

# ANNUAL REPORT 2018

## ISS WORLD SERVICES A/S

Buddingevej 197  
DK – 2860 Søborg  
Danmark  
CVR nr. 10 16 16 14

Annual report  
1 January – 31 December 2018

Approved at the annual general meeting  
On 3 April 2019



Barbara Fiorini Due  
chairman of the annual general meeting

# CONTENT

## **MANAGEMENT REVIEW**

Company information	3
Key figures	4
Management review	5

## **FINANCIAL STATEMENTS**

Financial statements	7
Management statement	25
Independent auditors' report	26

# MANAGEMENT REVIEW

## COMPANY INFORMATION

ISS World Services A/S  
Buddingevej 197  
DK-2860 Søborg

Phone: +45 38 17 00 00  
Fax: +45 38 17 00 11

CVR-no.: 10 16 16 14  
Founded: 1 January 1966  
Domicile: Copenhagen  
Financial year: 1 January – 31 December

## BOARD OF DIRECTORS

Jeff Gravenhorst, Chairman  
Pierre-François Riolacci  
Bjørn Raasteen  
Katrien Beuls  
Corinna Refsgaard  
Tamilla Vahman

Employee representatives:  
Pernille Benborg  
Joseph Nazareth  
Palle Fransen Queck

## MANAGING DIRECTOR

Bjørn Raasteen

## AUDITORS

**Ernst & Young**  
Godkendt Revisionspartnerselskab  
CVR-no.: 30700228  
Osvold Helmuths Vej 4  
Postboks 250  
2000 Frederiksberg

# KEY FIGURES

DKK million (unless otherwise stated)	2018	2017	2016	2015	2014	2013
<b>INCOME STATEMENT</b>						
Revenue	1,216	1,256	1,259	1,263	1,230	1,183
Operating profit before other items	732	756	750	698	705	744
Operating profit	709	756	748	634	658	701
Dividends from subsidiary	1,500	1,200	2,185	2,000	0	1,118
Financial income	3	-	1	0	12	0
Financial expenses	(36)	(36)	(28)	(60)	(52)	(79)
Net profit	1,939	1,767	2,713	2,418	466	1,579
<b>CASH FLOW</b>						
Cash flow from operating activities	676	766	650	537	457	575
Acquisition of software, leasehold improvements and equipment, net	(155)	(138)	(110)	(34)	(32)	(47)
<b>FINANCIAL POSITION</b>						
Total assets	11,123	7,632	7,540	7,286	7,237	7,175
Additions to software, leasehold improvements and equipment, gross	158	138	305	35	36	47
Equity	10,412	4,873	4,806	4,493	4,075	4,859
<b>EMPLOYEES</b>						
Average number of employees	218	209	178	159	152	136

# MANAGEMENT REVIEW

## BUSINESS REVIEW

ISS World Services A/S is a wholly-owned subsidiary of ISS A/S, an international provider of facility services, listed on Nasdaq Copenhagen. ISS World Service A/S owns directly or indirectly the ISS Group's operating subsidiaries through the Danish subsidiary ISS Global A/S.

ISS World Services A/S provides certain operational and management services to companies within the ISS Group. In addition, ISS World Services A/S provides certain administrative services to ISS A/S and ISS Global A/S and other ISS companies domiciled in Buddingevej 197, Søborg.

Revenue comprise royalty and management fee from affiliated companies.

The management team of ISS World Services A/S formally consists of the Managing Director and the Board of Directors. As ISS World Services A/S has no significant operating activities independently of the ISS A/S Group, it relies on the management team of the ISS A/S Group who has the authority and responsibility for planning, implementing and controlling ISS World Services A/S's activities. As a result, Group policies etc. applicable for the ISS A/S Group are also applicable for ISS World Services A/S.

## FINANCIAL REVIEW

**Net profit** was DKK 1,939 million, an increase of DKK 172 million from 2017. The increase was mainly due to higher dividends from ISS Global A/S of DKK 1,500 million (2017: DKK 1,200 million). Net profit is in line with expectations.

**Cash flow from operating activities** was DKK 676 million (2017: DKK 766 million) negatively impacted by changes in working capital and other expenses paid, but partly offset by lower tax payments compared to 2017.

**Cash flow from investing activities** was DKK 1,347 million (2017: DKK 1,062 million) and comprised mainly dividends received from ISS Global A/S.

**Cash flow from financing activities** was an outflow of DKK 2,069 million in 2018 (2017: an outflow of DKK 1,801 million) and related mainly to dividends

paid to ISS A/S of DKK 1,200 million (2017: DKK 1,700 million) and capital tied up in receivables from ISS Global A/S.

**Equity** increased to DKK 10,412 million from DKK 4,873 million. Equity was positively impacted by a capital increase of DKK 4,800 million and net profit of DKK 1,939 million partly offset by dividends paid to ISS A/S of DKK 1,200 million.

## OUTLOOK

It is expected that activities will remain unchanged in 2019. ISS World Services A/S expects net profit for 2019 to remain at the level realised in 2018.

## KNOWLEDGE RESOURCES

ISS World Services A/S is a holding company and its primary activities are to provide a range of operational and management services to companies within the ISS Group. As a result, development and maintenance of knowledge resources is important.

Generally, the purpose of ISS World Services A/S within the ISS Group is to support:

- Strategy and business development
- Operational support including development and implementation of strategy as well as review of financial results at regional level
- Knowledge and best practice sharing across the ISS Group
- Controlling and support

The ISS Group's Global Key Account organisation, which was established in 2007, is operated out of ISS World Services A/S. In 2018, we continued to invest herein, as this is important to ensure continued success of our strategy, focusing on delivering integrated facility services (IFS) to key account customers.

To ensure continued development of ISS World Services A/S's knowledge resources, it is important for the company and for the ISS Group, to attract and retain qualified employees.

The ISS University – operated out of ISS World Services A/S – is a Group-wide learning academy representing our leadership development programmes which are delivered globally, regionally

and locally. The ISS University is structured to enhance our leadership capabilities across three core dimensions:

- strategic leadership – building an intimate understanding of our strategy and our key performance drivers
- people leadership – building the self-awareness of our leaders and supporting them in leading their people
- business leadership – equipping our leaders with the business understanding and skills they need to effectively lead their specific part of the business, for example key account leaders, commercial leaders, finance leaders, etc.

## COMPETENCIES AND DIVERSITY

We are committed to selecting the best candidate while aspiring to have diversity in gender as well as in broader terms such as international experience.

In 2018, the Company reached gender parity on the Board of Directors (Board).

In order to promote, facilitate and increase the number of women in management level positions at ISS's global head office, we continue leveraging our Diversity Policy, which defines a number of initiatives. Our initiatives include our recruitment policy, requiring us to short-list at least one female candidate in all internal and external searches for vacant positions. It is furthermore our policy to continuously develop our succession planning aiming at identifying female successors and tabling the matter of women in leadership at ISS for discussion at least once a year at EGM level. In 2017, we launched our 2020 Talent Vision which has specific targets for female representation in succession plans for EGM and their direct reports, and the succession plans, diversity targets and progress were reviewed by the EGM as well as the Board. Furthermore, it is our policy to ensure strong representation of women in various ISS leadership development and graduate programmes across the Group and at the global head office. We had 25% female representation at our 2018 annual Global Leadership Conference, and 20% female participation in our Leadership Mastery development

programme and we actively identify female candidates for these programmes to ensure adequate gender diversity. The policy and initiatives create an increased focus on gender diversity across the organisation leading to satisfactory progress.

The representation of women at management level at the global head office increased slightly in 2018 compared to 2017 and gender diversity remains a focus area in 2019

## STATUTORY CR REPORT

According to § 99a of the Danish Financial Statements Act, the Management review should include a description of corporate responsibility. As the ultimate parent company of ISS World Services A/S, ISS A/S, has published a CR report, reference is made to this in accordance with §99a subs. 6. The CR report is available at: <https://www.issworld.com/about-iss/our-approach-to-cr/reporting-and-policies>

## SPECIFIC RISKS

ISS World Services A/S is an integral part of the ISS A/S Group. Thus, operating, financing and investing activities are managed for the ISS Group as a whole, rather than specifically for ISS World Services A/S.

ISS World Services A/S is not exposed to specific operational risks as its primary activity is to deliver certain operational and management services related of subsidiaries of ISS Global A/S.

The financial risk management for the ISS Group is managed centrally by Group Treasury based on the Financial Policy, which is reviewed annually and approved by the Board of Directors of ISS A/S. The financial risk management is focused on managing risks from a Group perspective, i.e. including risk management in ISS World Services A/S. The specific risks for ISS World Services A/S are described in note 17, Financial risk management.

## SUBSEQUENT EVENTS

We are not aware of events subsequent to 31 December 2018, which are expected to have a material impact on ISS World Services A/S's financial position.

# FINANCIAL STATEMENTS

## PRIMARY STATEMENTS

- 8 Income statement
- 8 Statement of comprehensive income
- 9 Statement of cash flows
- 10 Statement of financial position
- 11 Statement of changes in equity

## ACCOUNTING POLICIES

- 12 1 Accounting policies
- 14 2 Significant accounting estimates and judgements

## INCOME STATEMENT

- 15 3 Staff costs
- 15 4 Share-based payments
- 18 5 Fees to auditors
- 18 6 Other expenses
- 18 7 Financial income and expenses
- 19 8 Income taxes

## STATEMENT OF FINANCIAL POSITION

- 19 9 Software and leasehold improvements and equipment
- 20 10 Investment in subsidiary
- 20 11 Share capital
- 20 12 Loans and borrowings
- 21 13 Deferred tax
- 21 14 Other liabilities

## OTHER REQUIRED DISCLOSURES

- 21 15 Contingent liabilities
- 21 16 Operating leases
- 22 17 Financial risk management
- 23 18 Related parties
- 23 19 Subsequent events
- 23 20 New standards and interpretations not yet implemented

## INCOME STATEMENT

1 JANUARY – 31 DECEMBER

DKK million	Note	2018	2017
<b>Revenue</b>		<b>1,216</b>	<b>1,256</b>
Staff costs	3, 4	(359)	(376)
Other operating expenses	5	(95)	(64)
Depreciation and amortisation	9	(30)	(60)
<b>Operating profit before other items</b>		<b>732</b>	<b>756</b>
Other expenses	6	(23)	-
<b>Operating profit</b>		<b>709</b>	<b>756</b>
Dividends from subsidiary		1,500	1,200
Financial income	7	3	-
Financial expenses	7	(36)	(36)
<b>Profit before tax</b>		<b>2,176</b>	<b>1,920</b>
Income taxes	8	(237)	(153)
<b>Net profit</b>		<b>1,939</b>	<b>1,767</b>

## STATEMENT OF COMPREHENSIVE INCOME

1 JANUARY – 31 DECEMBER

DKK million	2018	2017
<b>Net profit</b>	<b>1,939</b>	<b>1,767</b>
<b>Comprehensive income</b>	<b>1,939</b>	<b>1,767</b>



# STATEMENT OF CASH FLOWS

1 JANUARY – 31 DECEMBER

DKK million	Note	2018	2017
Operating profit before other items		732	756
Depreciation and amortisation	9	30	60
Share-based payments		10	10
Changes in working capital		57	129
Other expenses paid		(20)	(4)
Interest paid to companies within the ISS Group		(28)	(28)
Interest paid, external		(3)	(3)
Income taxes and joint taxation, net		(102)	(154)
<b>Cash flow from operating activities</b>		<b>676</b>	<b>766</b>
Dividends received from subsidiary		1,500	1,200
Acquisition of intangible assets and leasehold improvements and equipment, net		(155)	(138)
(Acquisition)/disposal of financial assets		2	(0)
<b>Cash flow from investing activities</b>		<b>1,347</b>	<b>1,062</b>
Payments (to)/from companies within the ISS Group, net		(858)	(32)
Other financial payments, net		(11)	(69)
Dividends paid to the shareholder		(1,200)	(1,700)
<b>Cash flow from financing activities</b>		<b>(2,069)</b>	<b>(1,801)</b>
<b>Total cash flow</b>		<b>(46)</b>	<b>27</b>
Cash and cash equivalents at 1 January		54	27
Total cash flow		(46)	27
<b>Cash and cash equivalents at 31 December</b>		<b>8</b>	<b>54</b>

# STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER

DKK million	Note	2018	2017
<b>ASSETS</b>			
Software	9	523	396
Leasehold improvements and equipment	9	16	18
Investment in subsidiary	10	8,885	5,812
Other financial assets		5	8
<b>Non-current assets</b>		<b>9,429</b>	<b>6,234</b>
Receivables from companies within the ISS Group		1,616	1,252
Other receivables and prepayments		70	92
Cash and cash equivalents		8	54
<b>Current assets</b>		<b>1,694</b>	<b>1,398</b>
<b>Total assets</b>		<b>11,123</b>	<b>7,632</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	11	<b>10,412</b>	<b>4,873</b>
Loans and borrowings	12	93	126
Deferred tax liabilities	13	127	32
<b>Non-current liabilities</b>		<b>220</b>	<b>158</b>
Loans and borrowings	12	72	2,227
Trade payables		170	106
Tax payables		-	1
Other liabilities	14	249	267
<b>Current liabilities</b>		<b>491</b>	<b>2,601</b>
<b>Total liabilities</b>		<b>711</b>	<b>2,759</b>
<b>Total equity and liabilities</b>		<b>11,123</b>	<b>7,632</b>

## STATEMENT OF CHANGES IN EQUITY

1 JANUARY – 31 DECEMBER

DKK million	Share capital	Reserve for development costs	Retained earnings	Total
<b>2018</b>				
<b>Equity at 1 January</b>	<b>180</b>	<b>142</b>	<b>4,551</b>	<b>4,873</b>
<b>Net profit</b>	-	<b>68</b>	<b>1,871</b>	<b>1,939</b>
<b>Comprehensive income</b>	-	<b>68</b>	<b>1,871</b>	<b>1,939</b>
Capital increase	0	-	4,800	<b>4,800</b>
Dividends paid to the shareholder	-	-	(1,200)	<b>(1,200)</b>
<b>Transactions with the owner</b>	<b>0</b>	-	<b>3,600</b>	<b>3,600</b>
<b>Changes in equity</b>	<b>0</b>	<b>68</b>	<b>5,471</b>	<b>5,539</b>
<b>Equity at 31 December</b>	<b>180</b>	<b>210</b>	<b>10,022</b>	<b>10,412</b>
<b>2017</b>				
<b>Equity at 1 January</b>	<b>180</b>	-	<b>4,626</b>	<b>4,806</b>
<b>Net profit</b>	-	<b>142</b>	<b>1,625</b>	<b>1,767</b>
<b>Comprehensive income</b>	-	<b>142</b>	<b>1,625</b>	<b>1,767</b>
Dividends paid to the shareholder	-	-	(1,700)	<b>(1,700)</b>
<b>Transactions with the owner</b>	-	-	<b>(1,700)</b>	<b>(1,700)</b>
<b>Changes in equity</b>	-	<b>142</b>	<b>(75)</b>	<b>67</b>
<b>Equity at 31 December</b>	<b>180</b>	<b>142</b>	<b>4,551</b>	<b>4,873</b>

## 1 ACCOUNTING POLICIES

ISS World Services A/S is a wholly-owned subsidiary of ISS A/S and domiciled in Denmark. The consolidated financial statements of ISS A/S are prepared in accordance with IFRS as adopted by the EU and additional requirements of the Danish Financial Statements Act. Consequently, in accordance with ÅRL §112, no consolidated financial statements are prepared for the ISS World Services A/S Group. The consolidated financial statements for ISS A/S are published and can be obtained from ISS A/S, Buddingevej 197, 2860 Søborg, Denmark.

The Annual Report for ISS World Services A/S for 2018 was discussed and approved by the Managing Director and the Board of Directors (Board) on 11 March 2019 and issued for approval at the subsequent annual general meeting on 3 April 2019.

### BASIS OF PREPARATION

The financial statements for ISS World Services A/S have been prepared in accordance with IFRS as adopted by EU and additional requirements of the Danish Financial Statements Act (class C large). In addition, the financial statements have been prepared in compliance with the IFRSs issued by the IASB.

The financial statements are presented in Danish kroner (DKK), which is ISS World Services A/S's functional currency. All amounts have been rounded to nearest DKK million, unless otherwise indicated.

### FAIR VALUE

The fair value of financial assets and liabilities approximates their carrying amounts.

### CHANGES IN ACCOUNTING POLICIES

Except for the changes below, the accounting policies have been applied consistently in respect of the financial year and comparative figures.

From 1 January 2018, ISS World Services A/S has adopted the below standards and interpretations with no significant effect on recognition and measurement:

- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 9 "Financial Instruments";
- Amendments to IFRS 2 "Share-based Payments": Classification and Measurement of Share-based Payment Transactions;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"; and
- Parts of Annual Improvements to IFRSs 2014-2016 Cycle.

IFRS 15 supersedes IAS 18 "Revenue" and IAS 11 "Construction Contracts" and applies to revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has adopted IFRS 15 using the cumulative effect method. The impact on recognition and measurement is considered immaterial to the consolidated financial statements and no adjustment has been recognised in equity at 1 January 2018. The comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

IFRS 9 "Financial Instruments" is effective from 1 January 2018. The new standard introduces a new expected credit loss (ECL) model, which requires recognition of impairment based on ECL rather than incurred losses as was the case under IAS 39. The implementation of the standard did not have a significant impact on recognition and measurement in the financial statements of ISS World Services A/S.

### FOREIGN CURRENCY

Transactions denominated in currencies other than the functional currency of ISS World Services A/S are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange adjustments arising between the exchange rates at the transaction date and at the date of payment are recognised in Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognised in Financial income or Financial expenses.

Cash flows in currencies other than the functional currency are translated at the transaction date using an average rate for the month to the extent that this does not significantly deviate from the exchange rate at the transaction date.

### PRESENTATION OF THE INCOME STATEMENT

The income statement is presented in accordance with the "nature of expense" method.

**Revenue** comprises royalty and management fees excluding VAT invoiced to companies within the ISS Group for services provided in the year.

## 1 ACCOUNTING POLICIES (CONTINUED)

**Other expenses** consists of significant recurring and non-recurring expenses that management does not consider to be part of ISS World Services A/S's ordinary operations, primarily restructuring projects. Classification as other expenses is subject to management's review and approval.

Costs related to **operating leases** are recognised in the income statement on a straight-line basis over the lease term. The non-cancellable operating lease liability is disclosed in note 16, Operating leases.

**Dividends from subsidiary** are recognised in the income statement in the financial year in which the dividend is declared. If dividends declared exceed the total comprehensive income for the year, an impairment test is performed.

**Income tax** comprises current tax and changes in deferred tax, including changes due to a change in the tax rate, and is recognised in the income statement or other comprehensive income.

As required by Danish legislation, ISS World Services A/S is jointly taxed with all Danish resident subsidiaries. Joint taxation contributions to/from jointly taxed companies are recognised in the income statement in Income taxes and in the statement of financial position in Receivables from or in Debt to companies within the ISS Group.

Companies which utilise tax losses in other companies pay joint taxation contribution to ISS A/S (the administration company) equivalent to the tax base of the tax losses utilised. Companies whose tax losses are utilised by other companies receive joint taxation contributions from ISS A/S equivalent to the tax base of the tax losses utilised (full absorption).

### STATEMENT OF FINANCIAL POSITION

**Software and Leasehold improvements and equipment** are measured at cost less accumulated amortisation, depreciation and impairment losses.

Cost comprises the purchase price and costs directly attributable to the acquisition until the date when the asset is ready for use. The net present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost.

The cost of software developed for internal use includes external costs to consultants and software as well as internal direct and indirect costs related to the development. Other development costs for which it cannot be rendered probable that future economic benefits will flow to the Company are recognised in the income statement as and when incurred.

A finance lease is a lease that transfers substantially all risks and rewards of ownership to the lessee. Other leases are classified as operating leases. The cost of assets held under finance leases is stated at the lower of fair value of the asset and the net present value of future minimum lease payments. When calculating the net present value, the interest rate implicit in the lease or an approximated rate is applied as the discount rate.

Subsequent costs, e.g. for replacing part of an item, are recognised in the cost of the asset if it is probable that the future economic benefits embodied by the item will flow to ISS World Services A/S. The carrying amount of the item is derecognised when replaced and transferred to the income statement. All other costs for common repairs and maintenance are recognised in the income statement when incurred.

Amortisation and depreciation are based on the cost of an asset less its residual value. When parts of an item of leasehold improvements and equipment have different useful lives, they are accounted for separately. The estimated useful life and residual value are determined at the acquisition date. If the residual value exceeds the carrying amount depreciation and amortisation are discontinued.

Amortisation and depreciation are calculated on a straight-line basis over the estimated useful lives of the assets. Certain software developed for customer specific use is amortised over the estimated period of the revenue generating activities, which is 5-10 years. The amortisation is calculated based on the number of actual system users in the reporting period relative to the estimated total number of system users in the period of the revenue generating activities according to business plans.

Assets under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that ISS World Services A/S will obtain ownership by the end of the lease term.

Amortisation and depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives for current and comparative years are as follows:

	<b>Estimated useful life</b>
Software	3-10 years
Leasehold improvements	(lease term) 10 years
Equipment	3-5 years

## 1 ACCOUNTING POLICIES (CONTINUED)

Gains and losses arising on the disposal or retirement of leasehold improvements and equipment are measured as the difference between the selling price less direct sales costs and the carrying amount, and are recognised in Other operating expenses in the year of sale.

**Investment in subsidiary** is measured at cost, which comprises consideration transferred measured at fair value and any directly attributable transaction costs. If there is indication of impairment, an impairment test is performed. Where the recoverable amount is lower than the cost, investments are written down to this lower value. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the recoverable amount does not exceed the original cost.

**Receivables from companies within the ISS Group** are initially recognised at fair value and subsequently measured at amortised cost less allowance for expected credit losses, which are recognised in Other operating expenses.

**Tax receivables and payables** are recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income for previous years and for tax paid on account.

**Deferred tax** comprises temporary differences between the accounting and tax values of assets and liabilities and is measured in accordance with the liability method. Where alternative taxation rules can be applied to determine the tax base, deferred tax is measured according to management's intended use of the asset or settlement of the liability. Deferred tax is measured according to the taxation rules and tax rates applicable at the reporting date when the deferred tax becomes current tax.

Deferred tax assets, including the tax base of tax losses carried forward, are recognised in non-current assets at the expected value of their utilisation: either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction. Deferred tax assets are recognised to the extent that it is more likely than not that they can be utilised in the foreseeable future.

Deferred tax assets and liabilities are offset if ISS World Services A/S has a legal right to offset current tax assets and tax liabilities or intends to settle current tax assets and tax liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

**Financial liabilities** include the capitalised residual obligations on finance leases, which are measured at amortised costs.

**Share-based payments** The value of services received in exchange for granted performance-based share units (PSUs) is measured at fair value at the grant date and recognised in Staff costs over the vesting period with a corresponding debt to ISS A/S.

The fair value of granted PSUs is measured using a generally accepted valuation model taking into consideration the terms and conditions upon which the PSUs were granted including market-based vesting conditions (TSR condition).

On initial recognition, an estimate is made of the number of PSUs expected to vest. The estimated number is subsequently revised for changes in the number of PSUs expected to vest due to non-market based vesting conditions.

### EQUITY

**Retained earnings** is ISS World Services A/S's free reserves, which includes share premium. Share premium comprises amounts above the nominal share capital paid by the shareholder when shares are issued.

**Reserve for development costs** Capitalised development costs after tax are allocated to a separate reserve under equity.

**Dividends** are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividends proposed for the year are shown in a separate reserve under equity. Interim dividends are recognised as a liability at the date when the decision to pay interim dividend is made.

## 2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management made various judgements, estimates and assumptions concerning future events that affected the application of ISS World Services A/S's accounting policies and the reported amounts of assets, liabilities, income and expenses, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

Estimates and assumptions are reviewed on an ongoing basis and have been prepared taking macroeconomic developments into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of these key factors, including discount rates and expectations of the future. The following items involve significant accounting estimates and judgements:

**Investment in subsidiary** is tested for impairment when there is an indication that the investment may be impaired. The assessment of whether there is an indication of impairment is based on both internal and external sources of information such as performance of the subsidiary, significant decline in market value etc.

### 3 STAFF COSTS

In 2018, average number of employees was 218 (2017: 209).

Staff costs comprise remuneration to employees in Denmark and in companies within the ISS Group for duties performed on behalf of ISS World Services A/S. Employees in companies within the ISS Group are not included in the calculation of average number of employees.

#### REMUNERATION TO THE BOARD OF DIRECTORS AND THE EXECUTIVE GROUP MANAGEMENT

The management team of ISS World Services A/S formally consists of the Managing Director and the Board of Directors (Board). Members of the management team are not remunerated separately for their duties performed in ISS World Services A/S.

As ISS World Services A/S has no significant operating activities independently of the ISS A/S Group, it relies on the management team of the ISS A/S Group who has the authority and responsibility for planning, implementing and controlling ISS World Services A/S's activities. Consequently, key management personnel of the ISS A/S Group is also considered key management personnel of ISS World Services A/S.

Remuneration to key management personnel of the ISS A/S Group is specified below:

DKK thousand	2018			2017		
	EGM			EGM		
	Board	EGMB	Corporate Senior Officers	Board	EGMB	Corporate Senior Officers
Base salary and non-monetary benefits	8,818	16,821	33,614	8,490	15,215	40,033
Annual bonus	-	11,906	20,660	-	8,718	19,798
Retention bonus <sup>1)</sup>	-	9,878	-	-	-	-
Share-based payments	-	3,482	4,141	-	4,637	11,061
<b>Total remuneration</b>	<b>8,818</b>	<b>42,087</b>	<b>58,415</b>	<b>8,490</b>	<b>28,570</b>	<b>70,892</b>

<sup>1)</sup> Hereof DKK 5.6 million paid in 2018 and the remaining DKK 4.3 million are subject to continued employment in 2019 and 2020.

### 4 SHARE-BASED PAYMENTS

ISS A/S has an equity-settled share-based long-term incentive programme (LTIP). ISS A/S recharges costs relating to ISS World Services A/S.

Members of the EGM in ISS A/S (EGMB and Corporate Senior Officers of the Group), and other senior officers of the Group, were granted a number of PSUs. Upon vesting, each PSU entitles the holder to receive one share at no cost. The PSUs will vest on the date of the third year of the grant. PSUs have vesting criteria of total shareholder return (TSR) and earnings per share (EPS), equally weighted. TSR peers are the Nasdaq Copenhagen OMX C25 and a peer group of comparable international service companies.

For the LTIP 2016, 2017 and 2018 (but not previous programmes) participants are compensated for any dividend distributed during time of grant and time of vesting.

#### 4 SHARE-BASED PAYMENTS (CONTINUED)

THRESHOLD	VESTING	TSR	EPS GROWTH <sup>1)</sup> (LTIP 2016)	EPS GROWTH <sup>1)</sup> (LTIP 2017)	EPS GROWTH <sup>1)</sup> (LTIP 2018)
Below threshold	0%	Below median of peers	< 6% annually	< 3% annually	< 3% annually
Threshold	25%	At median of peers	6% annually	3% annually	3% annually
Maximum	100%	At upper quartile of peers or better	12% annually	9% annually	9% annually

<sup>1)</sup> Adjusted EPS excluding Other income and expenses, net. EPS growth is measured as compound annual growth rate (CAGR).

#### VALUE OF LTIP PROGRAMMES AND IMPACT IN THE INCOME STATEMENT OF ISS WORLD SERVICES A/S

	LTIP 2015	LTIP 2016	LTIP 2017	LTIP 2018
Total PSUs granted	349,404	270,012	244,892	253,506
Number of participants	72	62	71	71
Fair value of PSUs expected to vest at grant date, DKK million	39	34	34	30
Fair value of PSUs expected to vest at 31 December 2018, DKK million	-	9	10	26
Recognised in the income statement in 2018, DKK million	3	(1)	1	7
Not yet recognised in respect of PSUs expected to vest, DKK million	-	-	4	18

#### APPLIED ASSUMPTIONS AT THE TIME OF GRANT

	LTIP 2016	LTIP 2017	LTIP 2018
Share price (DKK)	241	270	228
Expected volatility	24.5% <sup>1)</sup>	27.9% <sup>1)</sup>	29.0% <sup>1)</sup>
Expected life of grant	3 years	3 years	3 years
Risk-free interest rate	0.6%-1.6% <sup>1)</sup>	(0.2)%-2.4% <sup>1)</sup>	(0.5)%-2.4% <sup>1)</sup>

<sup>1)</sup> Based on observable market data for peer groups.

#### LTIP 2015 - VESTED

In March 2018, the LTIP 2015 programme vested and the participants received shares in ISS A/S at no cost. Based on the annual EPS and TSR performances for 2015, 2016 and 2017, 91% of the granted PSUs, equal to 609,334 PSUs, vested. After this vesting, no further PSUs are outstanding under the LTIP 2015 and the programme has lapsed.

LTIP 2015	EGM			Total
	EGMB	Corporate Senior Officers	Other senior officers	
Number of PSUs				
Outstanding at 1 January 2017	-	84,955	187,136	272,091
Transferred	-	-	7,478	7,478
Cancelled	-	-	(15,466)	(15,466)
<b>Outstanding at 31 December 2017</b>	<b>-</b>	<b>84,955</b>	<b>179,148</b>	<b>264,103</b>
Vested	-	(56,166)	(151,045)	(207,211)
Transferred	-	(23,415)	(11,965)	(35,380)
Forfeited	-	(5,374)	(16,138)	(21,512)
<b>Outstanding at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## 4 SHARE-BASED PAYMENTS (CONTINUED)

### LTIP - OUTSTANDING PSUs

LTIP 2016 Number of PSUs	EGM			Total
	EGMB	Corporate Senior Officers	Other senior officers	
Outstanding at 1 January 2017	-	80,862	161,549	242,411
Granted	-	2,313	4,576	6,889
Transferred	-	-	2,107	2,107
Cancelled	-	(14,026)	(14,979)	(29,005)
<b>Outstanding at 31 December 2017</b>	<b>-</b>	<b>69,149</b>	<b>153,253</b>	<b>222,402</b>
Granted	-	2,064	5,035	7,099
Transferred	-	(10,117)	(3,723)	(13,840)
Cancelled	-	(11,246)	(9,841)	(21,087)
<b>Outstanding at 31 December 2018 <sup>1)</sup></b>	<b>-</b>	<b>49,850</b>	<b>144,724</b>	<b>194,574</b>
<b>LTIP 2017</b>				
Number of PSUs				
Granted	-	73,708	164,218	237,926
Cancelled	-	(13,355)	(10,404)	(23,759)
<b>Outstanding at 31 December 2017</b>	<b>-</b>	<b>60,353</b>	<b>153,814</b>	<b>214,167</b>
Granted	-	1,892	5,074	6,966
Transferred	-	(7,006)	(4,566)	(11,572)
Cancelled	-	(9,034)	(13,798)	(22,832)
<b>Outstanding at 31 December 2018</b>	<b>-</b>	<b>46,205</b>	<b>140,524</b>	<b>186,729</b>
<b>LTIP 2018</b>				
Number of PSUs				
Granted	-	65,659	187,847	253,506
Cancelled	-	(10,534)	(20,370)	(30,904)
<b>Outstanding at 31 December 2018</b>	<b>-</b>	<b>55,125</b>	<b>167,477</b>	<b>222,602</b>

<sup>1)</sup> In March 2019, the PSUs granted under LTIP 2016 will vest with 6% based on the annual EPS and TSR performances for 2016, 2017 and 2018.

## 5 FEES TO AUDITORS

DKK million	2018	2017
Statutory audit	1	1
Other assurance services	1	1
Other services	2	-
<b>Total</b>	<b>4</b>	<b>2</b>

**Other assurance services** comprised mainly work related to interim financial statements and other assurance services.

**Other services** comprised among other things work related to acquisitions and divestments such as financial and tax due diligence, and advice in relation to new accounting standards (IFRS 15 and IFRS 16).

## 6 OTHER EXPENSES

DKK million	2018	2017
Restructuring projects	(23)	-
<b>Other expenses</b>	<b>(23)</b>	<b>-</b>

**Restructuring projects** in 2018 mainly related to organisational changes.

## 7 FINANCIAL INCOME AND EXPENSES

DKK million	2018	2017
Foreign exchange gains	3	-
<b>Financial income</b>	<b>3</b>	<b>-</b>
Interest expenses to companies within the ISS Group <sup>1)</sup>	(29)	(28)
Other financial expenses	(2)	(3)
Foreign exchange losses	(5)	(5)
<b>Financial expenses</b>	<b>(36)</b>	<b>(36)</b>

<sup>1)</sup> The effective interest rate was 1.5% (2017: 1.5%).

## 8 INCOME TAXES

DKK million	2018	2017
Current tax	133	180
Deferred tax	106	5
Adjustments relating to prior years, net	(2)	(32)
<b>Income taxes</b>	<b>237</b>	<b>153</b>

### EFFECTIVE TAX RATE

In %	2018	2017
Statutory income tax rate in Denmark	22.0 %	22.0 %
Non-tax deductible expenses less non-taxable income	3.4 %	0.0 %
Adjustments relating to prior years, net	(0.1)%	(1.6)%
Withholding tax	0.7 %	1.4 %
Income from subsidiary	(15.2)%	(13.8)%
Other	0.1 %	0.0 %
<b>Effective tax rate</b>	<b>10.9 %</b>	<b>8.0 %</b>

The low **effective tax rate** is due to non-taxable dividend from subsidiary of DKK 1,500 million (2017: DKK 1,200 million).

## 9 SOFTWARE AND LEASEHOLD IMPROVEMENTS AND EQUIPMENT

DKK million	Software <sup>1)</sup>		Leasehold improvements and equipment	
	2018	2017	2018	2017
Cost at 1 January	625	491	42	38
Additions	157	134	1	4
Disposals	(6)	-	-	-
<b>Cost at 31 December</b>	<b>776</b>	<b>625</b>	<b>43</b>	<b>42</b>
Amortisation and depreciation at 1 January	(229)	(172)	(24)	(21)
Amortisation and depreciation	(27)	(57)	(3)	(3)
Disposals	3	-	-	-
<b>Amortisation and depreciation at 31 December</b>	<b>(253)</b>	<b>(229)</b>	<b>(27)</b>	<b>(24)</b>
<b>Carrying amount at 31 December</b>	<b>523</b>	<b>396</b>	<b>16</b>	<b>18</b>

<sup>1)</sup> In 2018, the carrying amount included DKK 221 million (2017: DKK 142 million) related to assets under development.

**Software** At 31 December 2018, the carrying amount included assets under finance leases of DKK 208 million (2017: DKK 210 million) related to licenses under the IBM agreement to use technology for workforce optimisation and managing services in customer buildings.

## 10 INVESTMENT IN SUBSIDIARY

DKK mio.	2018	2017
Cost at 1 January	5,812	5,812
Additions	3,073	-
<b>Cost at 31 December</b>	<b>8,885</b>	<b>5,812</b>
<b>Carrying amount at 31 December</b>	<b>8,885</b>	<b>5,812</b>

**Additions** In 2018, the Company increased its investment in ISS Global A/S through a conversion of part of its net receivable from ISS Global A/S.

SUBSIDIARY	Share %	Share %
ISS Global A/S, Søborg, Denmark	100	100

## 11 SHARE CAPITAL

At 31 December 2018, ISS World Services A/S's share capital comprised a total of 9,005,000 shares (2017: 9,000,000) with a nominal value of DKK 20 each. All shares were fully paid and freely transferable.

	2018		2017	
	Nominal value (DKK million)	Number of shares (in thousands)	Nominal value (DKK million)	Number of shares (in thousands)
Share capital at 1 January	180	9,000	180	9,000
Capital increase	0	5	-	-
<b>Share capital at 31 December</b>	<b>180</b>	<b>9,005</b>	<b>180</b>	<b>9,000</b>

ISS World Services A/S has one class of shares, and no shares carry special rights. Each share gives the holder the right to one vote at our general meetings.

### DIVIDENDS

In 2018, dividends of DKK 1,200 million (2017: DKK 1,700 million) were approved on an extraordinary general meeting and paid out in December 2018.

## 12 LOANS AND BORROWINGS

DKK mio.	2018	2017
Debt to companies within the ISS Group	37	2,192
Finance lease liabilities	128	161
<b>Total</b>	<b>165</b>	<b>2,353</b>
Non-current liabilities	93	126
Current liabilities	72	2,227
<b>Loans and borrowings</b>	<b>165</b>	<b>2,353</b>

## 13 DEFERRED TAX

### DEVELOPMENT IN DEFERRED TAX

DKK million	2018	2017
Deferred tax liabilities at 1 January	32	44
Adjustments relating to prior years, net	64	(17)
Tax on profit before tax	31	5
<b>Deferred tax liabilities at 31 December</b>	<b>127</b>	<b>32</b>

### DEFERRED TAX SPECIFICATION

DKK million	2018	2017
Software, leasehold improvements and equipment	33	20
Tax losses in foreign subsidiaries previously under Danish joint taxation	23	23
Provisions and other liabilities	75	0
Other assets and liabilities	(4)	(11)
<b>Deferred tax at 31 December</b>	<b>127</b>	<b>32</b>

## 14 OTHER LIABILITIES

DKK million	2018	2017
Accrued wages and holiday allowances	117	117
Debt to companies within the ISS Group	56	79
Other	76	71
<b>Other liabilities</b>	<b>249</b>	<b>267</b>

## 15 CONTINGENT LIABILITIES

### CORPORATE TAX AND WITHHOLDING TAXES

ISS World Services A/S is jointly taxed with all Danish resident subsidiaries. ISS World Services A/S and the companies within the joint taxation have a joint and unlimited liability of Danish corporate and withholding taxes related to dividends, interests and royalties. At 31 December 2018, Danish corporate and withholding taxes within the joint taxation amounted to DKK 0 million (2017: DKK 0 million). Any subsequent adjustment to Danish withholding taxes may result in the joint and unlimited liability being higher than DKK 0 million.

### VAT

ISS World Services A/S and certain Danish Group companies are jointly registered for VAT and are jointly liable for the payment hereof.

## 16 OPERATING LEASES

ISS World Services A/S leases property, vehicles and other equipment under operating leases. The disclosed non-cancellable operating lease payments below assume no early termination of any agreement:

DKK million	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payments
At 31 December 2018	14	13	12	11	11	51	112
At 31 December 2017	14	13	11	10	10	54	112

In 2018, DKK 17 million (2017: DKK 16 million) was recognised as an expense in the income statement in respect of operating leases.

## 16 OPERATING LEASES (CONTINUED)

Leasing of cars is primarily entered under an international car fleet lease framework agreement which is valid until end 2019. The majority of the underlying agreements have a lifetime duration of 3-5 years.

As of 30 November 2012, ISS World Services A/S entered into a lease agreement for the head office in Søborg. The tenancy is irrevocable by ISS World Services A/S for 15 years, however, subject to a penalty payment, with a right to terminate the contract with 12 months' notice and vacating the premises 10 years after the date of commencement, at the earliest.

## 17 FINANCIAL RISK MANAGEMENT

ISS World Services A/S is exposed to financial risks arising from its operating and financing activities, mainly currency risk.

The financial risk management for the ISS Group is managed centrally by Group Treasury based on the Financial Policy, which is reviewed annually and approved by the Board of Directors of ISS A/S. The financial risk management is focused on managing risks from a Group perspective, i.e. including risk management in ISS World Services A/S. The specific risks for ISS World Services A/S are described below.

ISS World Services A/S has not identified additional financial risk exposures in 2018 compared to 2017.

### CURRENCY RISK

Currency risk is the risk that arises from changes in exchange rates, and affects ISS World Services A/S's result or value of financial instruments.

ISS World Services A/S is exposed to changes in exchange rates since the company has transactions (operational risk) as well as receivables and debt that are denominated in other currencies than the functional currency, DKK (financial risk). ISS World Services A/S is exposed to primarily EUR, but also to other currencies.

**Operational risk** Currency risk relates primarily to revenue as the majority is generated in foreign currency, while costs, mainly salaries, is generated in DKK. Revenue comprises royalty and management fees invoiced to companies within the ISS Group in their functional currency for services provided.

**Financial risk** ISS World Services A/S is exposed to currency risk related to translation of royalties as these are denominated in currencies other than the functional currency.

### SENSITIVITY ANALYSIS

It is estimated that a change in foreign exchange rates of ISS World Services A/S's main currencies would have impacted revenue by the amounts shown below. The analysis is based on foreign exchange rate variances that ISS World Services A/S considered to be reasonably possible at the reporting date. It is assumed that all other variables, in particular interest rates, remain constant and any impact of forecasted sales and purchases is ignored.

DKK million	2018		2017	
	Increase in foreign exchange rates	Revenue	Increase in foreign exchange rates	Revenue
GBP	10%	16	10%	17
CHF	10%	9	10%	9
NOK	10%	7	10%	6
USD	10%	7	10%	6
AUD	10%	6	10%	6
SEK	10%	5	10%	5
TRY	10%	4	10%	5
EUR	1%	4	1%	4
Other	10%	28	10%	30
<b>Total</b>		<b>86</b>		<b>88</b>

## 17 FINANCIAL RISK MANAGEMENT (CONTINUED)

### LIQUIDITY RISK

Liquidity risk results from ISS World Services A/S's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity. Since ISS World Services A/S is a holding company, and its primary activity is to operate as service provider through the wholly-owned subsidiary ISS Global A/S and its subsidiaries as well as to deliver certain operating and management services in relation hereto, the risk is considered limited.

### CAPITAL MANAGEMENT

ISS World Services A/S is owned by ISS A/S and therefore part of the ISS Group. Capital management is not monitored for ISS World Services A/S independently but for the ISS Group as a whole.

## 18 RELATED PARTIES

### PARENT AND ULTIMATE CONTROLLING PARTY

ISS World Services A/S is wholly owned by ISS A/S (the ultimate parent).

In 2018, there were no significant transactions with ISS A/S apart from the transactions described below.

### KEY MANAGEMENT PERSONNEL

The Board of ISS A/S and the EGM of ISS A/S are considered the Group's key management personnel as defined in note 3, Staff costs.

Apart from remuneration, including Long-Term Incentive Programmes, see note 3, Staff costs and note 4, Share-based payments, there were no significant transactions with members of the Board and the EGM in 2018.

### OTHER RELATED PARTY TRANSACTIONS

In 2018, ISS World Services A/S had the following transactions with other related parties, which were all made on market terms:

- ISS World Services A/S charged royalty and management fees to ISS Global A/S's subsidiaries which are recognised as revenue.
- ISS World Services A/S's short-term debt to ISS A/S amounted to DKK 37 million at 31 December 2018.
- ISS World Services A/S's short-term debt to ISS Group companies amounted to DKK 56 million at 31 December 2018.
- ISS World Services A/S's short-term receivable from ISS Global A/S amounted to DKK 358 million at 31 December 2018.
- ISS World Services A/S paid interest to ISS Global A/S, see note 7, Financial income and expenses.
- ISS World Services A/S paid joint taxation contribution equal to 22% of taxable income to ISS A/S.
- ISS World Services A/S received dividends of DKK 1,500 million from ISS Global A/S.
- ISS World Services A/S paid dividends of DKK 1,200 million to ISS A/S.
- ISS World Services A/S increased capital in ISS Global A/S with DKK 3,073 million.
- ISS World Services A/S received capital injection from ISS A/S of DKK 4,800 million.

## 19 SUBSEQUENT EVENTS

We are not aware of events subsequent to 31 December 2018, which are expected to have a material impact on ISS World Services A/S's financial position.

## 20 NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED

IASB has published the following new standards, amendments to existing standards and interpretations that are not yet mandatory for the preparation of the financial statements for the year ended 31 December 2018:

- Amendments to IFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation;
- IFRS 16 "Leases"; and
- IFRIC 23 "Undertainty over Income Tax Treatments".

In addition IASB has published the following new standards, amendments to existing standards and interpretations, which are not yet adopted by the EU at 31 December 2018:

- Amendments to IAS 1 and IAS 8 "Definition of Material";
- Conceptual Framework - Amendments to References to the Conceptual Framework in IFRS Standards; and
- Annual Improvements to IFRSs 2015-2017 Cycle.

## 20 NEW STANDARDS AND INTERPRETATIONS NOT YET IMPLEMENTED (CONTINUED)

ISS World Services A/S expects to adopt the new standards and interpretations when they become mandatory. The standards and interpretations that are approved with different effective dates in the EU than the corresponding effective dates under IASB will be early adopted so that the implementation follows the effective dates under IASB.

**IFRS 16 "Leases"** (superseding IAS 17) will be effective for the financial year beginning on 1 January 2019. The new standard significantly changes the accounting treatment of leases currently treated as operating leases, in that lessees, with a few exceptions, should recognise all types of leases as right-of-use assets in the statement of financial position and the related lease obligations as liabilities. The annual cost of the lease, which will comprise two elements – depreciation and interest expense – will be charged to the lessee's income statement. Currently, operating lease cost is recognised in a single amount within Other operating expenses. Similarly, operating lease payments will be presented in the cash flow statement in two lines – Interest paid and Lease payments – within Cash flow from operating activities and Cash flow from financing activities, respectively. Currently, operating lease payments are presented as part of Cash flow from operating activities as they are included in Operating profit before other items.

We will adopt IFRS 16 as per 1 January 2019 applying the modified retrospective approach, whereby the cumulative effect is recognised at the date of initial application and the right-of-use assets are recognised at the same value as the lease obligations. Comparative figures will not be restated.

During 2017 and 2018 we have been preparing for the implementation of the standard by performing a complete review of our assets under operating leases. Assuming that the portfolio of leases remains broadly unchanged, at 31 December 2018, we estimate that:

- Leasehold and equipment and Loans and borrowings to increase, both in the level of DKK 100 million;
- Operating profit before other items will be insignificantly impacted;
- Net profit to be slightly reduced from the impact of financial costs of leases; and
- Cash flow from operating activities to be improved and cash flow from financing activities to be negatively impacted, both in the level of DKK 10 million.

Effective 1 January 2019, we will change the definition of free cash flow to include payments related to lease obligations, effectively leaving our free cash flow unchanged following the implementation of IFRS 16.

Except as mentioned above for IFRS 16 "Leases", based on the current business setup and level of activities, none of the standards and interpretations are expected to have a material impact on the recognition and measurement in the consolidated financial statements of the Group.



# MANAGEMENT STATEMENT

## COPENHAGEN, 11 MARCH 2019

The Board of Directors and the Managing Director have today discussed and approved the annual report for ISS World Services A/S for the financial year 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the company's financial position

at 31 December 2018 and of the results of the company's operations and cash flows for the financial year 1 January – 31 December 2018.

In our opinion, the Management review includes a fair review of the development in the company'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 company face.

We recommend that the annual report be approved at the annual general meeting.

## MANAGING DIRECTOR



**Bjørn Raasteen**

## BOARD OF DIRECTORS



**Jeff Gravenhorst**  
Chairman



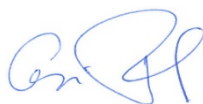
**Pierre-François Riolacci**



**Bjørn Raasteen**



**Katrien Beuls**



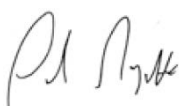
**Corinna Refsgaard**



**Tamilla Vahman**



**Pernille Benborg** <sup>(E)</sup>



**Joseph Nazareth** <sup>(E)</sup>



**Palle Fransen Queck** <sup>(E)</sup>

# INDEPENDENT AUDITORS' REPORT

## TO THE SHAREHOLDER OF ISS WORLD SERVICES A/S

### OPINION

We have audited the financial statements of ISS World Services A/S for the financial year 1 January – 31 December 2018, comprising income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including accounting policies for the Company. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### INDEPENDENCE

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

## STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we concluded that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

## MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in

preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause that the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 11 March 2019

**Ernst & Young**  
Godkendt Revisionspartnerselskab  
CVR-nr.: 30700228



**Michael Groth Hansen**  
State Authorised  
Public Accountant  
MNE-no.: mne33228



**Claus Kronbak**  
State Authorised  
Public Accountant  
MNE-no.: mne28675