. Whilst significant uncertainty remains, our decision to increase our focus on key account customers has been further vindicated and the strength of our value proposition has become even more apparent. ISS has supported customers across industries and geographies, adapting and responding to these unprecedented times to deliver outstanding service when needed most. Time and time again, we have been recognised for our invaluable contribution. As such, we are confident that ISS will emerge from this crisis stronger than before. We are a leading player in a large but highly fragmented industry with significant further opportunity to gain market share, deliver attractive growth and create sustained value for all of our stakeholders.

At ISS, our number one priority is the safety and wellbeing of our people and our customers' people, including workers, passengers and patients. In the first six months of 2020, very sadly, 25 ISS lives have been lost as a result of COVID-19 and our thoughts are with the families and friends of those ISS colleagues. We remain focused on ensuring our people can carry out their important roles with the requisite level of protection, whilst always adhering to strict practices and ways of working.

First-half revenues have demonstrated notable resilience given the circumstances, but we have still faced some significant reductions. The scale of the declines has varied across geography, customer segment and service type. Where customer activity has significantly reduced or stopped entirely, and demand for our services has been impacted, we have been forced to react. We have made use of various government furlough schemes wherever possible. At the end of June 2020, around 50,000 ISS colleagues were sent home. It is our sincere hope that most will return to the organisation as soon as demand recovers but, in all likelihood, we will see redundancies as the pandemic continues to depress activity levels at our customers' premises. This is a deeply regrettable consequence of the crisis as we seek to protect our financial health and maintain our competitiveness.

In addition to the revenue loss directly and indirectly attributable to COVID-19, our first-half financial performance has been negatively impacted by the major disruption to various strategic transformation initiatives and anticipated returns. The onset of the malware attack in February, together with COVID-19, necessitated an urgent reprioritisation of actions and reallocation of resources. In particular, planned investment and upgrades to our IT architecture have been delayed. Such initiatives were a key element of our transformational journey first communicated at the December 2018 Strategy Update. We remain fully committed to this investment, as it will strengthen the quality of our offering for key account customers, whilst increasing our operational efficiency.

Against this turbulent backdrop, we have maintained a tight control of our cash flows, reduced net debt and strengthened our liquidity. Leverage ratios have been negatively impacted by the reduction in EBITDA but ISS remains financially strong and well placed to recover when the pandemic finally recedes. The decision to suspend our dividend payment was not taken lightly. We fully understand the importance of dividends to our shareholders. That said, in light of the significant uncertainty faced and our acceptance of support from numerous governments across the globe, we firmly believe this was the appropriate action. We will continue to monitor the situation and seek to restore dividend payments as soon as it is prudent to do so.

Our first half 2020 financial performance is disappointing, but these results mask the consistently outstanding service we have delivered for customers across the globe. The importance of our service offering has become more apparent and our industry reputation has strengthened. We have increased our liquidity, strengthened our cash flows and reduced net debt. We have now started the shift from crisis management back towards execution of our strategic priorities. Whilst global uncertainty remains considerable, we are well placed to capitalise on the recovery as it comes through.

GROUP PERFORMANCE

OPERATING RESULTS
JANUARY – JUNE 2020

Group revenue for H1 2020 was DKK 35.9 billion, a decrease of 5.2% compared with the same period last year. Organic growth was (2.9)%, and acquisitions and divestments, net reduced revenue by 1.7%.

Organic growth of (2.9)% in H1 2020 was negatively impacted by COVID-19 from the second half of March 2020 due to lockdowns. This was partly offset by positive organic growth in key accounts of 2.2% and a solid increase of 12% in projects and above-base work, especially due to strong demand for deep-cleaning and disinfection.

Despite COVID-19 effects, Continental Europe and Asia & Pacific delivered slightly positive organic growth in H1 2020, whereas organic growth in Northern Europe and Americas was negative.

The services impacted the most from COVID-19 are those depending on our customers' employees being on site. As a result, Food Services (2019: approximately 15% of Group revenue) reported a decrease in revenue of around 23% in H1 2020 compared to the same period last year and even more so in Q2 2020 with a drop in revenue of approximately 44% compared to Q2 2019. Support Services (2019: approximately 7% of Group revenue) was impacted to a lesser extent with reported revenue decreasing approximately 10% in H1 2020 and approximately 22% in Q2 2020. All other service lines were less impacted. The prospects for full recovery within the short term seem limited within Food Services whereas for most other service lines, prospects for normalisation within quarters seem more promising.

In terms of customer segments, the most significant revenue impact was within Hotels, Leisure, Sports & Entertainment, Education (part of the Public Administration segment) and Airports (part of the Transportation segment) (2019: approximately 10% of Group revenue).

Operating profit before other items amounted to DKK (785) million (H1 2019: DKK 1,418 million) for an operating margin of (2.2)% (H1 2019: 3.7%) or around 0% excluding restructuring costs and one-offs.

The decrease was mainly due to an operating profit drop-through of approximately 25% from revenue lost due to COVID-19. The drop-through was negatively impacted by a higher than expected degree of key account customers covering staff costs through lockdowns, but at no margin while service delivery is on halt. This was largely offset by the higher than expected demand for projects and above base work.

Further, the required significant redirection of resources as a result of COVID-19 and the IT security incident has delayed a number of key priorities, including finalising the IT migration on the Deutsche Telekom contract.

Finally, the operating margin was impacted by around DKK 800 million in one-offs and restructuring. On the back of the risks identified in the UK in 2019, we performed a detailed review of the UK business platform in H1 2020, which led to changes in the management structure and recognition of certain additional one-off costs, some of which had not been fully provided for in prior years. Additional one-off costs were incurred as we restructured certain local business platforms to prepare for COVID-19 recovery. Furthermore, increased uncertainty and credit risk in certain countries as a result of COVID-19 has led to additional provisions for bad debt.

The margin decreased in all regions compared to last year. Northern Europe and Continental Europe reported negative margins, whereas Americas and Asia & Pacific maintained positive margins despite COVID-19.

Corporate costs amounted to 0.7% of revenue (H1 2019: 0.6%), which was mainly due to timing of costs over the year.

Other income and expenses, net was an expense of DKK 795 million (H1 2019: 53 million), predominantly due to DKK 779 million in costs related to the IT security incident, including a non-cash write-down of DKK 343 million.

Goodwill impairment was DKK 416 million (H1 2019: DKK 144 million) of which DKK 400 million related to an impairment loss in France identified in the impairment test performed at 30 June 2020. The loss was due to a reassessment of business plans following COVID-19 leading to lowered expectations for the future.

Financial expenses, net was DKK 288 million for the first six months of 2020 (H1 2019: DKK 327 million). The decrease was primarily driven by reduced interest rate spreads and a lower amount of EUR/USD swaps during H1 2020.

The effective tax rate in H1 2020 was (12.5)% (H1 2019: 25.0%) calculated as Income tax (adjusted) of DKK 233 million divided by Profit before tax (adjusted) of DKK (1,868) million. The effective tax rate was negatively impacted by significant valuation allowances on deferred tax assets in Germany, France, Spain and the Netherlands. Furthermore, due to the negative profit before tax in H1 2020, the impact from non-tax deductible costs had a higher impact on the effective tax rate than usual.

Net profit (adjusted) amounted to DKK (2,220) million (H1 2019: DKK 822 million), mainly due to the reduction in operating profit following COVID-19 and costs related to the IT security incident.

Net profit from discontinued operations was DKK (119) million (H1 2019: DKK (100) million) in the first six months of 2020, including an impairment loss of DKK 114 million due to a reassessment of the fair value of Brazil.

Net profit was DKK (2,677) million (H1 2019: DKK 402 million), primarily due to impact of COVID-19 and costs related to IT security incident as well as goodwill impairment in France.

Q2 2020

Group revenue in Q2 was DKK 16.8 billion, a decrease of 12.5% compared with the same period last year. Organic growth was (9.9)% (Q1 2020: 4.1%), currency effects were negative 1%, and acquisitions and divestments, net reduced revenue by 1.7%.

Organic growth was negatively impacted by COVID-19 from the second half of March 2020 due to lockdowns, partly offset by a strong organic growth of 11% in projects and above-base work, especially due to strong demand for deep-cleaning and disinfection. While growth from key accounts turned slightly negative during the quarter, the demand proved to be reasonably resilient. Organic growth improved sequentially throughout the quarter. In terms of service lines, food services was most significantly impacted with a reported drop in total revenue of 44% compared to the same quarter last year.

All regions reported negative organic growth in Q2 2020, most significantly Continental Europe and Americas delivering double-digit negative rates.

REVENUE AND GROWTH YTD JUNE 2020

DKK million	H1 2020	H1 2019	Organic growth	Acq./div.	Currency adj.	Growth H1 2020
Continental Europe	13,963	14,377	1 %	(4)%	0 %	(3)%
Northern Europe	11,343	12,344	(7)%	-	(1)%	(8)%
Asia & Pacific	6,662	6,718	0 %	-	(1)%	(1)%
Americas	3,708	4,107	(11)%	-	1 %	(10)%
Other countries	261	367	(17)%	(14)%	2 %	(29)%
Corporate / eliminations	(10)	(27)	-	-	-	-
Group	**35,927**	**37,886**	**(2.9)%**	**(1.7)%**	**(0.6)%**	**(5.2)%**

OPERATING PROFIT [1] AND MARGIN YTD JUNE 2020

DKK million	H1 2020		H1 2019		Organic growth	Acq./div.	Currency adj.	Growth H1 2020
Continental Europe	(370)	(2.6)%	650	4.5 %	(158)%	(4)%	5 %	(157)%
Northern Europe	(535)	(4.7)%	489	4.0 %	(212)%	0 %	3 %	(209)%
Asia & Pacific	251	3.8 %	343	5.1 %	(26)%	-	(1)%	(27)%
Americas	114	3.1 %	162	3.9 %	(30)%	-	0 %	(30)%
Other countries	15	5.7 %	12	3.3 %	93 %	(42)%	(28)%	23 %
Corporate / eliminations	(260)	(0.7)%	(238)	(0.6)%	-	-	-	(9)%
Group	**(785)**	**(2.2)%**	**1,418**	**3.7 %**	**(157)%**	**(2.0)%**	**3.5 %**	**(155)%**

[1] Before other items.

REVENUE AND GROWTH Q2 2020

DKK million	Q2 2020	Q2 2019	Organic growth	Acq./div.	Currency adj.	Growth Q2 2020
Continental Europe	6,458	7,294	(7)%	(3)%	(1)%	(11)%
Northern Europe	5,395	6,283	(12)%	(0)%	(2)%	(14)%
Asia & Pacific	3,222	3,361	(2)%	(1)%	(1)%	(4)%
Americas	1,593	2,094	(24)%	-	-	(24)%
Other countries	128	187	(23)%	(13)%	4 %	(32)%
Corporate / eliminations	0	(14)	-	-	-	-
Group	**16,796**	**19,205**	**(9.9)%**	**(1.7)%**	**(1.0)%**	**(12.5)%**

KEY ACCOUNT DEVELOPMENT

Revenue from key accounts (66% of Group revenue) grew organically by 2.2% in H1 and (4.5)% in Q2 2020. As such, the demand from key accounts has proved to be resilient despite COVID-19 lockdowns. Growth was supported by the launch of the Deutsche Telekom contract in July 2019, partly offset by the expiry of the Novartis contract on 31 December 2019. The net impact was around 2%-points on Group organic growth in H1 2020. Furthermore, we experienced strong key account growth, especially in Australia, Turkey, the US, India, Italy and Indonesia.

Since full-year results published in February 2020, we have signed new key account contracts with among others Vestel City, Başakşehir İkitelli Entegre Sağlık Kampüsü and Konya Şehir Hastanesi, all in Turkey. We also signed a 5-year extension of a Global Key Account in the Business Services & IT segment across 14 countries. In addition, we extended, expanded or lost a few contracts, as per the contract overview below. The general bidding environment has slowed down materially across the globe as a result of COVID-19. As such, we expect a low level of new wins in 2020, but also a high retention rate.

MAJOR KEY ACCOUNT DEVELOPMENTS [1]	COUNTRIES	SEGMENT	TERM	EFFECTIVE DATE
WINS				
Vestel City	Turkey	Industry & Manufacturing	5 years	Q1 2020
Başakşehir İkitelli Entegre Sağlık Kampüsü	Turkey	Healthcare	1 year	Q2 2020
Konya Şehir Hastanesi	Turkey	Healthcare	1 year	Q3 2020
EXTENSIONS/EXPANSIONS				
The Co-operative Group	UK	Retail and Wholesale	5 years	Q1 2020
Global Key Account	14 countries	Business Services & IT	5 years	Q1 2020
Hotel customer	Norway	Hotels, Leisure & Entertainment	4 years	Q2 2020
Software and IT customer	US	Business Services & IT	1.5 years	Q2 2020
UBS	23 countries	Business Services & IT	5 years	Q3 2020
LOSSES/REDUCTIONS				
Belgian Railways	Belgium	Transportation and Infrastructure	-	Q2 2020
GLH Hotels	UK	Hotels, Leisure & Entertainment	-	Q2 2020

[1] Update since Annual Report 2019.

FREE CASH FLOW [2]	YTD 2020	YTD 2019
DKK million		
Cash flow from operating activities	(1,150)	(1,816)
Acquisition of intangible assets and property, plant and equipment	(382)	(541)
Disposal of intangible assets and property, plant and equipment	41	42
Acquisition of financial assets, net [3]	(7)	6
Addition of right-of-use assets, net	(232)	(337)
Free cash flow	**(1,730)**	**(2,646)**

[2] See Definitions in Annual Report 2019, page 96.

[3] Excluding investments in equity-accounted investees.

FREE CASH FLOW

Free cash flow in H1 2020 was DKK (1,730) million (H1 2019: DKK (2,646) million), an improvement of DKK 916 million compared to the same period last year.

Free cash flow in H1 2020 was negatively impacted by working capital seasonality and the impact of COVID-19 and the IT security incident on operating performance. In addition, factoring utilisation reduced by DKK 664 million partly driven by the expiry of the Novartis contract. This was partly offset by the short-term benefits from postponed payment of VAT and social charges offered under government support schemes, which supported working capital performance by DKK 1.6 billion.

Cash flow from operating activities in H1 2020 improved to DKK (1,150) million (H1 2019: DKK (1,816) million) despite the weak operating performance and negative impact from working capital. This was predominantly due to DKK 1.6 billion in postponed payment of VAT and social charges offered under government support schemes. Similarly, income tax paid decreased DKK 248 million due to weak operating performance. Despite COVID-19, we have so far faced a healthy payment environment, both from customers and towards suppliers.

Cash flow from investing activities in H1 2020 improved to DKK (466) million (H1 2019: DKK (691) million). Investments in intangible assets and property, plant and equipment, net, was DKK 341 million (H1 2019: DKK 499 million), which represented 1.0% of Group revenue (H1 2019: 1.3%) and reflects a strong discipline in spending levels to counter COVID-19 headwinds. Cash outflow from acquisitions and divestments, net of DKK 108 million was mainly related to earn-out payments on prior-year acquisitions.

Cash flow from financing activities in H1 2020 was DKK 2,815 million (H1 2019: DKK 1,623 million) mainly stemming from drawings on Revolving Credit Facilities.

The improvement of DKK 1.2 billion compared to the same period last year was primarily due to the decision not to pay ordinary dividend for 2019.

DIVESTMENT PROGRAMME

In 2018, we announced our intention to divest 15 countries and a number of business units. By the end of 2019, four of these countries had been divested.

During the first six months of 2020, we divested some minor non-core activities in Austria, Singapore and Sri Lanka. We also completed the divestment of Parking Management in Indonesia, which was classified as held for sale at 31 December 2019, and on 24 July 2020 we signed an agreement to divest some minor activities in Poland. Further, one business unit in Northern Europe was reclassified as held for use and one additional business in Asia & Pacific was classified as held for sale.

At 30 June 2020, 12 businesses were classified as held for sale comprising 11 countries and one business in Asia & Pacific. Assets and liabilities held for sale amounted to DKK 1,497 million and DKK 776 million, respectively.

The combined net consideration received since the initiation of the divestment programme was DKK 919 million – consisting of net cash proceeds of DKK 686 million and loans and borrowings of DKK 233 million divested as part of the transactions. As such around 40% of the expected net proceeds of DKK 2.0-2.5 billion have been collected.

With the outbreak of COVID-19, most negotiations were effectively put on hold. However, negotiations have recently been reinitiated for a number of businesses. We remain committed to finalising the divestment programme while focusing on executing divestments at adequate valuations. We expect the divestment programme to complete in 2021.

CAPITAL STRUCTURE

It is, and remains, our primary capital allocation priority to ensure that we maintain a strong and efficient balance sheet and that our liquidity position supports our operational needs and our continued strategy execution, even in times of turmoil.

Total readily available liquidity at 30 June 2020 was above DKK 11 billion (30 April 2020: above DKK 11 billion) supported by additional credit facilities of EUR 700 million, maturing 31 March 2022, was secured from a club of five banks earlier in the year. The facility remained undrawn at 30 June 2020.

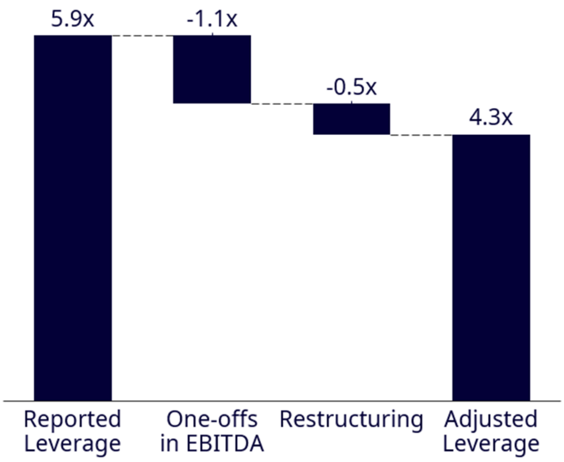
Additionally, on 30 June 2020, ISS Finance B.V., a wholly owned subsidiary of ISS Global A/S, issued a EUR 500 million 5-year bond with a fixed rate coupon of 1.250%. Partly as a result of this, total readily available liquidity at 31 July 2020 was around DKK 14 billion. The net proceeds will be used for repayment of EUR 300 million EMTNs maturing in January 2021 and to further strengthen the Group's liquidity position.

We have no financial covenants in our capital structure. In addition, we have no unaddressed meaningful debt maturities until 2024 onwards.

In line with our Financial Policy, our objective is to maintain an investment grade financial profile with a financial leverage below 2.8x pro forma adjusted EBITDA, taking seasonality into account. Leverage is calculated for the entire Group, i.e. including discontinued operations. At 30 June 2020, the financial leverage was 5.9x (H1 2019: 3.4x).

Excluding restructuring costs and one-offs impacting operating profit, leverage at 30 June 2020 was 4.3x. Net debt reduced from DKK 18.6 billion at 30 June 2019 to DKK 16.4 billion at 30 June 2020. However, leverage was significantly impacted by lower operating performance and lower EBITDA. While leverage is expected to peak in 2020, it is expected to reduce significantly during 2021 as operating performance is expected to normalise and the divestment programme completes. We are committed to our Financial Policy of maintaining an investment grade profile and ISS currently holds corporate credit ratings of BBB / negative outlook assigned by S&P and Baa2 / negative outlook assigned by Moody's.

Based on our ordinary dividend policy targeting a pay-out ratio of approximately 50% of Net profit (adjusted), it is unlikely that a dividend will be paid in 2021, on the back of the results for 2020. Given the current turbulent situation, we will not consider potential extraordinary returns to shareholders until our leverage target is within reach.



EQUITY

Total equity was DKK 9,306 million at 30 June 2020 equivalent to an equity ratio of 18.9% (30 June 2019: 20.6%). The DKK 3,241 million decrease from December 2019 was primarily a result of Net profit of DKK (2,677) million, negative currency adjustments relating to investments in foreign subsidiaries of DKK 455 million, and actuarial losses, net of DKK 209 million. The actuarial losses were primarily related to a decrease in plan assets in Switzerland and the UK due to COVID-19. This was partly offset by positive fair value adjustments of net investment hedges, net of DKK 98 million.

IT SECURITY INCIDENT

As previously announced, ISS was the target of an IT malware attack on 17 February 2020. We have regained control of the vast majority of our IT infrastructure and have relaunched business critical systems in the vast majority of operations. Rebuilding certain IT assets and finalising the full recovery will continue into the early part of 2021 and will lead to a significantly stronger and more secure IT platform going forward.

Incremental costs in 2020, including software write-downs related to the IT malware attack, are estimated to be around DKK 850 million of which DKK 779 million was recognised in H1 2020 and reported within Other income and expenses, net.

The combined net negative impact on free cash flow related to the IT security incident in 2020-2021 is estimated to be around DKK 750 million. Approximately DKK 400-600 million of the impact is expected in 2020 of which around DKK 150 million incurred in H1 2020.

MANAGEMENT CHANGES

On 18 May 2020, ISS announced that Jeff Gravenhorst is to retire and will step down as Group CEO. He will be succeeded by Jacob Aarup-Andersen effective 1 September 2020.

On 2 July 2020, ISS announced that Jacob Götzsche stepped down as CEO of Europe. He was succeeded by Pierre-François Riolacci, who has become Interim CEO of Europe in addition to his Group CFO role. Kasper Fangel was appointed Deputy CFO, joining the Executive Group Management.

SUBSEQUENT EVENTS

For divestments signed or completed from 1 July – 31 July 2020, please refer to the Divestment programme section.

Other than as set out above or elsewhere in this H1 interim report, we are not aware of events subsequent to 30 June 2020, which are expected to have a material impact on the Group's financial position.

OUTLOOK

On 20 March 2020, ISS announced the withdrawal of the Outlook 2020 following the outbreak of the COVID-19 pandemic.

Global uncertainties continue to be significant as the virus continues to spread, and governments either ease or tighten workplace restrictions. As we enter the second half of 2020, more than 90% of Group revenue is generated in countries with workplace restrictions, and around 50,000 ISS colleagues were sent home. These are unprecedented times and the continued development of the COVID-19 pandemic imposes low visibility and high uncertainty on short-term as well as long-term business impact.

Against this backdrop – and based on our financial performance for the first half of 2020 – we reinstate full-year guidance for 2020 as required by the Danish Business Authority (Erhvervsstyrelsen). Our guidance is based on three scenarios with various assumptions on the development of the pandemic and re-opening of the workplaces we service. It must be emphasized that the underlying assumptions are subject to greater uncertainty than normal.

ORGANIC GROWTH

Organic growth is expected to be in the range (2)%-(10)%.

The mid-range organic growth scenario is (6)%-(8)% for 2020. The contribution from Deutsche Telekom of around 4% in H1 2020 lapsed at 30 June 2020. Organic growth momentum from June 2020 at around (10)%, excluding Deutsche Telekom, is assumed broadly similar on average throughout H2 2020. While further customer sites are expected to reopen, we also remain cautious with regards to potential local second wave impacts as well as the sustainability of the strong demand for projects and above-base work in H1 2020.

We estimate a high-case organic growth scenario of (2)% in 2020, assuming strong recovery, including catch-up on new sales as well as a continued high demand for projects and above-base work throughout H2 2020. On the other hand, we also see a low-case organic growth scenario of (10)%, assuming a global COVID-19 second wave including impacts from customers initiating larger scope adjustments.

2020 OUTLOOK [1]

	New guidance 2020
Organic growth	(2)% - (10)%
Operating margin [2]	Marginally positive, excluding restructurings and one-off costs
Free cash flow	DKK (0.5) - (3.5) billion

[1] Excluding any impact from acquisitions and divestments completed subsequent to 31 July 2020 as well as currency translation effects.

[2] Operating profit before other income and expenses

OPERATING MARGIN [2]

Operating margin excluding restructurings and one-off costs is expected to be marginally positive in 2020.

H2 2020 is expected to improve compared to the "around 0%" in H1 2020, supported by positive margin seasonality and gradual freeing up of resources allowing us to slowly catch up on operational delays and challenges. The operating profit drop-through from revenue lost as a result of COVID-19 is assumed broadly stable at around 25%.

The operating margin outlook excludes restructuring costs and non-cash one-offs (H1 2020: around DKK 0.8 billion), which are likely in H2 2020, but too uncertain to forecast at this point.

FREE CASH FLOW

Free cash flow is expected to be in the range DKK (0.5)-(3.5) billion.

The mid-range free cash flow scenario is around DKK (2) billion in 2020, driven especially by the reduction in operating performance mainly as a result of COVID-19. It is assumed that we have no postponed VAT and social contribution by the end of the year (30 June 2020: DKK 1.6 billion postponed) and that we retain a strict supplier payment discipline in order to support a healthy payment environment in the midst of COVID-19. Further, we expect a slight reduction in factoring reflecting especially the expiry of the Novartis contract.

We estimate a high-case free cash flow scenario of DKK (0.5) billion in 2020 under a high-case organic growth scenario, with a margin above the mid-range scenario and with stronger performance on collections. On the contrary, we also see a low-case free cash flow scenario of DKK (3.5) billion in 2020 under a low-case organic growth scenario leading to a margin below the mid-range scenario and increasing delays in collections.

EXPECTED REVENUE IMPACT FROM DIVESTMENTS, ACQUISITIONS AND FOREIGN EXCHANGE RATES IN 2020

We expect the divestments and acquisitions completed by 31 July 2020 (including in 2019) to have a negative impact on revenue growth in 2020 of approximately 1-2%-points. In the absence of acquisitions, the negative revenue impact is likely to increase during the year as we execute on the strategic divestment programme in relation to non-core business units. Countries to be divested continue to be reported as discontinued operations and will not impact revenue growth upon divestment. Based on the forecasted average exchange rates for the year 2020[1)] we expect a negative impact on revenue growth in 2020 of approximately 2%-points from the development in foreign exchange rates.

[1)] The forecasted average exchange rates for the financial year 2020 are calculated using the realised average exchange rates for the first seven months of 2020 and the average forward exchange rates (as of 1 August 2020) for the remaining five months of 2020.

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 2019 of ISS A/S is available at the Group's website, www.issworld.com.

REGIONAL PERFORMANCE

CONTINENTAL EUROPE

Revenue decreased 3% in H1 2020 to DKK 13,963 million. Organic growth amounted to 1% (H1 2019: 8%), while acquisitions and divestments, net decreased revenue by 4%. Growth was mainly driven by Germany following the launch of the Deutsche Telekom contract on 1 July 2019. Furthermore, in Turkey growth was supported by price increases due to high inflation as well as the launch of a large hospital and a new contract with a customer in the Industry & Manufacturing segment. In addition, projects and above-base work increased with around 10% organically, supported by the demand for deep cleaning and disinfection. This was partly offset by negative growth in the majority of countries caused by lockdowns due to COVID-19, most significantly in France and Iberia. Contract exits as well as impacts relating to the IT security incident also contributed to the negative growth, particularly in Belgium, France and Iberia. In Switzerland and Austria, the negative growth was mainly due to the expiry of the Novartis contract on 31 December 2019. The net impact from the launch of Deutsche Telekom and expiry of Novartis was around 7%-points on organic growth in H1 2020.

Operating profit before other items amounted to DKK (370) million in H1 2020 with an operating margin of (2.6)% (H1 2019: 4.5%). All major countries contributed to the margin decline, with COVID-19 and one-off costs being the main drivers. In Iberia, limited government support schemes were available which had a significant adverse impact. France was particularly impacted by lower activity within the Automotive and Aviation segments as well as the reorganisation, which is progressing but continue to be a drag on margins. Germany was, similarly to France, suffering from declining activities within the Automotive segment, as well as a significant negative impact on profitability due to delay in finalising the IT migration on the Deutsche Telekom contract. Furthermore, the expiry of the Novartis contract on 31 December 2019, impacted margins in Switzerland and Austria negatively.

NORTHERN EUROPE

Revenue decreased 8% to DKK 11,343 million in H1 2020 compared with the same period last year. Organic growth was (7)% (H1 2019: 5%) and currency effects reduced revenue by 1%. All countries experienced negative organic growth. In Norway and Denmark, the negative growth was among others due to less projects and above-base work, as a result of the IT malware attack and COVID-19. Norway was significantly negatively impacted as a result of a higher than average exposure to Food Services, hotels and airports. In the UK, the negative COVID-19 impact was partly offset by continued high demand for projects and above-base work from key account customers.

Operating profit before other items amounted to DKK (535) million, resulting in an operating margin of (4.7)% (H1 2019: 4.0%). All countries contributed to the decline in operating margin with COVID-19 being the main driver. The decrease in margin was also significantly impacted by one-off costs in the UK. On the back of the risks identified in the UK in 2019, we performed a detailed review of the UK business platform in H1 2020, which led to changes in the management structure and recognition of certain additional one-off costs, some of which had not been fully provided for in prior years.

Furthermore, in Denmark, implementation of the turnaround plan, which was initiated for the large loss-making contract last year, has been delayed due to COVID-19.

ASIA & PACIFIC

Revenue decreased 1% to DKK 6,662 million in H1 2020 compared with the same period last year. Organic growth was 0% (H1 2019: 5%), while currency effects reduced revenue by 1%. Australia and Indonesia delivered positive organic growth. In Australia, growth was driven by solid commercial momentum with key accounts as well as demand for projects and above-base work, including deep cleaning and disinfection due to COVID-19. In Indonesia, growth was mainly supported by demand for projects and above-base work. All in all, projects and above-base work increased around 30% organically as a result of strong demand for deep-cleaning and disinfection. This was partly offset by Hong Kong and India caused by lockdowns due to COVID-19.

Operating profit before other items decreased to DKK 251 million, resulting in an operating margin of 3.8% (H1 2019: 5.1%). All countries, except China, contributed to the decline in operating margin, with COVID-19 being the main driver, especially within the Aviation segment and Food Services. Furthermore, Hong Kong was negatively impacted by an additional provision for the loss-making contract, due to an expected extension by the customer. This was partly offset by China, mainly due to demand for projects and above-base work, COVID-19-related government subsidies and China returning to a more normalised situation on the back of the lockdowns.

AMERICAS

Revenue decreased 10% to DKK 3,708 million in the first six months of 2020 compared with the same period last year. Organic growth was negative 11% (H1 2019: 2%) while currency effects impacted revenue positively by 1%. North America delivered negative organic growth mainly due to COVID-19, especially in Food Services and the Aviation segment. This was partly offset by strong demand from key account customers. In addition, projects and above-base work increased by around 45% organically, especially due to the demand for deep-cleaning and disinfection.

Operating profit before other items was DKK 114 million for an operating margin of 3.1% in the first six months of 2020 (H1 2019: 3.9%). COVID-19 significantly impacted Food Services in North America, particularly in Q2, where revenue dropped significantly resulting in a decreasing operating margin, which was partly offset by turnaround initiatives implemented over 2018-2019, including the exit of small legacy contracts as well as organisational efficiencies and increased focus on key accounts.

MANAGEMENT STATEMENT

COPENHAGEN, 12 AUGUST 2020
The Board of Directors and the Executive Group Management Board have today discussed and approved the interim report of ISS A/S for the period 1 January – 30 June 2020.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements of the Danish Financial Statements Act. The interim report has not been reviewed or audited.

In our opinion, the condensed consolidated interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at 30 June 2020 and of the results of the Group's operations and consolidated cash flows for the financial period 1 January – 30 June 2020.

In our opinion, the Management review includes a fair review of the development in the Group's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Group face.

EXECUTIVE GROUP MANAGEMENT BOARD

Jeff Gravenhorst Group
Group CEO

Pierre-François Riolacci
Group CFO

BOARD OF DIRECTORS

Lord Allen of Kensington Kt CBE
Chairman

Henrik Poulsen
Deputy Chairman

Valerie Beaulieu

Claire Chiang

Ben Stevens

Søren Thorup Sørensen

Cynthia Mary Trudell

Nada Elboayadi (E)

Joseph Nazareth (E)

Elsie Yiu (E)

E = Employee representative

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CONDENSED CONSOLIDATED INCOME STATEMENT

1 JANUARY – 30 JUNE

		YTD 2020			YTD 2019		
DKK million	Note	Adjusted results	Acqui-sition-related	Reported results	Adjusted results	Acqui-sition-related	Reported results
Revenue	5, 6	**35,927**	**-**	**35,927**	**37,886**	**-**	**37,886**
Staff costs	21	(24,276)	-	(24,276)	(24,561)	-	(24,561)
Consumables		(3,090)	-	(3,090)	(3,713)	-	(3,713)
Other operating expenses		(8,530)	-	(8,530)	(7,428)	-	(7,428)
Depreciation and amortisation [1]		(816)	-	(816)	(766)	-	(766)
Operating profit before other items		**(785)**	**-**	**(785)**	**1,418**	**-**	**1,418**
Other income and expenses, net	8	(795)	-	(795)	(53)	-	(53)
Goodwill impairment	9	-	(416)	(416)	-	(144)	(144)
Amortisation/impairment of brands and customer contracts		-	(48)	(48)	-	(168)	(168)
Operating profit		**(1,580)**	**(464)**	**(2,044)**	**1,365**	**(312)**	**1,053**
Financial income	10	28	-	28	23	-	23
Financial expenses	10	(316)	-	(316)	(350)	-	(350)
Profit before tax		**(1,868)**	**(464)**	**(2,332)**	**1,038**	**(312)**	**726**
Income tax	11	(233)	7	(226)	(260)	36	(224)
Net profit from continuing operations		**(2,101)**	**(457)**	**(2,558)**	**778**	**(276)**	**502**
Net profit from discontinued operations	12	**(119)**	**-**	**(119)**	**44**	**(144)**	**(100)**
Net profit		**(2,220)**	**(457)**	**(2,677)**	**822**	**(420)**	**402**
Attributable to:							
Owners of ISS A/S				(2,682)			390
Non-controlling interests				5			12
Net profit				**(2,677)**			**402**
Earnings per share, DKK							
Basic earnings per share (EPS)				(14.5)			2.1
Diluted earnings per share				(14.5)			2.1
Adjusted earnings per share [2]				(12.0)			4.4
Earnings per share from continuing operations, DKK							
Basic earnings per share (EPS)				(13.9)			2.7
Diluted earnings per share				(13.9)			2.7
Adjusted earnings per share [3]				(11.3)			4.2

[1] Excluding Goodwill impairment and Amortisation/impairment of brands and customer contracts.
[2] Calculated as Net profit (adjusted) divided by the average number of shares (diluted).
[3] Calculated as Net profit from continuing operations (adjusted) divided by the average number of shares (diluted).

Background for the income statement presentation is described in the 2019 Annual Report in section 7.3, p. 88.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 30 JUNE

DKK million	Note	YTD 2020	YTD 2019
Net profit		**(2,677)**	**402**
Items not to be reclassified to the income statement in subsequent periods:			
Actuarial gains/(losses)	18	(359)	(417)
Impact from asset ceiling regarding pensions		102	36
Tax		48	74
Items to be reclassified to the income statement in subsequent periods:			
Foreign exchange adjustments of subsidiaries and non-controlling interests		(455)	47
Fair value adjustments of net investment hedges		125	-
Recycling of accumulated foreign exchange adjustments on country exits		-	13
Tax		(27)	-
Other comprehensive income		**(566)**	**(247)**
Comprehensive income		**(3,243)**	**155**
Attributable to:			
Owners of ISS A/S		(3,246)	144
Non-controlling interests		3	11
Comprehensive income		**(3,243)**	**155**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

1 JANUARY – 30 JUNE

DKK million	Note	YTD 2020	YTD 2019
Operating profit before other items		(785)	1,418
Operating profit before other items from discontinued operations	12	49	30
Depreciation and amortisation		816	766
Share-based payments		2	57
Changes in working capital	13	(730)	(3,230)
Changes in provisions, pensions and similar obligations		81	(77)
Other expenses paid		(136)	(10)
Interest received		40	16
Interest paid		(233)	(284)
Income tax paid		(254)	(502)
Cash flow from operating activities		**(1,150)**	**(1,816)**
Acquisition of businesses		(103)	(75)
Divestment of businesses	14	(5)	(97)
Acquisition of intangible assets and property, plant and equipment		(382)	(541)
Disposal of intangible assets and property, plant and equipment		41	42
Acquisition of financial assets, net		(17)	(20)
Cash flow from investing activities		**(466)**	**(691)**
Proceeds from bonds		-	3,695
Repayment of lease liabilities		(504)	(535)
Other financial payments, net		3,319	(114)
Dividends paid to shareholders		-	(1,422)
Dividends paid to non-controlling interests		-	(1)
Cash flow from financing activities		**2,815**	**1,623**
Total cash flow		**1,199**	**(884)**
Cash and cash equivalents at the begining of the period		2,670	6,834
Total cash flow		1,199	(884)
Foreign exchange adjustments		(281)	78
Cash and cash equivalents at 30 June		**3,588**	**6,028**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DKK million	Note	30 June 2020	30 June 2019	31 December 2019
ASSETS				
Intangible assets	15	23,574	24,279	24,565
Property, plant and equipment and leases		4,001	4,700	4,472
Deferred tax assets	11	825	803	662
Other financial assets		331	315	336
Non-current assets		**28,731**	**30,097**	**30,035**
Inventories		274	245	275
Trade receivables	17	11,928	11,527	12,085
Tax receivables		111	342	87
Other receivables		3,239	2,871	3,103
Cash and cash equivalents	20	3,588	6,028	2,670
Assets classified as held for sale	16	1,497	3,679	1,806
Current assets		**20,637**	**24,692**	**20,026**
Total assets		**49,368**	**54,789**	**50,061**
EQUITY AND LIABILITIES				
Equity attributable to owners of ISS A/S		9,279	11,236	12,523
Non-controlling interests		27	24	24
Total equity		**9,306**	**11,260**	**12,547**
Loans and borrowings	20	13,806	23,340	16,308
Pensions and similar obligations	18	1,653	1,463	1,259
Deferred tax liabilities		1,455	1,326	1,344
Provisions	19	313	215	258
Non-current liabilities		**17,227**	**26,344**	**19,169**
Loans and borrowings	20	6,286	1,054	1,197
Trade payables and other payables		5,180	5,959	7,034
Tax payables		283	189	276
Other liabilities		10,127	7,961	8,625
Provisions	19	183	152	308
Liabilities classified as held for sale	16	776	1,870	905
Current liabilities		**22,835**	**17,185**	**18,345**
Total liabilities		**40,062**	**43,529**	**37,514**
Total equity and liabilities		**49,368**	**54,789**	**50,061**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 30 JUNE

YTD 2020 DKK million	Note	Attributable to owners of ISS A/S Share capital	Retained earnings	Translation reserve [1]	Treasury shares	Proposed dividends	Total	Non-controlling interests	Total equity
Equity at 1 January		**185**	**11,991**	**(892)**	**(191)**	**1,430**	**12,523**	**24**	**12,547**
Withdrawal of proposed dividend		-	1,430	-	-	(1,430)	-	-	-
Equity at 1 January		**185**	**13,421**	**(892)**	**(191)**	**-**	**12,523**	**24**	**12,547**
Net profit		-	(2,682)	-	-	-	(2,682)	5	(2,677)
Other comprehensive income		-	(209)	(355)	-	-	(564)	(2)	(566)
Comprehensive income		**-**	**(2,891)**	**(355)**	**-**	**-**	**(3,246)**	**3**	**(3,243)**
Share-based payments	7	-	2	-	-	-	2	-	2
Transactions with owners		**-**	**2**	**-**	**-**	**-**	**2**	**-**	**2**
Changes in equity		**-**	**(2,889)**	**(355)**	**-**	**-**	**(3,244)**	**3**	**(3,241)**
Equity at 30 June		**185**	**10,532**	**(1,247)**	**(191)**	**-**	**9,279**	**27**	**9,306**

YTD 2019								
Equity at 1 January	**185**	**12,007**	**(967)**	**(197)**	**1,430**	**12,458**	**14**	**12,472**
Net profit	-	390	-	-	-	390	12	402
Other comprehensive income	-	(307)	61	-	-	(246)	(1)	(247)
Comprehensive income	**-**	**83**	**61**	**-**	**-**	**144**	**11**	**155**
Share-based payments	-	57	-	-	-	57	-	57
Settlement of vested PSUs	-	(7)	-	6	-	(1)	-	(1)
Dividends paid to shareholders	-	-	-	-	(1,430)	(1,430)	-	(1,430)
Dividends, treasury shares	-	8	-	-	-	8	-	8
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1)	(1)
Transactions with owners	**-**	**58**	**-**	**6**	**(1,430)**	**(1,366)**	**(1)**	**(1,367)**
Changes in equity	**-**	**141**	**61**	**6**	**(1,430)**	**(1,222)**	**10**	**(1,212)**
Equity at 30 June	**185**	**12,148**	**(906)**	**(191)**	**-**	**11,236**	**24**	**11,260**

[1] At 30 June 2020, gains of DKK 139 million (30 June 2019: gains of DKK 163 million) of accumulated foreign exchange losses related to discontinued operations.

1 GENERAL ACCOUNTING POLICIES

The condensed consolidated interim financial statements of ISS A/S for the period 1 January - 30 June 2020 comprise ISS A/S and its subsidiaries (collectively, the Group).

BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional requirements of the Danish Financial Statements Act.

2 CHANGES IN ACCOUNTING POLICIES

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The first six months of 2020 was significantly impacted by two significant events;

1) The COVID-19 pandemic, and
2) The IT security incident on 17 February 2020.

As explained throughout this report, COVID-19 has had a significant adverse impact on our business, including the Group's operating performance and cash flows in H1 2020 and our financial position at 30 June 2020. Furthermore, the general level of uncertainty has significantly increased, particularly in relation to prospects for future business recovery as well as the expected timing, as also described in Outlook 2020 on pp. 9-10.

As a consequence, accounting estimates and judgements made by management are subject to increased uncertainty and risk of material adjustment to the carrying amounts of assets and liabilities in future periods.

Items being subject to changed judgements, estimates and assumptions during first half of 2020 are listed below and described in the notes:

Item	Note
Revenue	6
Other income and expenses, net	8
Goodwill impairment	9
Income tax	11
Discontinued operations/Assets held for sale	12/16
Intangible assets	15
Trade receivables and expected credit losses	17
Pensions	18
Provisions	19

Except for the judgements, estimates and assumptions listed above and explained in the notes, the significant estimates and judgements applied by management in preparing these condensed consolidated interim financial statements for 2020 are the same as at and for the year ended 2019.

4 SEASONALITY

In a normal year, the operating margin before other items is typically lowest in the first six months of the year and increasing month by month to reach the highest level in November and December. Cash flow from operating activities tends to be lower during the first six months of the year due to a number of cash payments relating to, among other things, pension contributions, insurance premium payments, holiday payments and the payment of bonuses earned in the prior year. Cash flow from operating activities becomes increasingly positive throughout the year and is usually highest in the fourth quarter of the year, when revenue recognised in the third quarter of the year is collected.

In 2020, the COVID-19 pandemic and the IT security incident have caused a significant decline in the Group's operating profit and operating cash flow for the first six months of 2020. At the same time, operating cash flow has been positively impacted by short-term benefits from postponed statutory due dates for payment of VAT and social charges offered under government support schemes in several countries with DKK 1.6 billion. Due to COVID-19, significant uncertainty remains as to the development in the second half of 2020. For further details, please refer to Outlook 2020 on pp. 9-10.

5 SEGMENT INFORMATION

ISS is a leading, global provider of workplace and facility service solutions operating in 62 countries. Operations are generally managed based on a geographical structure in which countries are grouped into regions. The regions have been identified based on a key principle of grouping countries that share market conditions and cultures. Countries where we do not have a full country structure, which are managed by Global Operations, are combined in a separate segment "Other countries".

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure and excludes discontinued operations. Transactions between reportable segments are made on market terms.

DKK million	Continental Europe	Northern Europe	Asia & Pacific	Americas	Other countries	Total reportable segments
YTD 2020						
Revenue [1)]	13,963	11,343	6,662	3,708	261	**35,937**
Operating profit before other items	(370)	(535)	251	114	15	**(525)**
Operating profit	(1,111)	(683)	207	100	14	**(1,473)**
Total assets	18,613	17,453	8,229	4,868	2,111	**51,274**
Hereof assets held for sale	-	-	121	-	1,376	**1,497**
Total liabilities	11,294	10,436	3,924	3,861	1,267	**30,782**
Hereof liabilities held for sale	-	-	36	-	740	**776**
YTD 2019						
Revenue [1)]	14,377	12,344	6,718	4,107	367	**37,913**
Operating profit before other items	650	489	343	162	12	**1,656**
Operating profit	430	379	327	148	12	**1,296**
Total assets	19,361	17,785	7,708	4,795	3,213	**52,862**
Hereof assets held for sale	1,045	70	51	-	2,513	**3,679**
Total liabilities	11,167	9,042	3,382	3,866	2,874	**30,331**
Hereof liabilities held for sale	351	2	11	-	1,506	**1,870**

[1)] Including internal revenue which due to the nature of the business is insignificant and is therefore not disclosed.

RECONCILIATION OF OPERATING PROFIT

DKK million	YTD 2020	YTD 2019
Operating profit for reportable segments	(1,473)	1,296
Unallocated corporate costs	(260)	(237)
Unallocated other income and expenses, net	(311)	(6)
Operating profit	**(2,044)**	**1,053**

6 REVENUE

DKK million	YTD 2020	YTD 2019
Key account customers	23,830	23,080
Large and medium customers	10,097	12,320
Small and route-based customers	2,000	2,486
Total	**35,927**	**37,886**

During H1 2020, the Group's revenue was significantly impacted by COVID-19 as authorities imposed lockdowns and other restrictions, which caused customers across the globe to reduce building occupancy and reduce their request for services accordingly. The impacts on geographies, customer segments and service lines are described in the Management's Review on pp. 4-7 and 11-12.

In this unprecedented crisis, we have recalibrated service solutions to the needs and interests of customers and ISS and to support our employees to the extent possible. This has resulted in increased uncertainty and in management making various judgements, estimates and assumptions in relation to recognition and measurement of the Group's revenue, that could result in outcomes that require adjustments to recognised revenue in future periods.

Judgements, estimates and assumptions mainly related to assessment of the impact on revenue from; 1) customers reducing their demand for services (contract modifications); 2) utilisation of government support schemes, and 3) variable consideration, e.g. revenue contingent on the achievement of certain contractual KPIs.

Contract modifications are generally agreed with the customer in accordance with contractually agreed change management procedures and accounted for going forward. However, the current situation has necessitated flexibility from both sides and required assessments by management, among others in relation to how quickly ISS would be able to implement service changes. Likewise, when certain government support schemes have been utilised, management has assessed the extent to which such support was passed on to customers and reduced recognised revenue accordingly.

Finally, for variable consideration, assessments have been made as to COVID-19 impacting achievement of contractual KPIs and thus reducing revenue. Furthermore, the impact from the IT security incident has been assessed in relation to possibly making fulfilment of certain contractual KPIs or obligations.

7 SHARE-BASED PAYMENTS

In March 2020, the LTIP 2017 programme vested. Based on the annual EPS and TSR performances for 2017, 2018 and 2019, 0% of the granted PSUs vested. After this vesting, no further PSUs are outstanding under the LTIP 2017 and the programme has lapsed.

8 OTHER INCOME AND EXPENSES, NET

DKK million	YTD 2020	YTD 2019
Gain on divestments	19	-
Other income	**19**	**-**
IT security incident	(779)	-
Winding up of businesses	(18)	-
Loss on divestments	(16)	(48)
Acquisition and integration costs	(1)	(5)
Other expenses	**(814)**	**(53)**
Other income and expenses, net	**(795)**	**(53)**

Gain on divestments related mainly to the divestment of the Pest control business in Singapore.

IT security incident comprised unavoidable incremental costs incurred as a consequence of the IT security incident, including write-down of impaired assets, non-chargeable costs due to loss of data and certain customer claims and penalties. Of the total amount, DKK 343 million related to a non-cash write-down of impaired assets, see note 15, Intangible assets. Furthermore, around half of the remaining costs related to claims and penalties, including DKK 190 million related to a specific customer claim triggered by the incident and ongoing failure to meet certain contractually determined KPIs. The remaining costs are mainly related to external consultants, IT equipment costs, hardware, software and licences as well as employee-related costs.

Winding up of businesses related to the Open Space business in Australia.

Loss on divestments comprised additional divestment and settlement costs mainly related to prior-year divestments in Denmark and Germany. In 2019, loss on divestments mainly comprised divestment costs related to the Hygiene & Prevention business in France, which was classified as held for sale and subsequently divested in December 2019. Furthermore, additional divestment and settlement costs were recognised in relation to prior-year divestments in the UK and the Netherlands.

Acquisition and integration costs in 2019, mainly related to the acquisition of Front of House in Finland, JH Catering in Austria and Pluralis in Germany.

9 GOODWILL IMPAIRMENT

DKK million	YTD 2020	YTD 2019
Impairment losses identified in impairment tests	(400)	-
Impairment losses derived from divestment of businesses	(16)	(144)
Goodwill impairment	**(416)**	**(144)**

IMPAIRMENT LOSSES IDENTIFIED IN IMPAIRMENT TESTS

The Group performs impairment tests on intangibles, i.e. goodwill, brands and customer contracts, annually and whenever there is an indication that intangibles may be impaired. The annual impairment test is performed as per 31 December based on financial budgets approved by management covering the following financial year.

During H1 2020, COVID-19 had a significant adverse effect on the Group's performance and cash flows, which in several countries led to significant deviations from financial budgets and forecasts. Consequently, due to COVID-19 there were indications that intangibles may be impaired. As a result, management carried out an impairment test of the Group's intangibles as per 30 June 2020.

COVID-19 has led to a significant increase in uncertainties in general, and particularly in relation to future expectations and prospects for recovery as explained throughout this interim report, including in the Group's Outlook 2020 on pp. 9-10. As a consequence, multiple scenarios have been prepared for the relevant CGUs applying varying assumptions in relation to full or partial recovery of the business as well as the expected timing. These scenarios represent management's best estimate but are naturally associated with significant uncertainty.

Except for France, it is management's opinion, based on the impairment test performed, that excess values are fairly resilient to any likely and reasonable deteriorations in the key assumptions applied and presented in note 3.8 in the consolidated financial statements for 2019.

France At 30 June 2020, the impairment test for France resulted in recognition of an impairment loss on goodwill of DKK 400 million. The loss was due to a reassessment of the business plans following COVID-19 leading to lowered margin expectations for the terminal period as a result of expected long-term reduction of activity levels and profitability with certain customers. Additionally, delay of expected realisation of benefits from the ongoing reorganisation had a negative impact. Carrying amount of goodwill, applied assumptions as well as sensitivities are illustrated below.

	Goodwill	Forecasting period Growth		Forecasting period Margin		Terminal period Growth		Terminal period Margin		Discount rate, net of tax	
	Carrying amount (DKK million)	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease	Applied avg. rate	Allowed decrease
30 June 2020	1,393	3.5%	0.0%	0.2%	0.0%	2.5%	0.0%	5.0%	0.0%	7.2%	0.0%
31 Dec 2019	1,793	1.2%	>1.2%	2.3%	>3.0%	2.5%	1.3%	6.5%	1.4%	7.4%	>1.1%

IMPAIRMENT LOSSES DERIVED FROM DIVESTMENT OF BUSINESSES

In 2020, the impairment loss related to the divestment of Parking Management in Indonesia. In 2019, the loss related to remeasurement of the Hygiene & Prevention business in France.

10 FINANCIAL INCOME AND FINANCIAL EXPENSES

DKK million	YTD 2020	YTD 2019
Interest income on cash and cash equivalents	16	20
Foreign exchange gains	12	3
Financial income	**28**	**23**
Interest expenses on loans and borrowings	(214)	(180)
Interest expenses on lease liabilities	(40)	(48)
Other bank fees	(24)	(22)
Amortisation of financing fees (non-cash)	(9)	(11)
Net interest on defined benefit obligations	(8)	(13)
Interest on factoring [1)]	(3)	(17)
Forward premiums, currency swaps	(2)	(53)
Other	(16)	(6)
Financial expenses	**(316)**	**(350)**

[1)] The Group uses non-recourse factoring with certain large blue-chip customers and participates in certain customers' supply chain finance arrangements. ISS does not use reverse factoring or supply chain financing of own payables.

Foreign exchange gains/(losses) mainly related to exchange rate movements on intercompany loans from the parent company to foreign subsidiaries as well as on external loans and borrowings denominated in currencies other than DKK. In addition, fair value adjustments of currency swaps are included.

Interest expenses on loans and borrowings were impacted by higher net debt in 2020 compared to 2019 and commitment fees relating to the new EUR 700 million back-stop facility.

Interest expenses on lease liabilities were at the same level as in 2019.

Amortisation of financing fees At the date of borrowing, financing fees are recognised as part of loans and borrowings. Subsequently, financing fees are amortised over the loan term and recognised in financial expenses. Amortisation of financing fees are non-cash financial expenses.

Forward premiums on currency swaps ISS uses currency swaps to hedge the exposure to currency risk on intercompany loans. The cost of hedging in 2020 decreased significantly compared to 2019, primarily driven by reduced interest rate spreads and a lower amount of EUR/USD swaps during 2020.

11 INCOME TAX

During H1 2020, COVID-19 had a significant adverse effect on the Group's performance and led to a significant increase in uncertainties in general, and in particular in relation to future expectations and prospects for recovery, as explained throughout this interim report, including in the Group's Outlook 2020 on pp. 9-10. As a consequence, management made significant estimates, judgements and assumptions in relation to recognition and measurement of income tax and deferred tax for the first six months of 2020, particularly with regards to:

1) Recognition of tax losses for H1 2020; and
2) Valuation allowance for tax losses carried forward from prior years.

Management made a reassessment of the probability that future taxable profit will be available in the foreseeable future (5 years) against which the Group can utilise tax losses. For this purpose, multiple scenarios have been prepared, as explained in note 9, Goodwill impairment. The scenarios represent management's best estimate but are naturally associated with significant uncertainty.

At 30 June 2020, the carrying amount of deferred tax assets was DKK 825 million (31 December 2019: DKK 662 million). The increase related to capitalisation in several countries due to tax losses incurred in H1 2020, most significantly the UK. This was partly offset by valuation allowances on deferred tax assets, mainly in Germany, France, Spain and the Netherlands following management's reassessment of future expected taxable income in light of COVID-19.

In the first six months of 2020, income tax was an expense of DKK 233 million (H1 2019: DKK 260 million). The effective tax rate was (12.5)% (H1 2019: 25.0%). The effective tax rate was negatively impacted by the abovementioned valuation allowances. Furthermore, due to the negative profit before tax in H1 2020, the impact from non-tax deductible costs had a higher impact on the effective tax rate than usual.

12 DISCONTINUED OPERATIONS

In H1 2020, 11 countries are classified as discontinued operations as part of the strategic divestment programme announced in December 2018. The programme has been progressing well, but with the outbreak of COVID-19, most negotiations were effectively put on hold. However, negotiations have recently been reinitated for a number of businesses. Management remains committed to finalising the divestment programme while focusing on executing divestments at adequate valuations. We expect the divestment programme to complete in 2021.

In 2019, four countries (discontinued operations) were divested and excluded from the income statement. The below income statement for discontinued operations for H1 2019 therefore includes income and expenses from these countries until the divestment date. Argentina and Uruguay were included until end of January 2019, Estonia until end of July 2019 and Israel until end of October 2019.

NET PROFIT FROM DISCONTINUED OPERATIONS

DKK million	YTD 2020	YTD 2019
Revenue	1,812	3,036
Expenses	(1,763)	(3,006)
Operating profit before other items	**49**	**30**
Other income and expenses, net [1)]	(117)	(1)
Goodwill impairment	-	(144)
Operating profit	**(68)**	**(115)**
Financial income/(expenses), net	(16)	61
Profit before tax	**(84)**	**(54)**
Income taxes	(35)	(46)
Net profit from discontinued operations	**(119)**	**(100)**
Earnings per share from discontinued operations, DKK		
Basic earnings per share (EPS)	(0.6)	(0.6)
Diluted earnings per share	(0.6)	(0.6)
Adjusted earnings per share	(0.6)	0.2

[1)] Included the impairment loss of DKK 114 million due to remeasurement of the fair value of Brazil.

CASH FLOW FROM DISCONTINUED OPERATIONS

DKK million	YTD 2020	YTD 2019
Cash flow from operating activities	**85**	**(172)**
Cash flow from investing activities	**1**	**(44)**
Cash flow from financing activities	**(35)**	**(51)**

13 CHANGES IN WORKING CAPITAL

DKK million	YTD 2020	YTD 2019
Changes in inventories	(3)	2
Changes in receivables	(462)	(2,120)
Changes in payables	(265)	(1,112)
Changes in working capital	**(730)**	**(3,230)**

H1 2020 COMPARED TO H1 2019

Changes in working capital improved overall by DK 2.5 billion in H1 2020 compared to H1 2019, predominantly due to positive short-term benefits of DKK 1.6 billion from postponed payment of VAT and social charges offered under government support schemes, see note 21, Government grants and assistance. Additionally, the reduction in activity in H1 2020 due to COVID-19 resulted in less net working capital tied up compared to same period last year.

H1 2020

Changes in working capital was an outflow of DKK 730 million in H1 2020, negatively impacted by seasonality and reduction in utilisation of factoring of DKK 0.7 billion since 31 December 2019. Furthermore, we maintained a strict payment discipline throughout the COVID-19 crisis. This was partly offset by the positive short-term benefits of DKK 1.6 billion from postponed payment of VAT and social charges offered under government support schemes as well as less capital tied up in net working capital due to reduced activity as a result of COVID-19.

14 DIVESTMENTS

The Group completed three divestments during 1 January - 30 June 2020 (three during 1 January - 30 June 2019).

Company/activity	Country	Service type	Excluded from the income statement	Interest	Annual revenue (DKK million)	Number of employees
Compact West	Austria	Cleaning	January	Activities	24	184
Parking Management	Indonesia	Property	March	100%	68	1,661
Pest control	Singapore	Property	March	100%	21	88
Total					**113**	**1,933**

DIVESTMENT IMPACT

DKK million	YTD 2020	YTD 2019
Goodwill	31	-
Other non-current assets	10	2
Current assets	38	46
Non-current liabilities	(1)	(72)
Loans and borrowings	(6)	(7)
Current liabilities	(18)	(35)
Net assets disposed	**54**	**(66)**
Gain/(loss) on divestment of businesses, net	1	(62)
Divestment costs, net of tax	27	55
Consideration received/(transferred)	**82**	**(73)**
Cash and cash equivalents in divested businesses	(20)	(12)
Cash consideration received/(transferred)	**62**	**(85)**
Contingent and deferred consideration	5	27
Divestment costs paid	(72)	(39)
Divestment of businesses (cash flow)	**(5)**	**(97)**

DIVESTMENTS SUBSEQUENT TO 30 JUNE 2020

In July 2020, the Group signed an agreement to divest some minor non-core activities in Poland with an annual revenue of approximately DKK 19 million and around 125 employees.

No further divestments were signed or completed from 1 July to 31 July 2020.

15 INTANGIBLE ASSETS

At 30 June 2020, the carrying amount of intangible assets was DKK 23,574 million (31 December 2019: DKK 24,565 million). The decrease was predominantly due to goodwill impairment of DKK 400 million in France as further described in note 9, Goodwill impairment.

Furthermore, a write-down of damaged IT assets of DKK 343 million was recognised following the IT security incident on 17 February 2020. The incident triggered a reassessment of the carrying amount of the Group's IT assets and infrastructure, and it was concluded that a partial rebuild would be required. In addition hereto, additional incremental costs were incurred during the first six months of 2020, as described in note 8, Other income and expenses, net.

16 ASSETS AND LIABILITIES HELD FOR SALE

BUSINESSES CLASSIFIED AS HELD FOR SALE

At 31 December 2019, 13 businesses were classified as held for sale comprising 11 countries (discontinued operations), one business in Asia & Pacific (Parking Management) and one business in Northern Europe.

In Q1 2020, management decided to reclassify the business unit in Northern Europe to held for use and in February 2020, Parking Management was divested. Furthermore, in May 2020, additionally one business in Asia & Pacific was classified as held for sale. As a result, 12 businesses were classified as held for sale at 30 June 2020.

INCOME STATEMENT EFFECT

In H1 2020, the divestment of Parking Management in Indonesia resulted in a loss of DKK 16 million being recognised in Goodwill impairment.

Furthermore, fair value remeasurement of discontinued operations resulted in impairment losses of DKK 114 million recognised in Net profit from discontinued operations. The reclassification of the business in Northern Europe to held for use did not result in any significant impact on the income statement.

17 TRADE RECEIVABLES AND EXPECTED CREDIT LOSSES

Generally, we assess the Group's exposure to credit risk as low, mainly due to our diversified customer portfolio, both in terms of geography, industry sector, customer size and service types. In addition, divestments in recent years, including our strategic divestment programme, are aiming at simplification and risk reduction, and have further contributed to the low risk assessment.

As a result of the COVID-19 pandemic and the subsequent deterioration in the economic environment and increased uncertainty, the Group has considered the impact of COVID-19 on credit risk in general and the resulting impact on expected credit losses on its trade receivables. Management has reassessed its grouping of customers without changes to the grouping made as of 31 December 2019. In addition, management has assessed current and forward-looking reasonable and supportable information related to its trade receivables.

The assessment resulted in DKK 167 million being recognised at 30 June 2020 mainly due to increased risk related to trade receivables in mainly Spain, the UK, France and the US. In addition, write-off of trade receivables of DKK 16 million was recognised in the income statement mainly due to changed customer agreements and insolvent customers.

ALLOWANCE FOR EXPECTED CREDIT LOSSES

DKK million	YTD 2020	31 Dec 2019
Loss allowance at 1 January	(182)	(162)
Foreign exchange adjustments	7	(1)
Divestments	1	0
Provision for expected credit losses	(167)	(77)
Expected credit losses reversed	3	14
Write-off	16	44
Reclassification to/(from) Assets held for sale	3	(0)
Loss allowance	**(319)**	**(182)**

18 PENSIONS AND SIMILAR OBLIGATIONS

For interim periods, the Group's defined benefit obligations are based on valuations from external actuaries carried out at the end of the prior financial year taking into account any subsequent movements in the obligation due to pension costs, contributions etc. up until the reporting date. For interim periods, actuarial calculations are only updated to the extent that significant changes in applied assumptions have occurred. Based on an overall analysis carried out by management it is determined whether updated actuarial calculations should be obtained for interim periods.

At 30 June 2020, the overall evaluation carried out by management concluded that COVID-19 had a significant impact on market fluctuations, which had mainly impacted interest rates and asset values. Consequently, updated actuarial calculations were prepared for Switzerland and the UK (accounting for 85% of the Group's gross obligation). As a result of the updated calculations, at 30 June 2020 actuarial losses (including impact from asset ceiling) of DKK 257 million (DKK 209 million net of tax), were recognised in Other comprehensive income with a resulting increase in the defined benefit obligation. The losses were mainly due to negative return on plan assets, and to a lesser extent due to changed discount rates.

19 PROVISIONS

At 30 June 2020, the carrying amount of provisions was DKK 496 million (31 December 2019: DKK 566 million). At 31 December 2019, the carrying amount included a provision of DKK 150 million in relation to risks identified through changed systems in the UK and an onerous contract in Hong Kong.

During the first six months of 2020, management made a reassessment of the underlying assumptions, which led to an increase in the provision for the onerous contract in Hong Kong due to an expected extension by the customer. Furthermore, on the back of the risks identified in the UK, a detailed review of the UK business platform was performed in H1 2020, which led to full utilisation of the amount provided and identification of certain additional one-off costs, some of which had not been fully provided for in prior years.

20 LIQUIDITY

The Group's credit facilities mainly consist of bonds and unused revolving credit facilities. The Group has limited short-term maturities.

LIQUIDITY RESERVES

The Group's liquidity reserve mainly consists of funds (i.e. cash and cash equivalents less not readily available or restricted cash) and unused credit facilities.

DKK million	30 June 2020	31 Dec 2019
Cash and cash equivalents	3,588	2,670
Restricted cash	(24)	(32)
Unused revolving credit facilities	9,344	7,104
Liquidity reserves	**12,908**	**9,742**
Cash and cash equivalents in local entities not readily available	1,130	1,337
Readily available liquidity	**11,778**	**8,405**

Cash and cash equivalents The level of cash and cash equivalent at DKK 3,588 million reflects the strong liquidity position of the Group.

Restricted cash DKK 24 million of the total cash and cash equivalents at 30 June 2020 was placed on blocked or restricted bank accounts due to legal cases and tax-related circumstances.

Unused revolving credit facilities The Group has a EUR 1 billion revolving credit facility of which DKK 3,326 million was drawn at 30 June 2020. The revolving credit facility matures in November 2024. In addition, during the first six months of 2020, the Group has secured additional credit facilities of EUR 700 million from a club of five banks that were undrawn at 30 June 2020. The EUR 700 million facility matures on 31 March 2022.

In addition, the Group has other local credit facilities, which are not part of the senior unsecured facilities. As of 30 June 2020, other local credit facilities amounted to DKK 1 billion of which DKK 0.9 billion was unused (31 December 2019: DKK 1.0 billion of which DKK 0.8 billion was unused).

Cash and cash equivalents in local entities not readily available Cash is considered readily available if it is available for upstreaming to the parent company (ISS A/S) within five days. In a number of countries, it is assessed that transfer to ISS A/S would take more than five days due to local administrative processes, and thus cash in these countries are not deemed readily available. On 30 June 2020, cash not readily available was DKK 1,130 million.

DIVIDEND

On 20 March 2020, ISS withdrew the proposal to pay an ordinary dividend of DKK 7.70 per share for 2019, in light of the extraordinary circumstances and as an additional precautionary measure.

21 GOVERNMENT GRANTS AND ASSISTANCE

Governments in several countries in Northern and Continental Europe, in parts of Asia & Pacific and Americas have initiated support schemes to mitigate the negative effect of COVID-19 such as temporary wage compensation schemes and temporary postponement of tax-related payments to the Governments.

EMPLOYEE RELATED GRANTS

Governments in several countries, most significantly Australia, Austria, Denmark, France, Singapore, Switzerland and the UK, have introduced wage compensation schemes. The schemes are temporary, subject to certain conditions, and compensate costs related to e.g. employees sent home, social security contribution and sick pay compensation.

During the first six months of 2020, the Group was entitled to receive DKK 629 million in employee-related grants, which is specified below. As the grants compensate costs already incurred they are recognised in the income statement as a reduction of staff costs.

DKK million	YTD 2020
Frontliners and white collar	605
Sick pay compensation	8
Social security contribution	12
Other	4
Total grants recognised in Staff costs	**629**
Hereof receivable as of 30 June 2020 (included in Other receivables)	109

POSTPONEMENTS OF VAT, SOCIAL CONTRIBUTION AND OTHER PAYMENTS TO GOVERNMENTS

Governments in several countries, most significantly Australia, Austria, Belgium, Denmark, Germany and the UK, have introduced temporary postponement of payment terms for certain payments, e.g VAT, withholding tax and social contribution.

As of 30 June 2020, DKK 1,698 million was postponed and recognised in Other liabilities, cf. the specification below. The benefits offered under the government support schemes had a positive net impact on free cash flow.

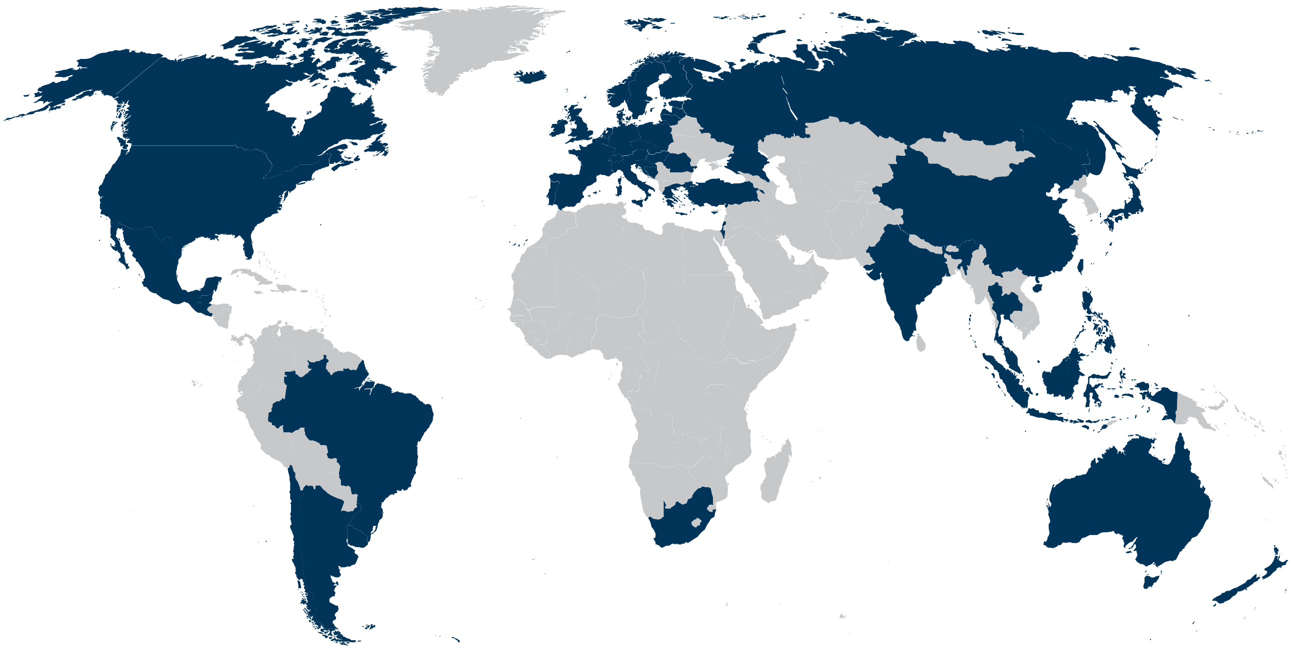
DKK million	YTD 2020
VAT	733
Withholding tax	443
Social security charges	439
Income tax	82
Other	1
Total postponements recognised in Other liabilities	**1,698**
Receivable employee-related grants as of 30 June 2020	109
Net impact on free cash flow	**1,589**

22 SUBSEQUENT EVENTS

Divestments signed or completed from 1 July to 31 July are listed in note 14, Divestments.

Other than as set out above or elsewhere in these condensed consolidated interim financial statements, we are not aware of events subsequent to 30 June 2020, which are expected to have a material impact on the Group's financial position.

OUR GLOBAL FOOTPRINT



ISS is a leading, global provider of workplace and facility service solutions. In partnership with customers, ISS drives the engagement and well-being of people, minimises the impact on the environment, and protects and maintains property. ISS brings all of this to life through a unique combination of data, insight and service excellence at offices, factories, airports, hospitals and other locations across the globe. In 2019, Group revenue was DKK 78.6 billion.