PASSION *for* SERVICE

Annual and Sustainability Report 2019

Coor Service Management Holding AB

COOR

CONTENTS

This annual report covers the activities of Coor Service Management Holding AB, corp. ID no. 556742-0806.

A VISION THAT SHOWS THE WAY

Coor aims to create the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

2019 – CONTINUED GROWTH AND INCREASED OPERATING PROFIT

In 2019, Coor delivered its best annual profits to date.

ADJUSTED EBITA
549
SEK MILLION

OPERATING CASH FLOW
591
SEK MILLION

ORGANIC GROWTH
5
PER CENT

NET SALES BY TYPE OF CONTRACT

61% Integrated FM (IFM)

39% FM services

NET SALES BY SERVICE CATEGORY

65% Workplace services

35% Property services

SUMMARY OF RESULTS, GROUP

	2019	2018
Net sales, SEK million	10,313	9,489
Organic growth, %	*5*	*10*
Acquired growth, %	*2*	*10*
FX effects, %	*1*	*3*
Adjusted EBITA, SEK million	549	490
Adjusted EBITA margin, %	5.3	5.2
EBIT, SEK million	299	219
Profit after tax, SEK million	169	104
Operating cash flow, SEK million	591	354
Earnings per share, SEK	1.8	1.1
Number of employees (FTE) at year-end	9,296	9,082
Dividend, SEK	2.20 [1)]	4.00

[1)] The dividend is subject to approval by the Annual General Meeting on 28 April 2020.

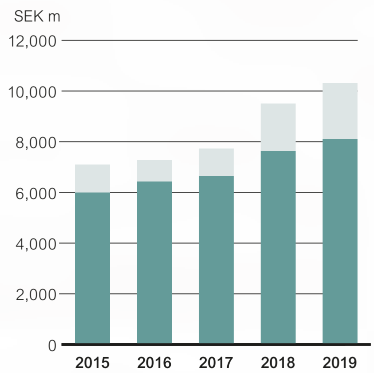
NET SALES IN 2019

10,313
SEK MILLION

BY COUNTRY

Sweden 50% Norway 25%
Denmark 18% Finland 7%

ANNUAL NET SALES



Private sector Public sector

PROGRESS ON MANY FRONTS

The past year has been an eventful one with many new and extended contracts in our customer portfolio. The acquisition of Norrlands Miljövård has added new skilled employees in our cleaning segment and expanded our geographic reach. Other highlights include our continued focus on innovation, Coor receiving an award for its efforts in energy optimisation and our expanded contract with the Danish Police.

Q1 TRIPLE BOTTOM LINE OBJECTIVES

Coor's commitment to sustainability is based on a "triple bottom line" approach, which consists of three dimensions. In February 2019, Coor's Board of Directors approves a set of long-term objectives for these three dimensions – commercial, social and environmental sustainability. These goals provide a clear direction for Coor's continued sustainability management activities.

Q1 STRONG INVESTOR INTEREST

Coor issues a senior unsecured bond of SEK 1,000 million. The bond attracts strong interest from investors and the issue is heavily oversubscribed.

Q2 EXTENDED CONTRACT WITH DANISH POLICE

Coor extends and expands its IFM contract with the Danish Police until 2025, with an option to extend for a further three years. The contract covers a broad integrated service delivery to the Danish Police, the Prosecution Authority, and the Prison and Probation Service. The estimated annual volume exceeds SEK 420 million.

Q2 IFM CONTRACT WITH ICA

Coor signs a new IFM contract with ICA worth around SEK 160 million annually. The contract runs for five years with an option to extend.

Q2 COOR SOCIETY PROGRAM

Coor continues to emphasise social sustainability through the *Coor Society Program*. Through various activities across the entire organisation, such as language courses, help with homework and assistance in joining the labour market, Coor helps to promote sustainable development.

Q3 SMART BUILDING SOLUTIONS

Coor's innovation work continues with the introduction of *Smart Building Solutions*, a new focus area with services aimed primarily at property owners. First out is *Coor SmartDrone*. The drones are used for thermography and 3D modelling of properties, enabling more efficient maintenance and energy use.

Q3 ACQUISITION OF NORRLANDS MILJÖVÅRD

Coor acquires the Swedish cleaning firm Norrlands Miljövård AB. The company has around 500 employees and annual sales of approximately SEK 250 million. The acquisition increases Coor's geographic coverage in Sweden and adds to the company's skills base in cleaning services.

Q3 NEW CFO AND IR DIRECTOR

Klas Elmberg takes over as CFO and IR Director. Klas Elmberg was previously Vice President and CFO of Coor's Swedish business.

Q4 EXTENDED CONTRACT WITH AKER SOLUTIONS

Coor extends its IFM contract with Aker Solutions. Coor has been delivering integrated facility management services to Aker Solutions since 2015 and now extends its contract to 2025. The contract is expected to generate annual sales of around SEK 130 million.

Q4 SATISFIED EMPLOYEES!

In the annual employee survey, Coor achieves its highest customer satisfaction score to date. The participation rate was also the highest ever.

Q4 EXTENDED CONTRACT WITH VOLVO CARS

Coor's IFM contract with Volvo Cars is extended to 2022. This means that Coor will continue to provide IFM services to Volvo Cars' production and administrative sites in Sweden and Belgium. The deal is worth over SEK 200 million annually.

Q4 AWARD FOR ENERGY OPTIMISATION

Coor receives the *Energy Efficiency Leadership Award 2019* for its efforts in energy optimisation. The award is given jointly to Coor and its partner IQ Energy at the annual British Energy Saving Technology conference in London.

Q4 ACCIDENT RATE DOWN

Coor continues its efforts in HSEQ (health and safety), with good results – accident rates are down across the whole Nordic region in 2019. This was a key focus area for management during the year and notable activities included training and the introduction of game-based learning in Norway.

PASSION AND A CLEAR STRATEGY BRING SUCCESS

The past year was a highly successful one for Coor – through a clear strategy and a genuine passion for service, we succeeded in exceeding our previous highs in terms of performance.

It is time for me to sum up another year, and once again I am pleased to note that we have succeeded in exceeding our strong performance figures from the last few years. Coor has never had a higher customer satisfaction rating, or such committed employees, and has never been bigger or generated higher profits. Yet despite all this, I still believe we have a great deal left to be done. Coor's Nordic home market offers major opportunities for expansion, partly because a large share of the market is not outsourced and partly because more companies are looking to move to an IFM set-up. We also see significant development potential in our single service business.

A CLEAR STRATEGY

Coor has succeeded in creating the market's strongest offering through a clear long-term strategy with three components: to stay in the Nordic region, to grow in IFM and to grow in single services.

The Nordic countries are Coor's home market and will remain so. Our proximity to our customers and our knowledge of local conditions enable us to offer adapted, flexible and effective service deliveries. As part of this strategy, in autumn 2019 Coor acquired the cleaning firm Norrlands Miljövård, which holds a leading position in the cleaning sector in northern Sweden with operations in over 15 locations from Gävle in the south to Kiruna in the north. The acquisition adds to and strengthens our existing business both geographically and in terms of expertise.

Another important element in Coor's strategy is our continued effort to deliver the market's best integrated services. Coor also has a stated goal of expanding its single FM business, mainly in property services, cleaning and food & beverages, as these services form the basis in most customer contracts.

THE ULTIMATE PROOF

The large number of new, extended and expanded contracts that we signed in 2019 is the ultimate proof that we have succeeded in our efforts. During the year, Coor renegotiated contracts worth a total of nearly SEK 2 billion. In the past three years, Coor has had an overall retention rate of 93 per cent. For the sixth year running, we had some of the Nordic region's most satisfied customers, according to the customer satisfaction survey that we conduct annually. Our extended IFM contracts included those with the Danish Police, Aker Solutions, Saab and Volvo Cars. Coor also signed several new contracts during the year, notably with ICA, Stadium and SSP Cleaning.

A PASSION FOR SERVICE

Coor would be nothing without our fantastic employees and their genuine passion for service. It is because our 11,000 employees think not only with their brains but also with their hearts when they go to work that we have succeeded in maintaining our high customer satisfaction level year after year. Not only do Coor's employees like to create a positive atmosphere, they are also happy to get to grips with and solve the problems that arise every day, and to offer suggestions for improvements. This approach is encapsulated in our new vision.

IMPROVED SUSTAINABILITY MANAGEMENT

Sustainability is one of Coor's main focus areas. For us, the concept includes business, social as well as environmental dimensions. Over the past few years, we have strengthened our focus on sustainability. In practice, this means that we have continued our already extensive sustainability activities, with the difference that we now also define clear and measurable targets for our social and environmental sustainability activities, in the same way as we have always done for our business activities. To put these sustainability goals into a global context, we have chosen to link them to eight of the UN's 17 Sustainable Development Goals (SDGs).

For Coor, sustainability is not a separate issue, but rather something that inspires everything we do, and a growing number of employees, customers and investors are now making demands on us in these areas. This is a very positive development, and together we can have a tremendous impact on sustainability issues.

My position is clear: Coor is a part of the Nordic region. Every day, we affect the lives of half a million people, and if we can do something to influence these people's environment, health and safety in a positive way we should of course do so.

Another aspect, perhaps the most important one, is that active sustainability management is essential to the long-term survival of our business and for our ability to hand over Coor to the next generation.

Coor has never had a higher customer satisfaction rating, or such committed employees, and has never been bigger or generated higher profits.

A VERY GOOD RESULT

In 2019, Coor delivered its best annual earnings to date. Coor ended the year with 5 per cent organic growth, 2 per cent growth from acquisitions and a 12 per cent improvement in operating profit. Sometimes I am asked what is the secret behind Coor's strong performance, and the answer is very simple: there is no secret. It is simply a matter of having a clear strategy, investing in innovation and sustainability, a combination of mind and heart in everything we do and, above all, it is about hard work.

I am immensely proud of and grateful for the great confidence our customers and investors have shown us. I would also like to extend my sincere thanks to our employees across our business, who work hard every day to create the Nordic region's happiest, healthiest and most prosperous workplaces.

Stockholm, March 2020

Mikael Stöhr
President and CEO

A GOAL-ORIENTED APPROACH

Coor is a responsible member of society that has formulated a number of long-term business, social and environmental sustainability ambitions. In all dimensions, we have defined operational goals for our activities.

LONG-TERM OBJECTIVES

Coor strives to operate in a responsible and sustainable manner. Customers, employees, owners and other stakeholders must be able to feel confident that Coor will run its business in a professional, profitable, safe and sustainable manner over time. Coor creates value in three dimensions: financially, socially and environmentally. The overall objective is to ensure that the business is successful and generates the highest possible economic return, without compromising on respect for human beings and the environment. Our social and environmental goals are as essential to the management of our company as our business goals. For each dimension, we have defined our principal standpoints along with objectives for how we should conduct our business. Sustainable business is about taking long-term responsibility for the activities in which you are engaged.

BUSINESS SUSTAINABILITY

FOCUS AREAS

- Financial performance
- Customer relationships

AMBITION

- Stable financial performance
- High customer satisfaction

PRINICIPAL STANDPOINTS

- Coor aims to deliver value-creating and innovative solutions based on its customer's requirements for functionality, efficiency and security.
- Coor aims to generate stable and profitable growth while operating in an ethically and morally justifiable manner.
- Coor aims to provide reliable and relevant information in a secure manner.

SOCIAL SUSTAINABILITY

FOCUS AREAS

- Employee engagement
- Health and safety
- Diversity

AMBITION

- Engaged and motivated employees
- No accidents or long-term sick leave
- Equal opportunities

PRINICIPAL STANDPOINTS

- Coor works actively to promote the well-being of its employees and to provide a safe work environment.
- Coor values diversity and equality, and supports employee development and engagement.
- Coor seeks to contribute to the development of society through local initiatives that help build a better society.

ENVIRONMENTAL SUSTAINABILITY

FOCUS AREAS

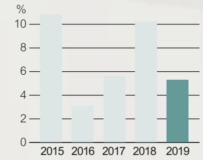
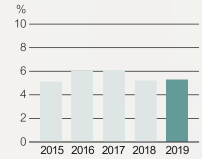
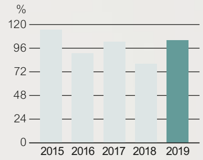
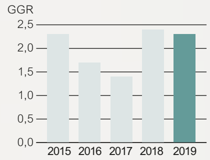
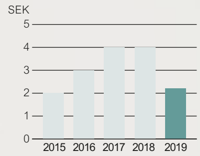
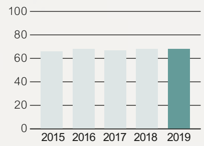
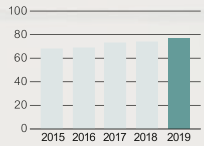
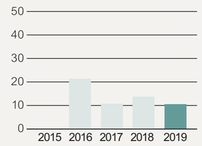
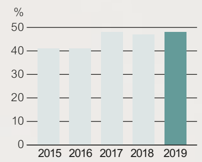
- Renewable and effective
- Energy and emissions

AMBITION

- Responsible consumption
- Reduce greenhouse gases

PRINICIPAL STANDPOINTS

- Coor actively helps to minimise its customers' environmental impact, especially their energy use.
- Coor engages in structured and proactive internal environmental management activities.

GOAL		RESULT		
4-5%	**ORGANIC GROWTH** Annual organic growth of 4–5 per cent over the course of a business cycle.[1]	5%	Our 5 per cent organic growth rate is driven by new business, high variable volumes and a successful ongoing effort to retain existing customers.	
~5,5%	**ADJUSTED EBITA MARGIN** An adjusted EBITA margin of around 5.5 per cent in the medium term.	5,3%	Improved EBITA margin through a focused effort to enhance efficiency and strong cost awareness.	
>90%	**CASH CONVERSION** A cash conversion rate in excess of 90 per cent in the medium term.	104%	Structured cash flow management leads to improved working capital and lower investments, resulting in a high cash conversion rate.	
<3,0x	**CAPITAL STRUCTURE** Net debt of less than 3.0 times adjusted EBITDA in the medium term.	2,3x	Our leverage improved slightly. This is still well within our target level.	
~50%	**DIVIDEND** The goal is to distribute around 50 per cent of the company's adjusted net profit for the period (before amortisation and impairment of intangible assets) to the shareholders.	2,2SEK	An ordinary dividend in line with the company's dividend policy is proposed for 2019. The uncertain financial effects associated with the outbreak of the new coronavirus mean that the company has chosen not to make any special dividend.	
≥70	**HIGH CUSTOMER SATISFACTION** The target is to maintain a high level of customer satisfaction over time (customer satisfaction score) ≥70.	68	Coor's result was once again at a high and stable level and we have continued to develop our customer offering.	
≥70	**COMMITTED AND MOTIVATED EMPLOYEES** The target is to maintain a high level of employee motivation (employee motivation score) ≥70.	77	In the annual employee survey, Coor achieved its highest employee satisfaction score to date. The participation rate also reached a new high.	
≤3,5	**NO ACCIDENTS OR LONG-TERM SICK LEAVE** The target is to reduce the company's TRIFR (total recorded injury frequency rate) to ≤3.5.	10,6	Accidents are down across the business as a whole, and although we did not achieve our target in 2019 we are making good progress.	
50%	**EQUAL OPPORTUNITIES** The target is a 50/50 gender balance at management level.	48%	The proportion of women in managerial positions is 48 per cent across the company as a whole, which is aligned with the company's objective.	
50%	**REDUCED EMISSIONS** Coor is working to reduce its emissions of greenhouse gases with the goal of halving the company's carbon footprint by 2025.	In 2019, Coor assessed the overall climate impact of the Group's own activities. Based on the results, a plan will be established in 2020 for how to achieve this goal.		

[1] The growth rate may vary from one year to the next depending on changes in the customer base. Organic growth can also be supplemented with acquisitions.

A GLOBAL PERSPECTIVE

Coor has high sustainability ambitions and a strategy that is based on the principles of the UN Global Compact and the UN Sustainable Development Goals (SDGs).

The UN is addressing today's biggest challenges through its 17 global SDGs. Coor wants to help advance the ambitious agenda that has been adopted by all countries in the world: to abolish extreme poverty, reduce inequality and injustice in the world, promote peace and fairness, and solve the climate crisis by 2030. Based on Coor's materiality analysis and strategic goals as well as the company's internal and external dialogues, eight of the SDGs have been linked to Coor's sustainability management activities. It is in these areas that Coor has the greatest opportunity to help realise the goals from a global perspective.

COOR ADDRESSES EIGHT OF THE UN SDGS

UN SDG	UN DEFINITION		COOR'S ACTIVITIES
3 GOOD HEALTH AND WELL-BEING	GOAL NO. 3	Ensure healthy lives and promote well-being for all at all ages.	The company's vision is to achieve a zero rate of workplace-related accidents. During the year, we continued our efforts to improve our safety culture, both in our day-to-day activities and through training programmes. Coor arranges various health promotion activities during working hours, including talks on well-being and training activities.
5 GENDER EQUALITY	GOAL NO. 5	Achieve gender equality and empower all women and girls.	Coor's Code of Conduct and diversity policy state clearly that each employee should be treated fairly and respectfully regardless of sex, age, ethnicity, religion, disability or sexual orientation. These issues are addressed in the annual employee survey. Working to achieve an equal distribution of female and male managers and employees is a key objective for Coor. Some units have introduced a rule of always having both a male and a female final candidate in recruitments.
8 DECENT WORK AND ECONOMIC GROWTH	GOAL NO. 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Sustained growth and stable earnings performance are important for Coor, and this is reflected in the company's financial goals. Coor seeks to ensure that all employees can work in a safe and non-discriminatory workplace where they are able to grow and develop. Wages are set fairly and based on market conditions.
10 MINSKAD OJÄMLIKHET	GOAL NO. 10	Reduce inequality within and among countries.	Coor operates in a labour-intensive industry and offers a broad range of services, and is therefore in a good position to give many people access to the labour market. At Coor, we believe strongly in giving something back to the societies in which we operate. The purpose of Coor Society Program is to make it easier for those who need help and support to integrate into society. Each country runs its own initiatives, such as language courses for new arrivals, opportunities for Coor employees to participate in further education courses alongside their work, and help with homework for children and young people in deprived neighbourhoods.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	GOAL NO. 12	Ensure sustainable consumption and production patterns.	Coor continually implements measures aimed at minimising the environmental impact of its activities and also offers green advice to customers to help them improve their environmental performance. The company works continually to promote responsible consumption by controlling and monitoring purchases of goods and services. We conduct regular audits to assess our suppliers' compliance with the Code of Conduct.
13 CLIMATE ACTION	GOAL NO. 13	Take urgent action to combat climate change and its impacts.	The company's long-term ambition is to completely phase out the use of fossil resources. Coor's goal is to halve its carbon footprint by 2025. We regularly implement measures to reduce the climate impact of our activities, such as the impact of our restaurant business, chemicals and travel.
14 LIFE BELOW WATER	GOAL NO. 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development.	Coor carries out activities aimed at reducing the use of materials that can have an impact on the sea. Each year, millions of tonnes of plastic are emitted into the oceans. Coor and Volvo have joined forces to address the issue, and Volvo's restaurants and vending machines at several facilities across Sweden are now completely plastic-free. Many Coor-run restaurants also serve sustainably caught, local fish as far as possible.
17 PARTNERSHIPS FOR THE GOALS	GOAL NO. 17	Strengthen the means of implementation and revitalise the global partnership for sustainable development.	In 2019, Coor increased its focus on engaging in a continuous dialogue with its customers and other stakeholders, all to ensure that we can help our customers achieve their sustainability goals.

FOUR STRATEGIC AREAS

Coor's strategic platform consists of four areas which define the direction for all our activities. These areas provide guidance on priorities and decisions, and help Coor to achieve its vision of creating the Nordic region's happiest and most functional work environments. All to ensure that our customers are able to focus on what they do best.

NORDIC SPECIALIST

The Nordic countries are Coor's home market. Coor's proximity to its customers and its knowledge of local conditions enable us to offer customised and flexible solutions. We are attentive to our customers' needs and work continuously to strike the right balance between economies of scale in the delivery of services and customer adaptations.

Coor has some of the largest IFM contracts in the Nordic region, including contracts with Equinor, Aibel, Ericsson, Volvo, ICA and the Danish Police, which consolidate the company's Nordic market leadership.

GROWTH IN IFM

Coor is the Nordic market leader in delivering IFM services to large organisations with complex requirements.

Coor sees continued growth opportunities in the IFM segment, which is growing faster than the FM market as a whole. A growing number of customers are choosing to purchase the majority of their facility management services from a major service provider with the resources to invest in development and innovation. An IFM provider such as Coor is also able to create synergies between services by using the same personnel for multiple services and thus reducing the overall cost for the customer.

GROWTH IN SINGLE SERVICES

As a major player, Coor is able to offer high-quality separate services at market prices. The service areas that Coor has chosen to focus on are property services, cleaning, and food & beverages, and these services are included in most customer contracts. Coor experienced healthy growth in smaller deals in 2019 and aims to continue to capture market shares in this area. As part of this ambition, Coor acquired the cleaning firm Norrlands Miljövård during the year.

OPERATIONAL EFFICIENCY

Coor has a strong improvement and efficiency focus and strives to be the best in the industry at delivering services which increase customer value.

Continuous operational improvements are an important part of working life for Coor's personnel. Innovations which increase our customers' efficiency and reduce the use of resources also help to promote sustainable development.

VISION

Coor aims to create the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

BUSINESS CONCEPT

Coor's business concept is to take over, manage and develop services in offices, at properties and production facilities, and in the public sector. We aim to run our business in an effective and sustainable manner that creates long-term value for our customers, employees and investors as well as society at large and the environment.

COOR REMAINS A LEADING PLAYER IN FACILITY MANAGEMENT

Coor has maintained its position as the leading provider of IFM services in the Nordic market while also focusing on growth in single FM services.

CONTINUED STRONG GROWTH IN IFM

The total Nordic FM market is estimated at SEK 400 billion, of which SEK 200 billion is outsourced to third parties. Of these SEK 200 billion, outsourced IFM services account for only a minor share of around SEK 15 billion, but this segment is growing faster than the FM market as a whole, by around 5 per cent annually.

THE MARKET LEADER IN IFM

Coor is the market leader in IFM in the Nordic region with around 40 per cent of the market. ISS and Sodexo are the company's two main rivals in the IFM segment.

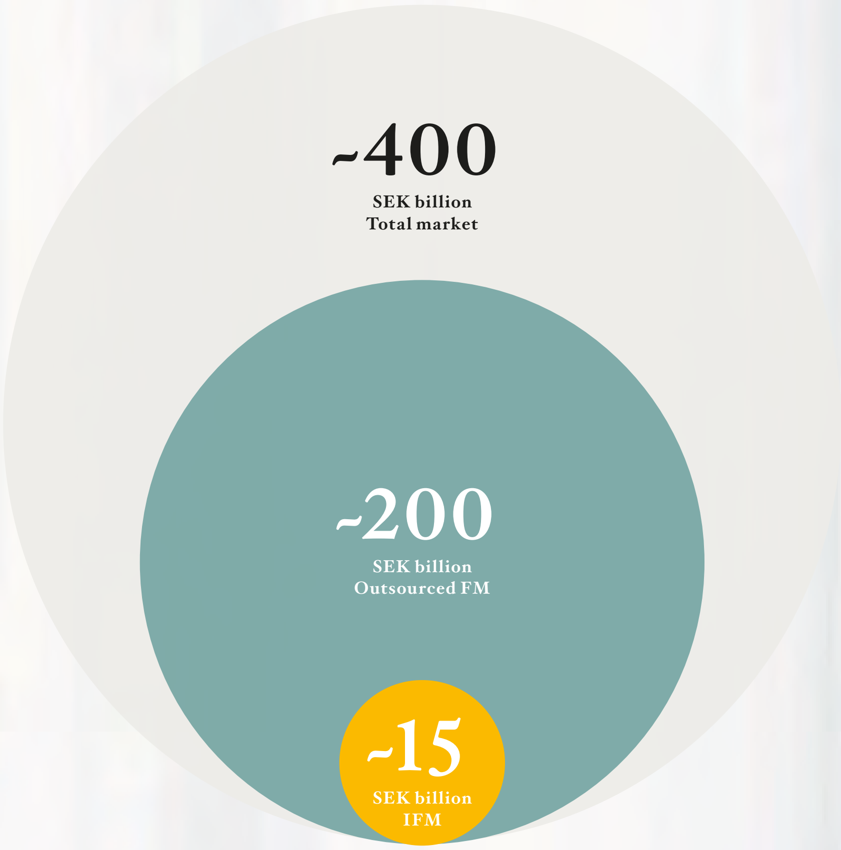
TWO TYPES OF CUSTOMER

There are two different customer groups in the Nordic FM market. One consists of companies or organisations with explicit IFM strategies that choose to engage a single provider for all services. Many of these customers are businesses and organisations that are looking for development, innovation and digitalization assistance. The other customer group consists of businesses and organisations that make smaller orders for single services. These customers are looking for high quality at a good price and are mainly small and medium-sized enterprises (SMEs).

TARGETING GROWTH IN SINGLE SERVICES

In single FM services, Coor's stated goal is to expand its property services, cleaning, and food & beverages businesses in the SME segment. These contracts create a stable revenue stream that balances out the more uneven flow of major IFM contracts. In the single FM services segment, Coor has a large number of competitors.

THE NORDIC FACILITY MANAGEMENT MARKET



TOTAL MARKET

The value of all FM services for all businesses and organisations in the Nordic region. This includes the value of services that are currently handled by the companies themselves.

OUTSOURCED FM

The total value of the outsourced share of the market.

- 2–3% annual growth
- Small and large customers
- Fragmented market
- Coor <5% market share

IFM

The value of integrated service deliveries in outsourced FM.

- ~5% annual growth
- Large customers
- Consolidated market
- Coor ~40% market share


COOR

MOVING FORWARD TOGETHER

Things are changing in the world, and this is particularly evident in the facility management industry. Customers are becoming more knowledgeable about FM and demanding ever higher standards, which is a development that Coor as a company can benefit from. At Coor, we like to say that change is in our DNA, and it is precisely this that we are now benefiting from. Not only are we taking the lead in pushing the industry forward – we love doing so.

In 2019, Coor identified four strong trends that are affecting our industry: partnerships, expanded sustainability management, innovations in property services, and the workplace as a part of the company's brand and culture.

PARTNERSHIPS

Both Coor and its customers are increasingly discovering the advantage of working as partners rather than in a traditional customer-supplier relationship. Through close dialogue, we create common goals to strive towards, are inspired by common incentives and are able to share information quickly. Another important advantage is that the cost model becomes more transparent. In 2019, we noted, for example, that many traditional procurements with detailed instructions and associated penalties were being replaced by more partnership-oriented forms of procurement. This type of close collaboration towards common goals characterises the way Coor already works with many customers.

It also enables Coor to adapt smoothly to changes in the economic environment and in the market as well as other changed circumstances of our customers.

EXPANDED SUSTAINABILITY MANAGEMENT

During the year, we noted how sustainability management is being expanded to cover an ever greater range of areas, in the industry as well as among our customers. We are also seeing how objectives, activities and results reporting are becoming clearer and more concrete. At Coor, we have been addressing sustainability issues for a long time. Our strategy includes working to promote a sustainable environment, a good work environment for our employees and the sound development of the communities in which we operate.

BUILDING MAINTENANCE INNOVATION

A growing number of innovative ideas in facility management are taking shape and being converted into actual products. This is true not least in property services, where we are seeing how new technology is helping to ensure a more secure and higher-quality service delivery. In 2019, for example, Coor started using a "digital twin" at Karolinska University Hospital in Solna, Sweden. The entire hospital building, including all installations as well as walls, doors, sewage pipes and drains, are registered in a system that is continually updated as the building evolves. Using this double of the building, we can easily see what needs to be addressed and maintained and where, without having to go into the building and interrupt the activities.

THE WORKPLACE AS A BRAND ELEMENT

As a facility management firm, Coor helps to strengthen the employees' experience of their employer. This applies both to the physical workplace and to the services that are offered there. Employees and customers must be able to recognise the company when they enter their workplace, and immediately get a positive vibe. This requires that Coor, as the service provider, is able to adapt to the customer's brand and values both in terms of what we deliver and how we do it. We need to make life simpler for the employees, for example by offering a bicycle service for our customers' employees, or thinking about how to provide a good level of service to those employees who choose to work from home. One of our exciting challenges in this area is that many of our customers do not work in a classic office environment, but in warehouses, on factory floors or in corridors under hospitals.

COOR NAMED *BEST STARTUP COLLABORATOR* BY IGNITE SWEDEN FOR SECOND YEAR RUNNING

The award is given by Ignite Sweden, a business matchmaking programme established by Things Stockholm, Sting, SISP, Lead, Minc, Uminova and Vinnova.

The award went to the company that had shown that it is possible to have a fruitful working relationship with start-up businesses, despite differences in size, financial strength and culture. By being open to new ideas and new technology, Coor entered into new partnerships in 2019, which is crucial to ensuring that new start-ups as well as large, established companies remain on the international front line.

The start-up society is an important part of Coor's ecosystem for innovations, and the matchmaking programme run by Ignite Sweden makes a big difference for Coor. Through its collaboration with Ignite Sweden, Coor shows that it is possible to drive innovation through start-up partnerships.

EVERYTHING WORKS WITH COOR

Coor offers around a hundred different services in various service areas, ranging from individual cleaning services to complex IFM deliveries. Regardless of which services are provided, we always strive to create the Nordic region's happiest and most functional work environments. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

PROPERTY SERVICES

Coor is an expert at property services – some 15 million square metres of floor space across the Nordic region are maintained by Coor. Coor is a professional partner that always ensures it finds a good mix of corrective and planned maintenance over time, with the aim of optimising the cost for the property over its lifecycle.

CLEANING

Coor's strength lies in its ability to combine the professionalism of a large cleaning services company with the commitment of a local player. Coor has the resources, methods and expertise that are required to provide a wide variety of cleaning services: from office cleaning to more advanced services such as cleaning of hospital environments and cleanrooms.

FOOD & BEVERAGES

Coor runs a large number of restaurants in Sweden, Norway and Denmark. The key to success in this business is to adapt to local conditions, as no two countries or regions are alike. That's why the menus for Coor's restaurants are based on local produce and adapted to local preferences. All restaurants have a focus on sustainability and reduced food waste.

CONFERENCE SERVICES

Meetings are an important part of working life. Our conference business includes Coor's own conference facilities as well as conference services that are provided on site at the customer premises. We ensure that our customers have a good experience throughout their meeting and are happy to assist with special requests.

OFFICE SERVICES

Coor's goal is to create a workplace where our customers, their employees and guests are happy. This means giving them a warm welcome at reception, good-quality coffee, fruit baskets that are continually replenished, a smooth and efficient mail and freight handling service and functioning photocopiers as well as ensuring that office supplies are always available and that light bulbs are replaced. These are small but crucial details for ensuring a well-functioning workplace. Here, Coor can easily apply its smart solutions for increased customer satisfaction, for example in the form of sensors that measure the indoor climate and detect whether conference rooms are being used.

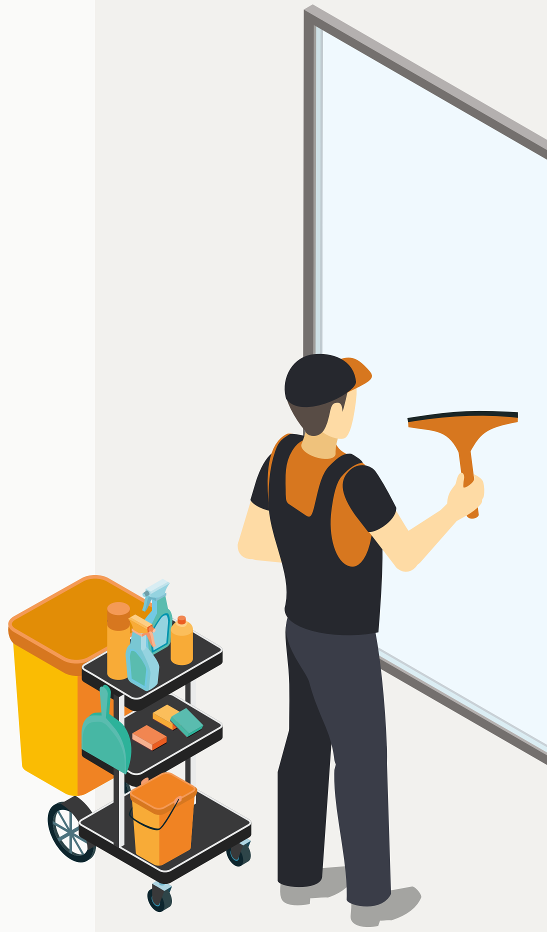
SECURITY

Coor has long experience of providing security solutions for businesses with high security requirements. Security guards, security technology, access control and fire safety are a few examples of Coor's security services.

OUTDOOR ENVIRONMENTS

The outdoor environment is what our customers and their employees encounter first upon arriving at work in the morning. Coor ensures that bushes, lawns and flower beds always look their best. In the winter, car parks and roads are ploughed and maintained – all to create an appealing and safe outdoor environment.

I like it when everything is clean around me



PESHRAW
Age: 29
Works as: Cleaner

Tell us, what does good service mean to you?
"We always try to do our best and often put in a bit of extra time to ensure that our customers are happy. If, for example, someone has spilled some coffee in a place that is not part of our area we will deal with it immediately anyway. If things are dirty where I am working, it would be embarrassing if people saw me, even if it isn't my responsibility. And I also like it when everything is clean around me!"

In what way do you work sustainably?
"We mostly clean without chemicals, both for the sake of the environment and to create a nice indoor environment for the customer. But for stains we use detergents. We also sort all waste that we find, separating metal, light bulbs and so on."

How do you like working at Coor?
"I'm very happy with my job at Coor. My colleagues are nice and I enjoy my work. Our supervisors always help us when we ask about something we are unsure about or don't know how to do, and explain how to do it. I like being able to move about across the workplace and meeting lots of people."

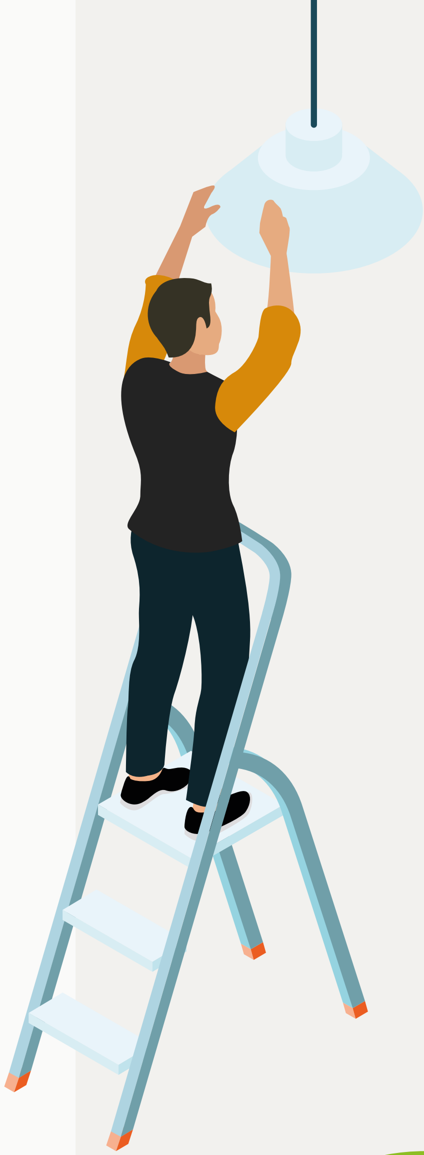
Good service is about striking a balance between professionalism and being personal

EMELIE
Age: 26
Works as: Hostess at Coor's head office

What does an ordinary day look like for you?
"At our head office, we want to show what a Coor-run workplace should look like, so everything needs to be tip-top. When visitors arrive, I welcome them, call the right person and offer them coffee. Sometimes I get asked to do things that are outside my normal duties, and of course I always help out whenever possible."

What does "good service" mean to you?
"Good service is about striking a balance between professionalism and being personal. I always try to stay one step ahead, even in small things. If a visitor pulls out a laptop, I ask them if they need a WiFi password, for example."

What do you like most about your job?
"I like to discover the different characteristics and needs of people and then adapt my service accordingly. Some want to be left in peace, while others like to chat. You need to rely on your intuition, which is great!"



Coor is very culturally diverse, and I like that

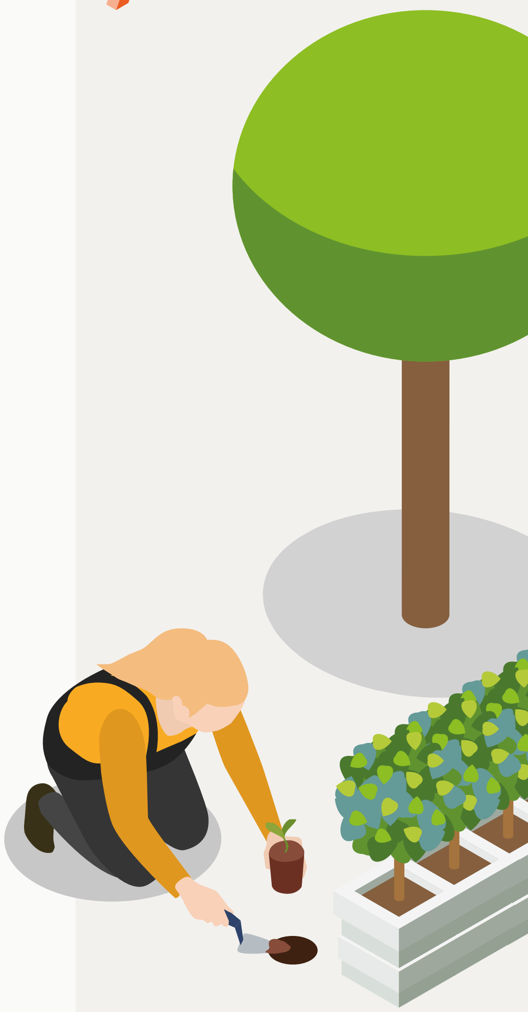
ERNESTO
Age: 56
Works as: Caretaker

Tell us, what do you do during the days?
"I do everything! In property services, we're responsible for tasks such as repairing toilets, replacing broken mirrors or fixing roof tiles that have come loose. Some things need to be done immediately while others are less urgent."

What do the customers think of your job?
"Occasionally someone may get irritated if things aren't done straight away. When that happens, we try to reassure them and explain that some things take time. But generally people are nice and very grateful when we come."

What is the best thing about your job?
"It is a varied job where I do different things each day, and I like that. At several of our customer's departments, I've got to know people well. There I'm not just one Coor employee among many; I'm Ernesto!
I also like the fact that Coor is very culturally diverse."

How do you collaborate with other departments?
"We help each other. If there is a leak, for example, and a plumber comes to fix it, we help to ensure that things are safe and turn off all sprinklers and taps. If you agree on things with other people, everything works more smoothly."



Visitors often ask about their own flower beds

LOTTA
Age: 46
Works as: Gardener

Tell us about your job as a gardener at Coor.
"I work on the outdoor environment for a big customer. In the summer, I look after all the flower beds and planted areas, and in the winter it's mostly about clearing snow and gritting. We also have car parks and large areas that need to be kept free of trash and cigarette butts. And people often come up to me for a chat. They often say that things look nice, or ask about their own flower beds."

What do you like most about your job?
"I'm plant nerd – that's my passion – but I also like it when there's a lot going on. Now I'm just about to start the cleaning machine to clean the goods reception area. Another day I might drive a tractor, work in a flower bed or run a training course in CPR, for which I'm an instructor."

How do you integrate sustainability in your work?
"We try to be as environmentally friendly as possible. We never empty a rubbish bin until it is full and we remove anything that can be sorted and recycled. We use eco-friendly products for the plants and drive electric vehicles. All greenery absorbs carbon dioxide, and the vegetation on the roofs also insulates the buildings and helps to reduce energy use."

You get to use all your senses

CILLA
Age: 53
Works as: Garde-manger at one of Coor's lunch restaurants

Tell us what a typical day looks like for you?
"In the morning, I bake bread for the dining room and prepare sandwiches. Then it's time to prepare the salad buffet. I make dressings and dips and make sure everything looks nice and fresh."

Good service – what does that mean to you?
"That you listen to the customer and are open to suggestions. If a guest asks for something special in the buffet, I normally try to ensure that it is included next time."

What is the best thing about your job?
"It's very creative, and it's very much about fragrances, tastes, textures and the feel of things. You have to use all your senses. And I don't need to go the gym; I get a free workout here, every day!"

What do you do to make life easier for our guests?
"I present varied, tasty food that looks nice. We make sure there is something for every taste bud, so that our guests get the energy they need to work. If somebody has an allergy, for example, I help them to find the right dish and suggest other options because I know what everything contains."

Operating the robots is exciting and a great learning experience

SHAINA
Age: 25
Works as: Goods staff

Tell us what you do at Coor?
"I work at the goods reception department of a big customer and we handle nearly all parcels that arrive here, sometimes several hundred in a day. We use autonomous robots to transport the goods to the various departments. The robots have integrated lifts and make about 1,600 transports a day."

What does good service mean to you?
"Service means dealing with everyone you meet in a nice way. Giving the people you meet a smile often goes a long way even when things are stressful and everyone has a lot to do. Sometimes a parcel may be particularly urgent. In those cases, we track the parcel very quickly and deliver it directly into the hands of the recipient. When the customer notices that we take things as seriously as they do, this creates a good relationship."

What do you enjoy most about your job?
"Operating the robots is exciting and a great learning experience. This is advanced, cutting-edge technology and something that we are proud of. We often play music down here. The atmosphere is easy-going and people laugh a lot. It often rubs off on the visitors too!"

FLEXIBILITY THE KEY FACTOR IN HOSPITAL TENDER

When the Hospital of Southern Jutland needed to procure cleaning services, they were also on the brink of a major redevelopment project. They therefore needed a service provider that would be able to provide reliable, high-quality services and be flexible during a chaotic construction period. The choice fell on Coor.

"When a public-sector organisation outsources a service, it's normally the price that determines who is awarded the contract. But this time it was professionalism and flexibility as well as the ability to work effectively with other people and a focus on training that were most important," says Helle Lausten, Process Manager at the Hospital of Southern Jutland.

The hospital consists of three somatic departments located in Aabenraa, Sønderborg and Tønder. Since 1989, the cleaning of the hospital has been outsourced to many different service providers. Elite Miljø, now a part of Coor, won the tender in 2011. At that time, the choice of service provider was based on price. When the hospital put out a tender for cleaning services in 2018, the parameters had changed completely.

"We have units in three different cities and are also in the process of building a completely new hospital with private rooms. This naturally places certain demands on our service providers, who need to be flexible amid the chaos caused by the construction project and be willing to move their personnel about and test new workflows. When I suggest that we try something new, it feels like Coor's staff are on board immediately! So they have really lived up to our requirements," Helle Lausten recounts.

Hospital cleaning is a special type of service that is ultimately about patient safety. The hospital therefore demanded that the employees of the contracted firm be trained as cleaning technicians. So far, the partnership between Coor and the Hospital of Southern Jutland has resulted in 90 employees receiving training, and the employees have increased their skills and now also take greater pride in their work.

"It is important for us to know that the staff have the necessary skills. And our hospital has become very clean. The latest inspection showed that we have the cleanest hospital in the whole of the Region of Southern Denmark," Helle Lausten says.

ABOUT THE HOSPITAL OF SOUTHERN JUTLAND

The Hospital of Southern Jutland comprises the accident and emergency department in Aabenraa, the specialist hospital in Sønderborg and the day hospital in Tønder. In addition, a new care unit with 120 beds is set to be built in Aabenraa.

Coor's assignment:
Coor is responsible for hospital cleaning and related duties at all units, including administrative premises and common areas as well as operating theatres and laboratories.

A COMPLEX DELIVERY THAT NEVER STANDS STILL

When a contract requires a high level of security and is logistically complex, a close working relationship is the key to success. The relationship between GKN Aerospace and Coor has evolved into a partnership in which both parties are equally keen to support and communicate with each other.

"Coor was able to offer an integrated concept comprising all the services we were looking for, and at the right price too. That's why we chose them again in our latest procurement. A crucial factor was also their complete transparency, notably on costs. This has created trust between us and Coor, and today our relationship is one in which both parties really communicate openly with each other. That is essential, as we are a demanding customer," says Bo Larsson, Director Facilities & Environment at GKN.

GKN Aerospace in Trollhättan, Sweden manufactures high-tech components such as engine parts for aircraft and rockets. Each month, Coor's 100-strong on-site workforce handle everything from property services, archiving and security as well as many of the over 40,000 internal transports that are made between the various manufacturing units of the plant each month. According to Bo Larsson, the smooth running of the complex services is due to the careful preparation that went into the assignment even before the contract entered into force.

"We spent a lot of time going through the agreement together to clarify what it says, and this has created trust. The current agreement contains very detailed instructions on how the work should be carried out, not just that it should be done."

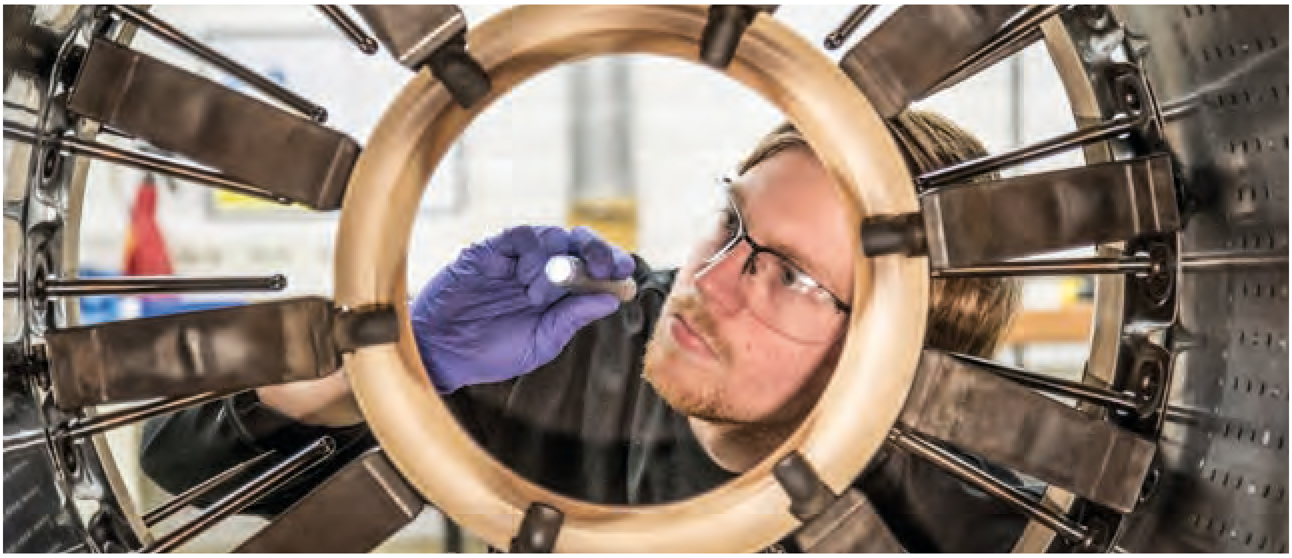
Bo Larsson describes the straightforward communication and transparency that permeate all aspects of the partnership and facilitate day-to-day interaction, for example with regard to training. GKN's production plant is classified as a restricted facility due to the stringent requirements of the military and aviation industries, but security is also tight because many of the components are extremely sensitive. Some components literally need to be handled with cotton gloves, and the strict regulations require a high level of training for the staff. The solution has been for Coor and GKN to jointly identify the necessary training requirements and for GKN to assist in training Coor's staff.

"I believe both parties really feel that *we can be open, so if any problems were to arise we have trust in each other – we know that we can solve the problems together," Bo Larsson concludes.

ABOUT GKN AEROSPACE

GKN Aerospace is a global company that manufactures components for aircraft and rockets. The Trollhättan plant is one of the largest in the world with over 2,000 employees.

Coor's assignment:
Under the contract, which has been in place since 2005, Coor's staff provide property, process maintenance, transport, security, security guard and restaurant services.



INNOVATION SHOWS THE WAY IN BROAD CONTRACT

How do you raise the level of service in a contract that covers everything from restaurant, conference and reception services to caretaking and property services? If you ask Vasakronan, the answer is through innovation and a close partnership.

"Coor's contract is wide-ranging and this creates a challenge when it comes to ensuring an even and high level of service in all areas. We continuously strive to develop our services and sometimes implement changes very rapidly. That puts a lot of pressure on our service providers," says Åsa Almquist, Director of Purchasing at Vasakronan.

The partnership between Coor and Vasakronan goes back to 2009 and covers a broad range of facility management services: restaurant, conference, reception, caretaking and, since 2018, property services at various locations across Sweden. It is an undertaking that demands a high degree of trust. Today, over 200 Coor personnel work in Vasakronan's properties, making this one of Coor's largest assignments.

"Given the size of this assignment, it is important to ensure that we have the same values and ambitions and the same thinking about customer work. Coor's technicians are very important to us, as they are on site and meet our tenants on a near-daily basis," Åsa Almquist says.

To ensure that the partnership with Vasakronan is as successful as possible, Coor needs to be flexible and have its ears to the ground. A strong emphasis also needs to be placed on innovation in order to develop the existing FM services and produce proposals for new solutions.

"Coor strives to understand our challenges and is generally quick to respond. They listen attentively to our wishes but are also good at coming up with their own suggestions for how to improve our operations," Åsa Almquist says.

Vasakronan's immediate concern is the next step in developing the company's services for its customers, both in the areas where they already have various service concepts in place and for *Arena*, Vasakronan's coworking concept that will be launched in 2020.

"Our partnership with Coor is very flexible. We listen to each other's wishes and everyone is free to come up with ideas and try out new solutions," Åsa Almquist says.

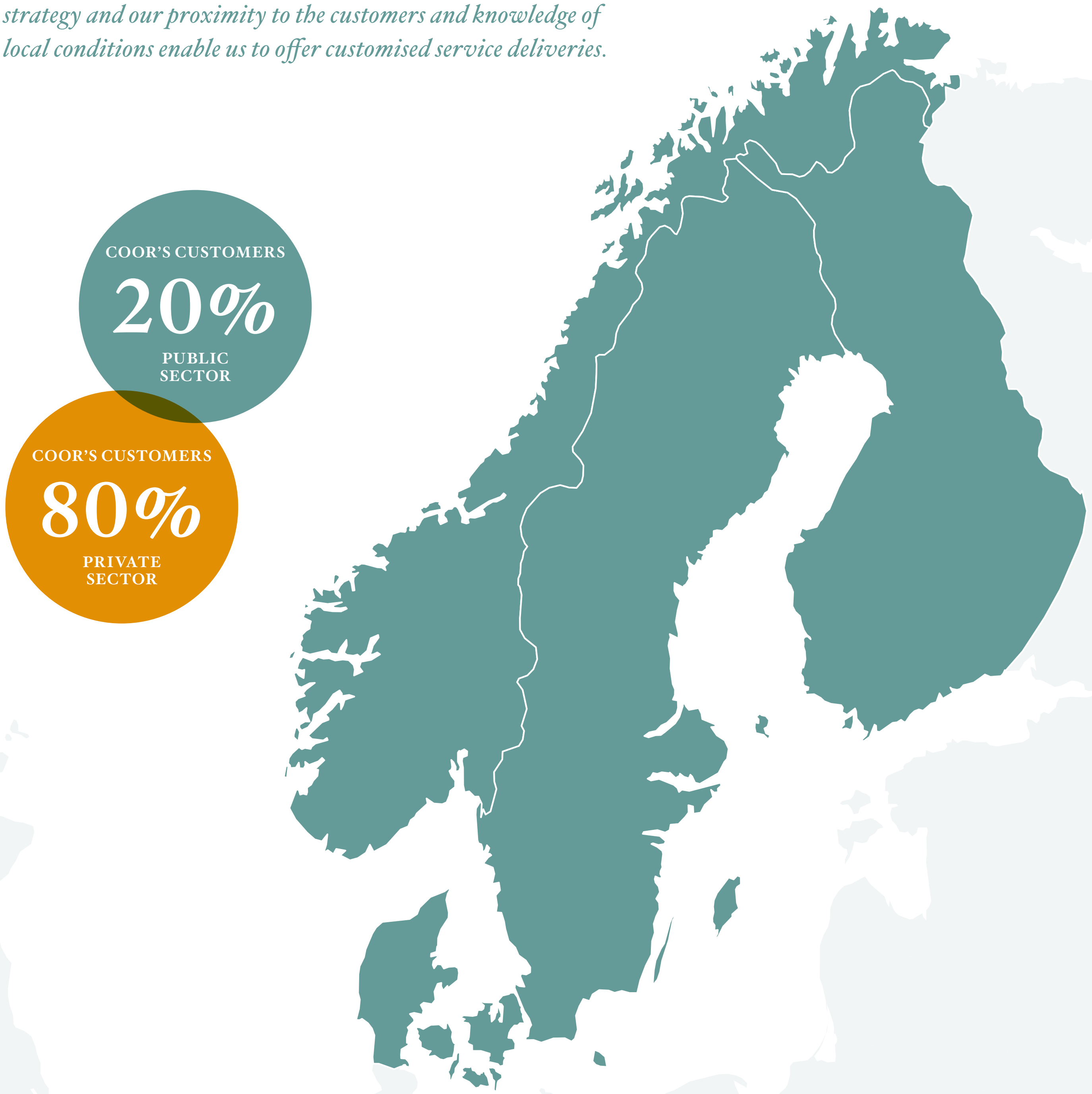
ABOUT VASAKRONAN

Vasakronan is Sweden's largest property company with a portfolio of 173 properties and total floor space of 2.3 million square metres.

Coor's assignment:
Vasakronan has been an IFM customer since 2009, with Coor providing restaurant, conference, reception, caretaking and property services in the company's properties across the whole of Sweden.

NORDIC SPECIALIST

The Nordic countries are Coor's home market. Coor operates in Sweden, Norway, Denmark and Finland. Our explicitly Nordic strategy and our proximity to the customers and knowledge of local conditions enable us to offer customised service deliveries.



> *The Nordic countries are Coor's home market, and will remain so.*

ACQUISITION STRENGTHENS THE BUSINESS

In 2019, Coor Sweden focused on developing sustainable strategies for moving the business towards Coor's goals for 2025. The company also acquired Norrlands Miljövård, which adds to and strengthens Coor's existing offering in cleaning services.

SUCCESSFUL DEALS

Coor Sweden extended many key customer contracts in 2019, including its major IFM contracts with Volvo Cars, Saab, Tieto and NCC. Coor was also contracted by ICA to provide IFM services to ICA's offices, warehouses and logistics facilities and by the Region Gävleborg to provide cleaning services at the region's hospitals. Coor's telephony business entered into a contract with the Region Östergötland and three units in the Region Stockholm, of which Karolinska University Hospital is the largest.

ACQUISITION OF NORRLANDS MILJÖVÅRD

In 2019, Coor acquired the cleaning firm Norrlands Miljövård. Through high-quality services and a local presence, Norrlands Miljövård has generated strong customer loyalty and has a leading position in cleaning services in northern Sweden.

STRATEGIC FOCUS

In 2019, Coor Sweden engaged in intensive strategy work and set the strategic agenda for achieving the company's long-term goals. As part of this effort, a new Sustainable Development function was established, with responsibility for driving the strategic development of Coor's sustainability management activities.

NET SALES BY TYPE OF CONTRACT

- Integrated FM (IFM) 65%
- FM services 35%

SHARE OF CONSOLIDATED NET SALES

50%

TOP FIVE CUSTOMERS

- AB Volvo
- Ericsson
- Karolinska University Hospital in Solna
- Saab
- Volvo Cars

COOR SWEDEN, KEY PERFORMANCE INDICATORS

	2019	2018
Net sales, SEK million	5,138	4,788
Organic growth, %	*6*	*6*
Acquired growth, %	*1*	*0*
FX effects, %	*0*	*0*
Adjusted EBITA, SEK million	462	434
Adjusted EBITA margin, %	9.0	9.1
Number of employees, FTE	4,591	4,222

ANNACARIN GRANDIN
CEO OF COOR SWEDEN

WHAT ARE YOU MOST PROUD OF?

"This really has been a very successful year for Coor Sweden. I'm proud that we have succeeded in renewing so many customer contracts while also signing important new contracts. 2019 was also a year in which we prepared for the future. We carried out a thorough analysis of the business to ensure that we are able to put all our efforts into achieving our growth targets in a sustainable manner."

WHAT WERE THE HIGHLIGHTS OF THE YEAR?

"The highlight of the year was the acquisition of Norrlands Miljövård, a well-managed family firm that is a good fit for our company. Together with Norrlands Miljövård, Coor will have a much stronger base in Norrland. Another highlight was the start of our IFM delivery to ICA, which is large as well as complex. Last but not least, it was a highlight to see the results of the year's employee and customer surveys. I'm immensely proud of the excellent ratings we achieved in both surveys."

FOCUS ON SUSTAINABILITY

Coor Norway has concluded another successful year in which many important customer contracts were extended. A new strategy and the launch of an extensive sustainability programme were two other milestones in 2019.

EXTENSIVE STRATEGY WORK

In 2019, Coor Norway placed a strong emphasis on developing its strategy. The company was reorganised to ensure that it is able to meet expectations and demands from customers and the market in terms of skills, efficiency and implementation. In addition to strategy development, Coor Norway placed a strong focus on key areas like developing and strengthening the company's safety culture.

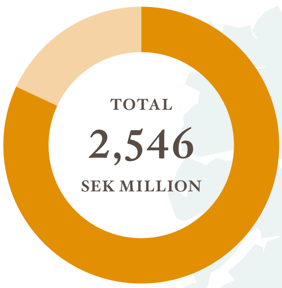
MULTIPLE SUSTAINABILITY INITIATIVES

In 2019, Coor Norway worked on a number of different sustainability initiatives, both individually and in partnerships. These included *The Factory*, which is aimed at supporting start-ups in property technologies; *Matfloken*, an initiative to encourage better and more sustainable eating habits in Norway; *Ringer i Vannet* and *Fagbrev på jobb*, which centre on skills development and on getting people into work.

A SUCCESSFUL YEAR

Several important customer contracts were extended during the year, including the major contracts with Aibel, Aker Solutions and Deloitte. These are IFM contracts under which Coor provides a range of services. The Aibel contract was extended to 2022, Aker Solutions to 2025 and Deloitte to 2020.

NET SALES BY TYPE OF CONTRACT



- Integrated FM (IFM) 82%
- FM services 18%

SHARE OF CONSOLIDATED NET SALES

25%

TOP FIVE CUSTOMERS

- Aibel
- Aker Solutions
- Equinor
- SAS
- Storebrand

COOR NORWAY, KEY PERFORMANCE INDICATORS

	2019	2018
Net sales	2,546	2,351
Organic growth, %	*4*	*15*
Acquired growth, %	*3*	*8*
FX effects, %	*1*	*4*
Adjusted EBITA	161	150
Adjusted EBITA margin, %	6.3	6.4
Number of employees, FTE	1,483	1,556

NIKOLAI UTHEIM
CEO OF COOR NORWAY

WHAT WAS THE MOST IMPORTANT THING THAT HAPPENED IN 2019?

"It is of course very gratifying that several of our customers have chosen to extend their contracts with us. Our strategy, which has a strong focus on sustainability, will inform much of what we do over the next few years. It will be an exciting journey!"

WHAT ARE YOU MOST PROUD OF?

"I'm most proud of my own organisation, which has undergone a major reorganisation and handled it in a very good way. We have also seen a positive development in our customer and employee surveys, which makes our successful performance in 2019 all the more impressive."

HOW ARE YOU IMPLEMENTING COOR'S NEW VISION?

"Our vision defines a clear expectation for our focus over the next few years. It also fits in with the work we have already initiated in Norway, which we call 'I care culture.' Our employees are an incredibly important part of our vision. They are the ones that help to create functional and happy work environments both internally at Coor and at our customers' sites. We will continue to work on what we have already started while also striving to become better at what we do all the time!"

EMBARKING ON A JOURNEY TO THE FUTURE

In 2019, Coor Denmark began a journey to the future by expanding its partnerships with its largest customers. Employee development and social sustainability were also high on the agenda.

THREE LARGEST CONTRACTS EXTENDED

During the year, Coor Denmark extended three of its largest contracts. The longest contract extensions were those with the Danish Police, which was also expanded to include the Prosecution Authority and the Prison and Probation Service, and with GN Store Nord and VELUX. Coor Denmark also entered into contracts with several new customers for delivery of single services. One of these is SPP at Copenhagen Airport.

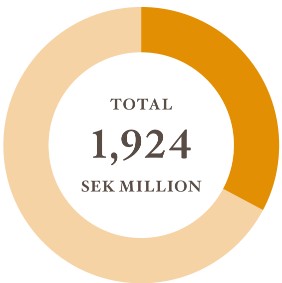
EMPLOYEE DEVELOPMENT

Coor continues to promote employee development. The emphasis has been on skills development and regular reviews and discussions between managers and employees. Other important activities include an active staff association and increased efforts to develop the company's internal communications strategy and set-up.

EFFICIENT PROCESSES AND WORK METHODS

During the year, a strong emphasis was placed on streamlining processes and work methods, both with the aim of increasing revenue and to prepare the organisation for further growth. The cleaning business in the Danish organisation was reorganised through the merger of the two previous sections.

NET SALES BY TYPE OF CONTRACT



- Integrated FM (IFM) 33%
- FM services 67%

SHARE OF CONSOLIDATED NET SALES

18%

TOP FIVE CUSTOMERS

- Aarhus University Hospital
- Danish Police
- GN Store Nord
- Hospital of Southern Jutland
- Velux

COOR DENMARK, KEY PERFORMANCE INDICATORS

	2019	2018
Net sales	1,924	1,658
Organic growth, %	*6*	*18*
Acquired growth, %	*7*	*78*
FX effects, %	*3*	*12*
Adjusted EBITA	74	64
Adjusted EBITA margin, %	3.9	3.9
Number of employees, FTE	2,163	2,163

JØRGEN UTZON
CEO OF COOR DENMARK

WHAT WERE YOUR FOCUS AREAS IN 2019?

"The extension of three of our largest contracts. We also worked on ensuring that we have the right people and the right organisation, and that we are working on the right things. This is important for our growth and something that we will continue to work on in 2020."

HOW HAVE YOU INTEGRATED INNOVATION AND SUSTAINABILITY?

"We have focused on quality and sustainability in our deliveries. Our restaurants are a good example of that. All our beef is organic and we use as many parts of the animal as possible to reduce food waste. In our property services division, we place a strong emphasis on services that handle the registration of facilities, compliance with building standards and energy optimisation. We have made great progress in energy optimisation, notably for VELUX and GN Store Nord."

HOW WILL YOU CONTINUE TO ATTRACT NEW EMPLOYEES?

"There are many opportunities to develop your talent at Coor. For example, nearly half of our cleaning staff at hospitals are now trained cleaning technicians, thanks to a major training initiative."

KEY STRATEGIC MEASURES

In 2019, Coor Finland focused on profitability and the implementation of key strategic measures.

CONTRACTS EXTENDED

During the year, several customer contracts were extended, including those with Attendo, The town of Pargas and VTT. Coor Finland also entered into a number of new contracts. This consolidates Coor Finland's status as a nationwide service provider with a flexible service offering.

STRATEGIC FOCUS AREAS

The development of both IFM and single service contracts, and a focus on the FM business, formed a key part of Coor Finland's strategy development activities in 2019. Coor Finland also implemented efficiencies in certain areas during the year.

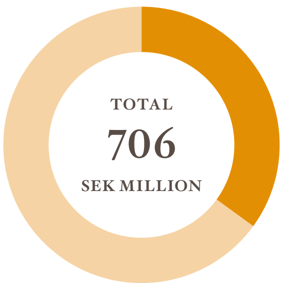
HEALTH AND SAFETY EFFORTS YIELD RESULTS

The company's systematic health and safety management activities have produced tangible results, as seen in the injury rate (TRIF), which has been halved over the past three years. The company takes a systematic approach to building a common work culture in which safety issues are prioritised.

A STRONG EMPHASIS ON SUSTAINABILITY

Coor Finland encourages its employees to continue to develop their skills, and in 2019 the company started a language course for employees with a foreign background. This is an important part of the company's social sustainability activities and a condition for inclusion. Other initiatives include fuel use monitoring and certain cleaning assignments where no chemicals are used.

NET SALES BY TYPE OF CONTRACT



- Integrated FM (IFM) 35%
- FM services 65%

SHARE OF CONSOLIDATED NET SALES

7%

TOP FIVE CUSTOMERS

- ABB
- Attendo
- Senate Properties
- Varma
- Telia Company

COOR FINLAND, KEY PERFORMANCE INDICATORS

	2019	2018
Net sales	706	694
Organic growth, %	*-1*	*19*
Acquired growth, %	*0*	*0*
FX effects, %	*3*	*8*
Adjusted EBITA	13	7
Adjusted EBITA margin, %	1.8	1.1
Number of employees, FTE	945	1,047

MARCUS KARSTEN
CEO OF COOR FINLAND

WHAT ARE YOU MOST PROUD OF?

"What I am most proud of is our employees' attitude and the commitment they show on a daily basis. Our success would not be possible without them! I am also proud that we have succeeded in restructuring our organisation into a nationwide service company providing local services that we adapt to each customer's particular needs and wishes."

WHAT ARE YOU DOING IN THE AREA OF SAFETY?

"Safety is one of our highest priorities. Over the last few years, we have halved our injury frequency rate and developed our processes and our safety culture in close collaboration with the employees."

WHAT HAS THE MOVE TO THE NEW HEAD OFFICE MEANT FOR YOU?

"We want to practice what we preach, is what I like to say when speaking about our new, smart head office. An efficient and pleasant workplace were the guiding principles when we planned our new head office in Espoo. The result is a modern and inspiring office where employees and visitors really enjoy being."

FOCUS ON PEOPLE

Respect for the equal value and rights of all people is fundamental to Coor. Social sustainability is about taking responsibility as an employer and engaging in social development at the local level.

EMPLOYEE ENGAGEMENT

Coor's employees have a strong drive to continually improve our service delivery to the customer. Coupled with a structured innovation process, this highly developed culture of improvement makes it possible to realise identified improvements. To leverage the full potential of our employees, it is essential that everyone knows that they are seen, that they matter and that they make a difference for Coor. At Coor, we refer to our efforts to build employee engagement as *A Passion for People*.

In 2019, several activities were carried out to strengthen employee engagement and participation. A majority of employees took part in "WeAreCoor" gatherings, an initiative aimed at highlighting the positive energy that exists in the workforce as a whole.

COOR AWARDS

The Coor Awards is a Group-wide competition that is held annually. The aim of the competition is to highlight and award employees who have made significant contributions for colleagues and customers during the year based on Coor's values. Anyone can nominate and be nominated. The categories for the Coor Awards are: *Employee of the Year*, *Manager of the Year, Improvement of the Year*, *Sales of the Year* and *Guardian Angel of the Year*. In each country, winners in all categories are announced and celebrated locally. The country winners then participate in the prestigious Group-level competition, the winners of which receive their awards at the annual managers' conference, where the awards ceremony is an important and much appreciated element. Interest in the Coor Awards has grown over the years, and there is a genuine enthusiasm about the competition in the company and a strong will to highlight the people who are contributing to Coor's success. The Coor Awards are a testament to – and add to – the pride that we feel in being a part of Coor.

HEALTH AND SAFETY

All employees should be able to work in a good and safe environment. Coor's health and safety activities are based on identified risks as well as general legal requirements, and cover risks linked to the physical as well as psychosocial work environment. At the beginning of 2019, Coor received ISO 45001:2018 certification for our health and safety work, and the first periodic audits were conducted during the year. The certification helped to raise risk awareness throughout the organisation, as is also evident in the report from DNV-GL. The report shows that our focus is not just on the physical work environment, but also on the psychosocial aspects. This minimises the risk of work-related stress and ill health.

LOCAL SOCIAL COMMITMENT

At Coor, we believe in giving something back to the societies in which we operate. *Coor Society Program* helps to promote sustainable development by simplifying the integration of new employees, and helping those who need assistance and support. To realise this objective, each country runs its own initiatives through local networks. Some of the ongoing projects include: language courses for employees who have recently arrived in the country, opportunities for Coor employees to participate in further education courses alongside their work, mentorship for entrepreneurs in suburban areas, help to join the labour force for the long-term unemployed and help with homework for children and young people in deprived neighbourhoods.

PASSION FOR PEOPLE
COOR SOCIETY PROGRAM

COOR RECOGNISED FOR PARTNERSHIP THAT HELPS PEOPLE FIND WORK

In 2019, Coor Denmark, working in partnership with the Danish municipality Ikast-Brande and Ramsdal Gruppen, created a project aimed at helping the long-term unemployed join the labour force. The project is a good example of how local authorities and businesses can work together to create jobs and assume social responsibility.

The results show that 31 out of 41 of the participants found a permanent job or are on their way to finding one.

The project caught the attention of the Danish government, and in the spring, the company's offices received a visit from then Prime Minister Lars Løkke Rasmussen, who expressed his happiness at hearing the employees' stories and was inspired by the good results.

Coor was also given two awards for the project, the latest in 2019 in the *Upgrading of Skills* category. The award was given by Deloitte and Kraka, which in collaboration with the Confederation of Danish Industry (DI), Local Government Denmark (KL), the Danish Tech Ambassador and Social Capital Fund on the Small Great Nation Relay, named Coor as one of the best examples of a company that is making a difference.

Coor is part of a large employment engine and helps people to join the labour force. At Coor, we are very proud of giving people the opportunity to support themselves.

KHANH IS STUDYING FOR A DEGREE AT WORK

KHANH THI KIM HO

Lives in: Oslo, Norway
Age: 30
Employed at Coor since: 2014
Works as: Kitchen staff at Food by Coor for Coor's customer Equinor

"This is a fantastic opportunity for those who want to develop their skills"

A certificate of apprenticeship is a Norwegian vocational degree that is based on studies and practical experience in a specific profession. The Norwegian Parliament has made it easier for employees in industrial kitchens and the construction sector to gain a certificate of apprenticeship in collaboration with their employers without giving up their employment or salary.

As part of *Coor Society Program*, around 20 Coor employees are currently studying for a vocational certificate during working hours. One of them is kitchen staff member Khanh Thi Kim Ho, who for the past five years has been working in the Food by Coor kitchen at Coor's customer Equinor in Oslo. She is responsible for catering at meetings and helps the chefs in the kitchen during large events. Khanh is currently doing six hours of study every other Wednesday.

"This is a fantastic opportunity for those who want to develop their skills while continuing to work and keeping their salary. I see this as my big chance. A vocational certificate often leads to a better salary and more responsibility, says Khanh, who dreams of becoming a chef."

ENERGY AND PASSION EARNED HANIFA THE TITLE OF EMPLOYEE OF THE YEAR

HANIFA SUBASIC

Lives in: Malmö, Sweden
Age: 32
Employed at Coor since: 2015
Works as: Project Manager at E.ON

"Hanifa is a highly creative, positive and inspiring colleague and saleswoman – a model member of the Coor family! Hanifa has a strong sense of morals and always has the customer's best interests in mind. She is also an ambassador for Coor in every way. A truly dedicated enthusiast of star quality. Hanifa loves her job and Coor as an employer, and that is obvious to everyone."

Those are the words of the jury which named Hanifa Subasic *Employee of the Year 2018* at the Coor Awards.

Hanifa herself believes her success is largely due to her ability to see all her colleagues and a desire to make everyone's work as good and simple as possible.

"Receptionist, cleaner, project manager – for me it makes no difference who you are at Coor. I like to ask my colleagues what I can do to make their work easier, and then I pass it on to the customer. That way, we can meet the customer's needs as well as our own. I make things happen and I want everyone to feel that they really enjoy being here. It's a combination of caring about everyone and loving what we do."

Hanifa started working at Coor as an Account Manager for Vasakronan and now works as a Project Manager for E.ON. She is mainly responsible for managing relocation projects – vacating old offices and starting up new ones.

Hanifa says that it is the work itself that motivates her in her job.

"I believe in all our services. We make life much easier for our customers by making their workplace more enjoyable. I also feel that we have a high level of service internally and a broad pool of skills, which enables us to help each other. If there is something I can't do, there's sure to be a team behind me that can. Because of that, nothing is impossible for us at Coor."

GAME-BASED LEARNING FOR A SAFER WORK ENVIRONMENT

Ensuring that Coor's employees have a safe work environment is a top priority. To make our health and safety training programme easier and more enjoyable, Coor Norway has launched the *Coor My Learning* app. The app allows employees to learn about and practice different safety situations in any location and at any time.

The programme is aimed at all employees of Coor Norway, with special modules for restaurant, cleaning and property services. Gamification, or game-based learning, is based on the idea that people learn better if they are able to practice their skills in a hands-on, realistic manner and receive a clear response when they succeed in executing a task. That's exactly how *Coor My Learning* works. As of 2020, the app will also include a 3D environment to enhance the real-life aspect of the training.

The goal for ***Coor My Learning*** is to ensure that we have the industry's most confident and best trained employees in health and safety, and ultimately to ensure that Coor maintains its industry-leading position in this area.

EMPLOYEE SURVEY 2019

Each year, Coor carries out a comprehensive employee survey with the help of an external research firm. The survey is an important tool and gives employees an opportunity anonymously to express their views on what it is like to work at Coor. This year, the survey was answered by 80 (74) per cent of all employees. Each manager review the results with his or her employees, and action plans are drawn up.

The 2019, survey showed a very high employee motivation score (*Employee Motivation Index*) of 77 (74), which is an increase for the fifth year running. We also saw a strong increase in our *Leadership Index*, with a score of 80 (76). Since 2018, Coor has also had an *Engagement Index*, which measures employee engagement. The *Engagement Index* provides important guidance on the evaluation of the company's *People Engagement* activities. This year, our Engagement Index score was 79 (76), which is an indication that our initiatives are really making a difference.

80 (76) Leadership Index

79 (76) Engagement Index

COOR'S GUIDING PRINCIPLES – COMMON VALUES

Coor's corporate culture is built on the company's values – its guiding principles.
The three guiding principles provide a framework for the daily activities of all employees.

We see further. By being attentive and prioritizing correctly, we are one step ahead and can solve problems before they arise.

We listen. Through openness and clear communication, we take in opinions and ideas about how we can do things even better.

We create success. Through the ability to take action and a desire to improve, we put creative solutions in place quickly that are smarter and less costly – for us and our customers. Thus, we both benefit.

WORKING TO HALVE OUR CARBON FOOT-PRINT

For Coor, environmental sustainability is about actively reducing our environmental impact, mainly in our own but also in our customers' businesses. Coor's goal is to halve its own carbon footprint by 2025.

In 2019, Coor calculated its total carbon dioxide emissions with the aim of identifying those sources that have the largest impact and thereby determining where we can make the biggest difference.

Based on this baseline measurement, we are now taking measures to reduce Coor's environmental impact. Our focus areas for 2020 are food waste, travel, energy and chemicals, but work is also under way in other categories.

Activities aimed at reducing the climate impact of our daily operations are being carried out continuously. This is done partly through the services we provide and partly at Coor's own offices. We have a major responsibility for the impact of our own operations and at the same time a big opportunity to support our customers in their environmental efforts.

GREEN SERVICES

Part of this work is our *Green Services* environmental labelling system, which enables us to assess our service delivery to our customers from an environmental perspective in a simple and structured way. To assist our work, we have an assessment tool with clear scoring criteria. Through our *Green Services* tool, we give our customers many suggestions for environmental improvements to implement for each service.

BUILDING GREENER IN NORWAY

A growing number of companies in the construction and real estate industries have realised the importance of building sustainably, and the market is also increasingly demanding that new buildings be constructed in a sustainable way. Coor Norway is a member of the Norwegian Green Building Council, a non-profit member organisation that brings together nearly 300 companies from the Norwegian construction and real estate industry.

The Council also manages the international BREEAM In-Use certification scheme, which is aimed at reducing operating costs, energy use and the environmental footprint of existing commercial buildings. In 2019, Coor and its customer Storebrand Eiendom worked together to certify several properties in Storebrand Eiendom's portfolio. The effort to certify Storebrand's properties will continue in 2020.

For a number of years, Coor has had a strong sustainability focus in its customer contracts, which mainly involves measuring energy and water use and waste volumes. Coor is noticing a growing demand for energy advice and environmental certification services in property services, which Coor now offers its customers. This is an area that is expected to grow in 2020.

11%
reduced food waste at Coor's restaurants in 2019

1/3
of all food produced in the world is thrown away

LESS MICROPLASTICS IN THE SEA WITH MIMBLY

Two thirds of the environmental impact of clothing comes from the usage phase. Washing, drying and ironing account for around three quarters of the energy and water consumed in the lifecycle of a garment; a single wash can consume 60 litres of water. Over a third of the microplastics that end up in the ocean and in ecosystems are thought to come from washing of synthetic fabrics.

Start-up company Mimbly's business idea is to make the lifecycle of clothes and textiles less resource-intensive and more sustainable. Mimbly's solution involves using water in a smarter way and stopping all plastics from ending up in nature.

These water and energy savings and the reduction of microplastic emissions inspired Coor's innovation team to initiate a partnership during the year. Coor's goal is to help start-ups with a positive environmental impact enter their potential market in less time.

Coor was the first company to test the technology, which is very simple to install in new and existing washing machines. During the year, the first *Mimbox* was connected to Coor's washing machines at the company's head office in Stockholm and put into operation. The potential water savings range from 50 to 70 per cent, and the water filter filters out microplastics from the wash water, preventing them from spreading.

The filter used in the Mimbox has been designed to have a long service life, with minimal service requirements. The system can be connected to one or several washing machines.

In 2019, Mimbly was awarded Ignite Sweden's *Commercialisation Prize*.

AT EMMAS LEFTOVERS DON'T BECOME WASTE

With help from the employees, Emmas restaurant at Volvo Cars introduced an updated concept with the theme "Enjoy your lunch. We'll take care of the leftovers."

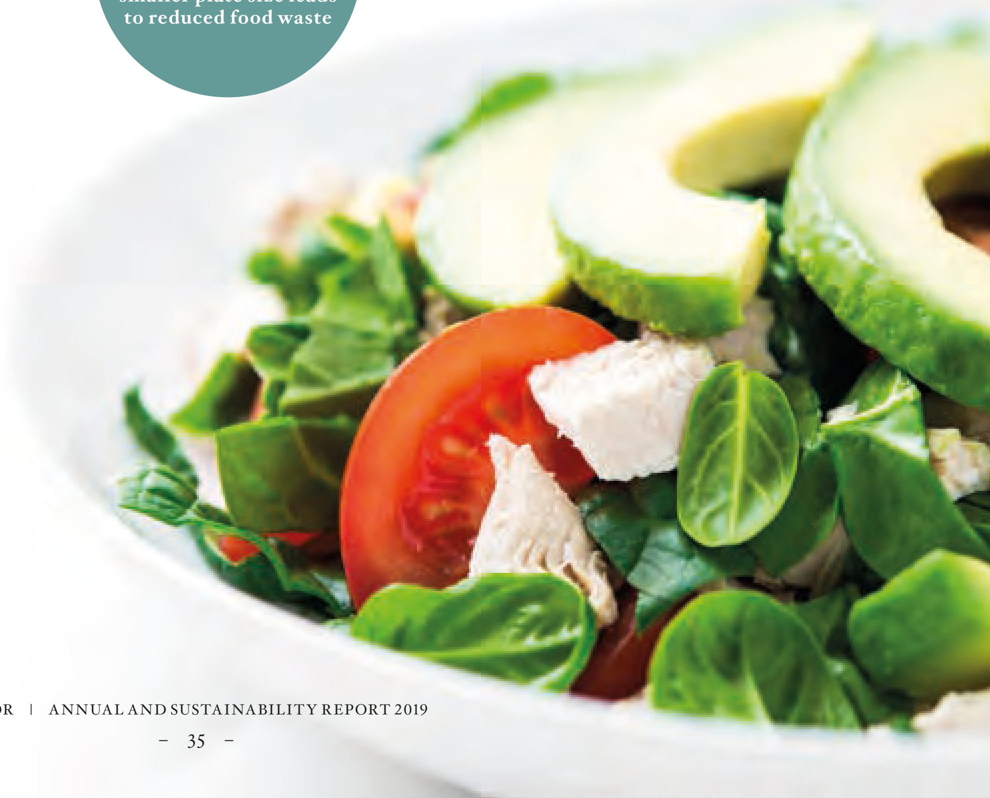
Emmas is a test restaurant for various initiatives aimed at reducing food waste. Every day, the restaurant contacts its suppliers of food ingredients to check if there are any lots that are at risk of being thrown away.

To reduce the restaurant's own waste, the traditional weekly menus have been scrapped. Instead, menus are created daily based on what is available in the kitchen each day. The size of the plates has also been reduced, from 27 to 24 centimetres.

In a playful way, the restaurant communicates with the diners about waste, or as Emmas prefers to call it: leftovers. The guests receive suggestions on what to do with their leftovers at home.

3 cm

smaller plate size leads to reduced food waste



"COOR SELLS EFFICIENCY"

An investment in Coor is an investment in a market-leading service company with solid growth, strong cash conversion and a high dividend yield, says Coor's CFO, Klas Elmberg.

HOW DOES COOR CREATE GROWTH?

"Coor sells efficiency and does so by offering high-quality services. That's why we have a high customer retention rate, and it also creates opportunities to win new business. A growing number of organisations are discovering outsourcing and the cost efficiency and simplicity that can be achieved by engaging a single, solid partner that handles everything. The IFM market is growing faster than the market for single services. That's why we are seeing an inflow of IFM deals, an area where Coor is the Nordic market leader, from two sources – customers that are going from non-outsourced directly to IFM and customers that have previously outsourced individual services and are now moving to IFM. There is also plenty of scope for Coor to grow in the single services market, not least by exploiting our existing strong positions in many locations across the Nordic region, where we can grow by attracting new local customers while also leveraging local synergies."

A growing number of investors are discovering us and many value our clear Nordic strategy.

Klas Elmberg, CFO

COOR HAS BEEN LISTED SINCE 2015. WHAT HAS COOR'S JOURNEY AS A LISTED COMPANY BEEN LIKE?

"It has been a fantastic journey! Our company has become significantly larger and better known since the IPO. Our sales and our operating profit have increased by around 50 per cent. Over the past few years, Coor has consolidated its position as the leading facility management company in the Nordic region. A growing number of investors are discovering Coor and many value our clear Nordic strategy."

WHAT LIES BEHIND COOR'S STABLE PROFITABILITY?

"Strong business acumen, financial control and a focus on efficiency create a good foundation, and the close relationships we have with our customers enable us to grow our volumes in a natural way. The combination of local responsibility for profitability and leveraging of synergies has given us a strong foundation on which to stand. Coor also has a flexible cost base, which makes it easy to adapt costs to changing volumes."

WHAT DOES COOR'S SUSTAINABILITY FOCUS MEAN FOR THE MARKET?

"In the last few years, the issue of sustainability has become increasingly important for both investors and customers, which is a positive development. Coor is strong in this area and is doing lot of things in sustainability. Sustainability is one of the key focus areas on our strategic agenda."

WHAT ARE COOR'S THOUGHTS SURROUNDING ITS DIVIDEND YIELD?

"Coor has a high cash conversion rate that gives us a surplus while our debt levels are reasonable. The surplus has been used for value-creating acquisitions and special dividends. Our dividend policy is to pay out 50 per cent of our adjusted net profit, but in the preceding two years, the payout ratio has been close to 100 per cent. For 2019, however, we are only proposing an ordinary dividend on account of the uncertainty associated with the outbreak of the new coronavirus.

COOR AS AN INVESTMENT

SOLID GROWTH

Coor's leading position in the IFM segment, which accounts for 61 per cent of Coor's business, is creating good prospects for continued growth, as the IFM segment is growing significantly faster than GDP and the FM market as a whole. In the short term, growth may vary somewhat, as it is affected by the volume of major IFM contracts coming into the market in any particular period.

The company's services are also in demand regardless of the economic climate. In a strong economy, the volume of FM services in the company's existing contracts increases, but due to the significant savings potential which Coor offers its customers, the company also remains an important partner in times of slower economic growth. Historically, periods of weaker economic growth have led to new outsourcing deals reaching the market.

STABLE PROFITABILITY

As Coor's business is largely about delivering efficiencies, the company has a strong focus on efficiency improvements and cost savings. The combination of strong local management in customer contracts and increased use of synergies within the Group provides a good foundation for maintaining stable profitability.

The company also has a relatively flexible cost base, which means that fluctuations in sales normally have a limited impact on the operating margin.

STRONG CASH CONVERSION

Due to its very limited need for capital expenditure and working capital, Coor's cash conversion is strong, which means that a large portion of operating profit is converted into cash flow.

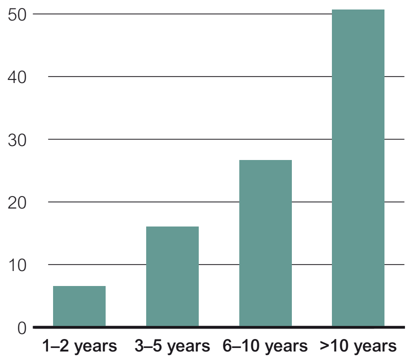
A HIGH DIVIDEND YIELD

Available cash can be used for further acquisitions, repayment of debt or dividends. Any acquisitions are expected to be relatively minor, however, and net debt is below the company's target. This means that Coor should be able to offer a high and stable dividend yield to its shareholders over time. The objective of the Board and management is not to accumulate cash in the company but to return any surplus to the shareholders.

LONG-TERM CUSTOMER RELATIONSHIPS

Coor has historically had a high success rate in terms of renewing and extending customer contracts and works continuously to maintain and develop its customer relationships. The goal is to have satisfied customers who want to renew their contracts. In 2019, Coor renegotiated a large number of contracts, notably with Aker Solutions, Volvo Cars, the Danish Police, NCC and Tieto. The portfolio encompasses companies from all industries.

LONG-TERM CUSTOMER RELATIONSHIPS, %



93%

Retention rate in 2019

THREE REASONS TO OWN SHARES IN COOR

1

Coor is a market leader in a stable market with good growth opportunities.

2

Coor is relatively immune to the economic cycle with stable profitability.

3

Coor has high cash conversion, creating scope for a high dividend payout.

SHARE INFORMATION

SHARE PERFORMANCE

Coor's shares performed well in 2019. The closing price on 30 December 2019 was SEK 82.4, which represents an annual gain of 17.0 per cent. Over the same period, the OMXSPI (Stockholm All Share) index gained 29.5 per cent. The highest closing price in 2019 was SEK 91.4 on 17 June and the lowest SEK 67.9 on 6 February.

SHARE TURNOVER

In 2019, 32,672,189 shares were traded, representing a total value of SEK 2,612,141,511 (SEK 2.6 billion). On average, 130,689 shares changed hands each day.

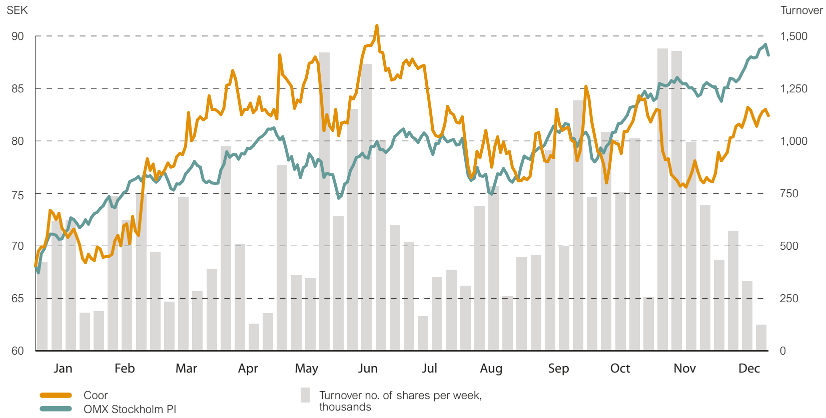
SHAREHOLDERS

On 31 December 2019, Coor had 5,710 shareholders. At the same date, the ten largest shareholders controlled 55.7 per cent of the capital and voting rights. The three largest shareholders were AMF Försäkring & Fonder, Nordea Fonder and Capital Group. Foreign owners held 52.4 per cent of the capital and voting rights.

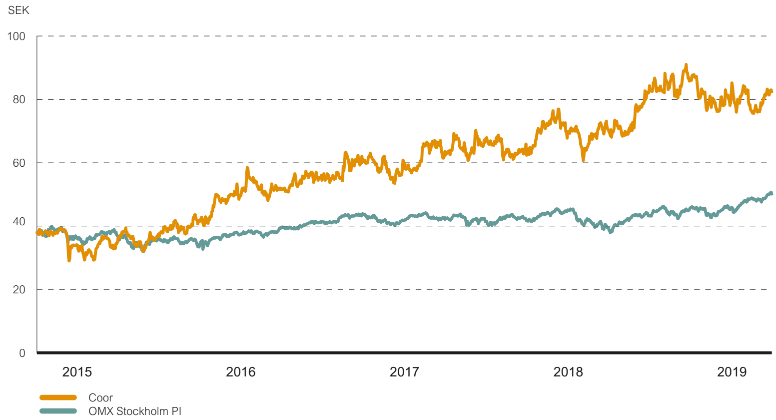
SHARE CAPITAL

At 31 December 2019, Coor had a share capital of SEK 383 million. The number of shares was 95,812,022, representing a quotient value per share of SEK 4. Under the Articles of Association, the share capital must be at least SEK 200 million and no more than SEK 800 million, represented by at least 50,000,000 shares and no more than 200,000,000 shares. The free float – the portion of shares available for trading – was 100 per cent at year-end.

SHARE PERFORMANCE, 1 JANUARY–31 DECEMBER 2019



SHARE PERFORMANCE, 2015–2019



THE TEN LARGEST OWNERS

SHAREHOLDER	VOTES, %	HOLDING, %	TOTAL NUMBER OF SHARES
AMF Försäkring & Fonder	8.4	8.4	8,067,966
Nordea Fonder	7.7	7.7	7,342,757
Capital Group	7.6	7.6	7,304,630
Didner & Gerge Fonder	6.3	6.3	6,069,171
Second Swedish National Pension Fund (AP2)	6.1	6.1	5,884,628
SEB-Stiftelsen	4.2	4.2	4,000,000
Swedbank Robur Fonder	4.2	4.2	3,997,923
BMO Global Asset Management	4.1	4.1	3,960,116
Crux Asset Management Limited	3.7	3.7	3,546,882
Taiga Fund Management AS	3.3	3.3	3,158,035
Total, ten largest shareholders	**55.7**	**55.7**	**53,332,108**
Other shareholders	44.3	44.3	42,479,914
TOTAL	**100**	**100**	**95,812,022**

OWNERSHIP STRUCTURE

SIZE CLASSES	NUMBER OF KNOWN SHARE-HOLDERS	NUMBER OF SHARES	HOLDING, %	VOTES, %	SHARE OF KNOWN SHARE-HOLDERS
1–500	4,433	648,421	0.7	0.7	77.6
501–1,000	567	451,815	0.5	0.5	9.9
1,001–5,000	489	1,096,401	1.1	1.1	8.6
5,001–10,000	69	554,977	0.6	0.6	1.2
10,001–15,000	23	292,111	0.3	0.3	0.4
15,001–20,000	13	236,137	0.2	0.2	0.2
20,001–	116	87,829,632	91.7	91.7	2.0
Anonymous ownership	-	4,702,528	4.9	4.9	-
TOTAL	**5,710**	**95,812,022**	**100**	**100**	**100**

LIQUIDITY 1 JANUARY–31 DECEMBER 2019

Lowest, SEK	67.9
Highest, SEK	91.4
Volume-weighted average price, SEK	79.95
Number of shares traded	32,672,189
Average per day	130,689
Number of transactions	103,680
Average number of transactions per day	414.7
Average value per transaction, SEK	25,194
Average daily volume, SEK million	10.4
Daily volume as a percentage of market value	0.14
Traded on Nasdaq (regular trading), %	59.0
Block transactions, %	40.7
Dark pools (Nasdaq), %	0.3

DIVIDEND

The Board of Directors proposes an ordinary dividend for 2019 of SEK 2.20 per share, which is in line with the company's dividend policy. Due to the uncertain financial effects associated with the spread of the new coronavirus, the Board of Directors does not propose any special dividend for 2019.

IR ACTIVITIES

Investor relations activities in 2019 focused on continuing to strengthen Coor's position in capital markets. Management took part in a number of conferences, was available for questions and held a large number of meetings on both the buy and sell sides to ensure that there is a wide familiarity with the company in the market. In addition to Stockholm, Coor also visited Copenhagen, Oslo, Helsinki, London, Paris and New York, mainly in connection with the release of interim reports.

ANALYSTS

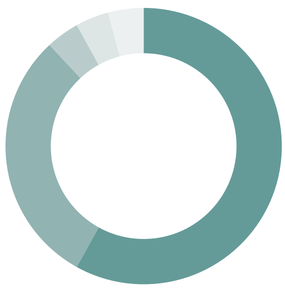
Coor is followed by Carnegie, DNB, Nordea and Carlsquare.

Source: Monitor by Modular Finance AB and Fidessa

DISTRIBUTION OF OWNERSHIP BY CATEGORY

DISTRIBUTION OF OWNERSHIP BY COUNTRY

TRADING PLATFORMS



CONTENTS

STATUTORY ANNUAL REPORT

The Board of Directors and Chief Executive Officer of Coor Service Management Holding AB (corp. ID no. 556742-0806) hereby present the following annual accounts and consolidated financial statements for the financial year 1 January 2019 to 31 December 2019.

ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS 2019

DIRECTORS' REPORT

All amounts are expressed in millions of Swedish kronor unless otherwise indicated. Due to rounding, some totals may differ from the sum of the individual items. For definitions, objectives and information on the calculation of alternative performance measures, see the sections Selected KPIs and Definitions on pages 121–124.

Coor has completed another successful year of continued growth and stable cash flows in which we achieved our highest operating profit to date. In 2019, Coor saw a net inflow of SEK 210 million in new contract volumes and achieved a contract retention rate of 93 per cent. The acquisition of Norrlands Miljövård has added a further SEK 250 million in new annual contract volumes.

SIGNIFICANT EVENTS DURING THE YEAR

Acquisitions

In 2019, Coor acquired the Swedish cleaning company Norrlands Miljövård AB. The company has annual sales of around SEK 250 million. The acquisition has expanded Coor's geographic coverage in Sweden and added to Coor's skills base in key cleaning segments.

Changes in the contract portfolio

In 2019, the Group saw a net inflow of new contracts with a combined annual volume of SEK 210 million. The new contract volumes mainly comprise the Group's large IFM contract with ICA and the expansion of the contract with the Danish Police, the Prison and Probation Service, and the Prosecution Authority. A large number of small and mediumsized contracts were also signed during the year, notably with Stadium and H&M in Sweden and Fortum in Finland. A total of 13 contracts were terminated during the year. Contracts worth approximately SEK 2.0 (2.6) billion were renegotiated in 2019 and the retention rate for the year was 93 per cent, the same level as in the past three years.

Management changes

On 1 August 2019, Klas Elmberg took over as CFO and IR Director of Coor. Klas Elmberg was previously CFO and Vice President of Coor's Swedish business.

CHANGES IN THE CONTRACT PORTFOLIO

	2019		2018	
	NUMBER OF CONTRACTS	ANNUAL SALES	NUMBER OF CONTRACTS	ANNUAL SALES
New contracts during the period	14	430	25	465
Contracts terminated during the period	-1	-220	-7	-105
Net change in portfolio	**13**	**210**	**18**	**360**

Changes in the contract portfolio comprise all contracts with annual sales of over SEK 5 million. For new contracts concluded during the period, the contracted or estimated annual sales volume is indicated. For contracts that were completed during the period, the sales volume for the last 12-month period in which the full volume of services was provided is indicated.

PERFORMANCE IN 2019

FINANCIAL SUMMARY	2019	2018
Net sales	10,313	9,489
Organic growth, %	*5*	*10*
Acquired growth, %	*2*	*10*
FX effects, %	*1*	*3*
Adjusted EBITA	549	490
Adjusted EBITA margin, %	5.3	5.2
EBIT	299	219
EBIT margin, %	2.9	2.3
Profit after tax	169	104
Operating cash flow	591	354
Number of employees (FTE)	9,296	9,082

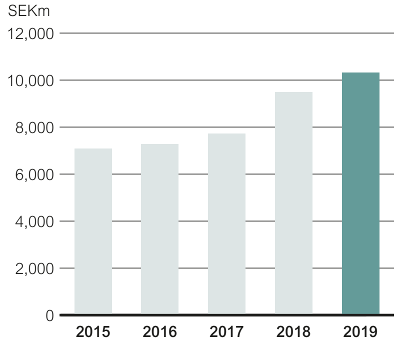
COOR IN BRIEF

Coor is one of the Nordic region's leading facility management providers, with specialist expertise in over a hundred services that help to ensure the smooth and efficient operation of properties and workplaces. Coor is the market-leading provider of complex, integrated FM services but also offers single FM services to large and small customers in the private and public sectors. The company is organised in four geographic areas – Sweden, Norway, Denmark and Finland, but also has some operations in Belgium and Estonia (the operations in Hungary and Poland were discontinued during the year).

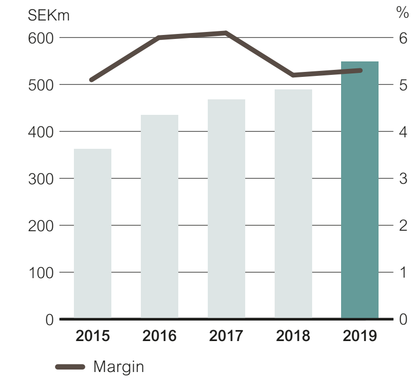
Coor's vision is to be the service provider, employer and investment of choice in the service sector for customers, employees and investors. The company's strength, and what sets Coor apart from its competitors, is its ability to continuously develop its business and service delivery. Coor's ambition is to offer the market's most developed and smartest service solutions – service with IQ.

Established in 1998, Coor has been listed on the Nasdaq Stockholm exchange since June 2015. All operations are certified under the international ISO 14001, ISO 9001 and ISO 45001 environmental and quality management standards. In addition, Coor has also obtained a number of local, service-specific environmental and quality certifications. Read more about the company at www.coor.com

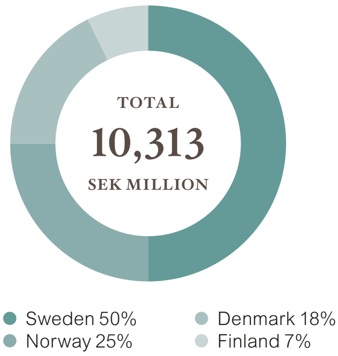
ANNUAL NET SALES



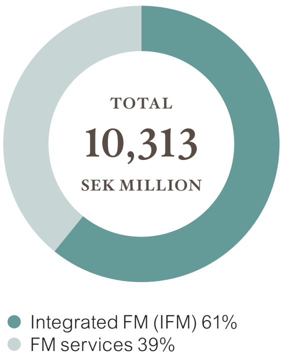
OPERATING PROFIT (ADJUSTED EBITA) AND MARGIN



NET SALES BY COUNTRY



NET SALES BY TYPE OF CONTRACT



Net sales and operating profit

Net sales increased by 9 per cent in 2019, to SEK 10,313 (9,489) million. Organic growth was 5 (10) per cent and growth from acquisitions 2 (10) per cent while FX effects accounted for 1 (3) per cent of the increase.

All countries, with the exception of Finland, achieved favourable organic growth during the year, partly on the back of new volumes from small and medium-sized contracts and partly from high variable project volumes in a number of major IFM contracts. In Sweden, growth was also boosted by the new IFM contract with ICA, in Norway by the new IFM contract with Storebrand and in Denmark by the new and expanded IFM contract with the Danish Police, the Prison and Probation Service, and the Prosecution Authority.

The acquired growth is partly attributable to the previous year's acquisitions in Norway and Denmark and partly to the acquisition of the Swedish cleaning firm Norrlands Miljövård AB during the year.

Operating profit (adjusted EBITA) was SEK 549 (490) million, which is an increase of 12 per cent on 2018, and the operating margin increased slightly to 5.3 (5.2) per cent. The improvement in the operating margin was mainly driven by Sweden, but all countries improved their operating profit. The margins in each country are largely in line with the previous year, except in Finland, where the margin improvement was more significant. Central Group costs were down slightly on the previous year.

EBIT for the full year was SEK 299 (219) million. In addition to the increase in adjusted EBITA, non-recurring costs decreased, driven by lower integration costs related to major acquisitions.

NET SALES AND EARNINGS BY SEGMENT

SWEDEN	2019	2018
Net sales	5,138	4,788
Organic growth, %	*6*	*6*
Acquired growth, %	*1*	*0*
FX effects, %	*0*	*0*
Adjusted EBITA	462	434
Adjusted EBITA margin, %	9.0	9.1
Number of employees, full-time equivalents	4,591	4,222

NORWAY	2019	2018
Net sales	2,546	2,351
Organic growth, %	*4*	*15*
Acquired growth, %	*3*	*8*
FX effects, %	*1*	*4*
Adjusted EBITA	161	150
Adjusted EBITA margin, %	6.3	6.4
Number of employees, full-time equivalents	1,483	1,556

FINLAND	2019	2018
Net sales	706	694
Organic growth, %	*-1*	*19*
Acquired growth, %	*0*	*0*
FX effects, %	*3*	*8*
Adjusted EBITA	13	7
Adjusted EBITA margin, %	1.8	1.1
Number of employees, full-time equivalents	945	1,047

DENMARK	2019	2018
Net sales	1,924	1,658
Organic growth, %	*6*	*18*
Acquired growth, %	*7*	*78*
FX effects, %	*3*	*12*
Adjusted EBITA	74	64
Adjusted EBITA margin, %	3.9	3.9
Number of employees, full-time equivalents	2,163	2,163

Net financial income/expense and tax

NET FINANCIAL INCOME/ EXPENSE AND TAX	2019	2018
Net interest expense, excl. leases	-45	-40
Interest, leases	-11	0
Borrowing costs	-4	-6
Other	-5	-5
Net financial expense excl. foreign exchange differences	**-65**	**-51**
Foreign exchange differences	-6	-10
Total net financial expense	**-71**	**-62**
Profit before tax	228	157
Tax	-59	-53
Profit after tax	**169**	**104**

The net financial expense for full-year 2019 increased by SEK 9 million from the year before, mainly due to higher lease-related interest expenses as a result of the introduction of IFRS 16. For further information on the effects of IFRS 16, see *Note 12 Leases*.

The tax expense for the year was SEK -59 (-53) million, which represents 26 (34) per cent of earnings before tax. The change compared with the previous year is mainly due to the negative non-recurring effect of SEK 11 million that arose in the previous year when the deferred tax asset arising from the Swedish business was remeasured in response to a new tax law. Profit after tax was SEK 169 (104) million.

Cash flow

CASH FLOW SUMMARY	2019	2018
Adjusted EBITA	549	490
Depreciation/amortisation	199	68
Net investments	-68	-84
Change in net working capital	101	-27
Cash flow for calculation of cash conversion	**781**	**447**
Cash conversion, %	*104*	*80*
Items affecting comparability	-65	-95
Lease payments	-140	0
Other	15	3
Operating cash flow	**591**	**354**
Lease payments	140	0
Net financial expense	-74	-45
Income tax paid	-45	-44
Cash flow from operating activities including net investments	**613**	**265**
Acquisition of subsidiaries	**-152**	**-436**
Change in borrowings	109	270
Repayment, lease liabilities	-130	-3
Dividends	-380	-383
Other	-14	2
Cash flow from financing activities	**-415**	**-114**
CASH FLOW FOR THE YEAR	**46**	**-285**
Cash and cash equivalents at the beginning of the year	435	709
Foreign exchange difference in cash and cash equivalents	16	11
Cash and cash equivalents at the end of the year	**497**	**435**

Operating cash flow
Operating cash flow for full-year 2019 was SEK 591 (354) million. Net working capital decreased by SEK 101 (-27) million in 2019, which is an improvement in working capital performance compared with 2018. This strong cash flow was attributable to focused working capital management across the whole organisation. Operating cash flow for the year was also positively affected by a non-recurring effect attributable to the correction of the incorrect salary payment made in December 2018. Net investments in 2019 were slightly down on the previous year, totalling SEK -68 (-84) million.

The most important external KPI for cash flow is cash conversion, which is defined as the ratio of a simplified measure of operating cash flow to adjusted EBITDA. Cash conversion for full-year 2019 was 104 (80) per cent.

Acquisition of subsidiaries
During the year, Coor acquired the Swedish cleaning firm Norrlands Miljövård AB, which had a net impact on cash and cash equivalents of SEK -152 million. See also *Note 22 Acquired businesses*.

Financing activities
Net financial payments in 2019 were up on the previous year, totalling SEK -74 (-45) million. The increase is partly due to financing costs incurred in connection with the entry into force of the new financing agreement in January 2019 and partly to increased interest expenses resulting from new accounting rules for leases. Net external borrowings increased by SEK 109 (270) million in 2019. During the year, Coor paid SEK 380 (383) million in dividends to the shareholders.

FINANCIAL POSITION

ASSETS	2019	2018
Intangible assets	3,954	3,882
Property, plant and equipment	473	109
Financial assets	192	217
Total non-current assets	**4,619**	**4,208**
Accounts receivable	1,310	1,343
Other current assets	438	489
Cash and cash equivalents	497	435
Total current assets	**2,246**	**2,266**
TOTAL ASSETS	**6,864**	**6,474**

EQUITY AND LIABILITIES	2019	2018
Equity	**1,980**	**2,164**
Borrowing, incl. leases	2,133	1,744
Other non-current liabilities	55	66
Total non-current liabilities	**2,188**	**1,810**
Borrowing, incl. leases	117	4
Accounts payable	978	1,023
Other current liabilities	1,601	1,473
Total current liabilities	**2,697**	**2,500**
TOTAL EQUITY AND LIABILITIES	**6,864**	**6,474**

KEY PERFORMANCE INDICATORS	2019	2018
Net working capital	-774	-626
Net working capital/ net sales, %	-7.5	-6.6
Equity/assets ratio, %	29	33
Leverage, times	2.3	2.4
NET DEBT		
Liabilities to credit institutions	791	1,686
Bonds	1,000	0
Lease liabilities	379	7
Other	68	59
	2,238	**1,753**
Cash and cash equivalents	-497	-435
Net debt	**1,741**	**1,318**

Financial position

The Group has intangible assets, consisting mainly of goodwill, of SEK 3,191 (3,036) million and customer contracts worth SEK 591 (696) million. Goodwill is not amortised, but is tested annually for impairment. Customer contracts are amortised on a straight-line basis over the estimated useful life and are tested for impairment if there are indications of impairment. For further information on intangible assets, see *Note 10 Intangible assets*. Property, plant and equipment increased in 2019 as a result of the introduction of IFRS 16, see also *Note 12 Leases*.

The Group has negative net working capital of SEK -774 (-626) million.

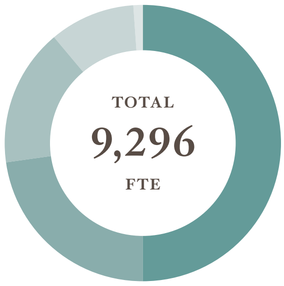
Consolidated net debt at 31 December 2019 was SEK 1,741 (1,318) million. The increase on the previous year is mainly due to a change in the accounting treatment of lease liabilities as a result of the introduction of IFRS 16. For more information, see *Note 12 Leases*. The leverage, defined as net debt to adjusted EBITDA, was 2.3 (2.4) at the end of the year, which is in line with the Group's target of a leverage below 3.0. Equity at the end of the year was SEK 1,980 (2,164) million. The Group's equity/assets ratio was 29 (33) per cent. In 2019, equity increased by comprehensive income for the year of SEK 216 (133) million but decreased as a result of the dividend payment of SEK 380 (383) million. Equity also includes an effect of SEK -20 million related to share buybacks and the Group's long-term incentive programme.

Cash and cash equivalents at the end of the year amounted to SEK 497 (435) million. At the same date, the Group had undrawn credit lines of SEK 700 (90) million.

ORGANISATION AND EMPLOYEES

The number of employees at 31 December 2019 was 11,395 (11,174), or 9,296 (9,082) on a full-time equivalent basis. The increase in the workforce is mainly due to the acquisition carried out during the year. For more information on Coor's employees and on Coor's health and safety activities, and management and employee development activities, see the section *Social sustainability*. For information on employee benefit expenses, see *Note 5 Employees and employee benefit expenses*.

DISTRIBUTION OF EMPLOYEES (FULL-TIME EQUIVALENTS) AT 31 DECEMBER 2019



REMUNERATION OF SENIOR EXECUTIVES

The guidelines for remuneration of senior executives that are subject to adoption at the Annual General Meeting (AGM) on 28 April 2020 are described below. The guidelines for remuneration of senior executives applied in 2019 and the remuneration paid in 2019 are presented in *Note 6 Remuneration of senior executives*.

Guidelines for remuneration of senior executives

The executives covered by the guidelines are the CEO and the other members of the executive management team. The guidelines also cover any remuneration of Directors in addition to Directors' fees. Subject to their adoption by the 2020 Annual General Meeting, the guidelines will apply to new remuneration contracts as well as changes to existing contracts. The guidelines do not cover remuneration that is approved by the general meeting of shareholders. For employment relationships subject to other rules than Swedish rules, necessary adaptations may be made in respect of retirement benefits and other benefits to ensure compliance with mandatory rules or established local practice, provided that the general purpose of the guidelines is adhered to as far as possible.

Promotion of the company's business strategy, long-term interests and sustainability
Simply put, Coor's business strategy is to take over, manage and develop services in offices, at properties and production facilities, and in the public sector (facility management). We aim to run our business in an effective and sustainable manner that creates long-term value for our customers, employees and investors as well as society at large and the environment. Coor's overall strategies are:

- Growth in integrated facility management.
- Growth in single FM services.
- Customised and flexible delivery model.
- Focus on operational efficiency.
- Nordic focus, with some flexibility to branch out into Europe.

For further information on Coor's business strategy, see Coor's website: https://www.coor.com/about-coor/Business-vision/strategies.

To successfully implement its business strategy and further the company's long-term interests, including its sustainability, Coor needs to be able to recruit and retain qualified personnel. To do this, Coor needs to be able to offer a competitive total remuneration package, which these guidelines allow the company to do. The total remuneration is to be competitive, in line with market levels and reflect the individual's performance and responsibility and, with regard to any long-term variable remuneration, the appreciation of Coor's shares that accrues to the shareholders. Variable cash remuneration that is covered by these guidelines must be aimed at promoting the company's business strategy and long-term interests, including its sustainability.

In 2018 and 2019, the company introduced long-term share-based incentive programmes in which the CEO and other senior executives were offered the opportunity to participate. The outcomes of these programmes are not pensionable for the participants. These programmes were approved by the respective AGMs and are therefore not subject to these guidelines. For the same reason, the long-term share-based incentive programme proposed by the Board to the 2020 AGM and any future share-based incentive programmes approved by the general meeting of shareholders will not be covered either. For more information on performance requirements, conditions and costs for these programmes, see the complete texts of the Board of Directors' proposals to the respective AGMs on Coor's website: https://www.coor.com/about-coor/corporate-governance/annual-general-meeting.

Forms of remuneration, etc.
The remuneration of senior executives is to consist of a fixed salary, any variable remuneration, pension and other benefits. In addition, the general meeting of shareholders may, irrespective of these guidelines, resolve to approve share- and share price-based remuneration.

Fixed salary
The fixed salary is to comprise a cash salary. The fixed salary is revised annually for all members of the executive management team. The fixed salary is to be in line with market levels and be determined on the basis of factors such as position, skills, experience and performance.

Variable salary
Any variable salary is to comprise an annual variable cash salary. Variable cash remuneration is to be contingent on the achievement of defined and measurable goals and be capped at 75 per cent of the fixed annual salary. Fulfilment of criteria for disbursement of any annual variable cash salary is to be measured over a period of one year.

The variable cash salary is to be linked to one or several defined and measurable targets, such as consolidated EBITA, increase in net sales in respect of new deals (through organic growth or acquisitions) or cash flow. The targets may to some extent also comprise individual quantitative or qualitative criteria. The weight of each target for variable pay is to be adapted individually for each executive, but EBITA, the increase in net sales in respect of new deals or cash flow must represent at least 70 per cent of the weight for all targets. By linking the senior executives' remuneration to growth, profitability measures and cash conversion, the targets promote the implementation of the company's business strategy and long-term interests, including its sustainability, as well as executives' long-term development.

When the measurement period for fulfilment of the criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been fulfilled. In respect of variable cash salary of the CEO, the assessment is to be made by the Remuneration Committee. In respect of variable cash salary of other senior executives, the assessment is to be made by the CEO. In respect of financial targets, the assessment is to be based on the most recent financial information published by the company.

The terms for variable remuneration are to be formulated so that the Board, in the event of exceptional circumstances, is able to limit or refrain from paying variable remuneration if such action is deemed reasonable.

In specific instances, agreements on variable non-recurring remuneration may be concluded, provided that such remuneration does not exceed 25 per cent of the fixed annual salary and is not paid more than once a year to the same individual. Such remuneration is not to be pensionable unless otherwise provided for in mandatory provisions of applicable collective bargaining agreements. Decisions on such remuneration are to be made by the Board of Directors based on a proposal submitted by the Remuneration Committee.

No other variable cash remuneration is to be paid.

Pension
For the CEO, retirement benefits are to be regulated by a collective bargaining agreement. Retirement benefits for the portion of an executive's salary that exceeds the maximum limit specified in the collective bargaining agreement are to take the form of defined contribution benefits and may not exceed 30 per cent of the fixed annual salary. Variable salary is not to be pensionable.

For other senior executives, retirement benefits are to take the form of defined contribution benefits unless the executive is covered by a defined benefit pension plan under mandatory provisions of a collective bargaining agreement. Variable salary is to be pensionable. Defined contribution retirement benefits may not exceed 30 per cent of the fixed annual salary.

Other benefits
Other benefits may include benefits such as health insurance and car benefits. The total amount of premiums and other costs incurred for such benefits may not exceed 5 per cent of the fixed annual salary.

Payment of consulting fees to Directors
In specific cases, Coor's AGM-elected Directors may, for a limited period of time, be remunerated for services in their respective areas of expertise that do not constitute Board work. For such services (including services rendered through an entity wholly owned by a Director), a market-based fee is to be paid, provided that such services contribute to the realisation of Coor's business strategy and further Coor's long-term interests, including its sustainability. For each Director, such consulting fees may never exceed two annual Directors' fees per year.

Termination of employment
Severance pay is normally paid in case of termination by the company. The contracts of the members of the executive management team are to be terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is to be paid in case of termination by the employee.

Salary and employment terms for employees
In preparing these proposed remuneration guidelines, the Board of Directors has taken account of salaries and employment terms of the company's employees by including information on employees' total remuneration, the components of the remuneration and its increase and rate of increase over time in the decision basis used by the Remuneration Committee in assessing the reasonableness of the guidelines and the limitations arising therefrom.

The decision-making process for determining, reviewing and implementing the guidelines
The Board of Directors has established a Remuneration Committee. The duties of the committee include preparing the Board's proposed resolutions on guidelines for remuneration of senior executives. The Board is to prepare proposed new guidelines at least every fourth year and submit its proposal for adoption by

the AGM. The guidelines are to apply until new guidelines are adopted by the general meeting of shareholders. The Remuneration Committee is also to monitor and evaluate the variable remuneration programme for management, the application of guidelines for remuneration of senior executives and the applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and management. During the preparation of and decisions on remuneration-related matters by the Board, the CEO or other members of the executive management team are not to be present, insofar as they are affected by the matters concerned.

Deviation from the guidelines
The Board may decide temporarily to deviate, wholly or partially, from the guidelines adopted by the general meeting of shareholders if in an individual case there are special reasons for doing so and such deviation is necessary to safeguard the long-term interests of the company, including its sustainability, or to ensure the company's financial sustainability. As stated above, it is part of the duties of the Remuneration Committee to prepare the Board's resolutions on remuneration matters, which includes resolutions on deviations from the guidelines.

SHAREHOLDERS AND SHARE INFORMATION

Coor was listed on the Nasdaq Stockholm exchange on 16 June 2015. The number of shares is 95,812,022. At year-end, the three largest shareholders were AMF Försäkring & Fonder with 8.4 per cent, Nordea Fonder with 7.7 per cent and Capital Group with 7.6 per cent of the share capital and voting rights.

For more share information, see the sections *Coor as an investment* and *Share information*, and *Note 15 Share capital and data per share*.

PARENT COMPANY

The Group's parent company, Coor Service Management Holding AB, provides management services to its wholly owned subsidiary Coor Service Management Group AB. The parent company also manages shares in subsidiaries.

The parent company generated profit after tax of SEK 581 (177) million. At year-end, the parent company had total assets of SEK 7,922 (8,161) million and equity of SEK 5,494 (5,313) million.

SUSTAINABILITY REPORT

Coor has prepared a Sustainability Report in accordance with the GRI Standards. As permitted under Ch. 6 § 11 of the Swedish Annual Accounts Act, Coor has chosen to present its statutory sustainability report separately from its annual report. The Sustainability Report is presented on pages 8–13, 30–35, 48–49, 95 and 108–119 of this document.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 2.20 (4.00) per share for 2019, to be paid on two occasions (SEK 1.10 on each occasion). This will yield a total dividend of SEK 211 (383) million.

Proposed record date for dividend

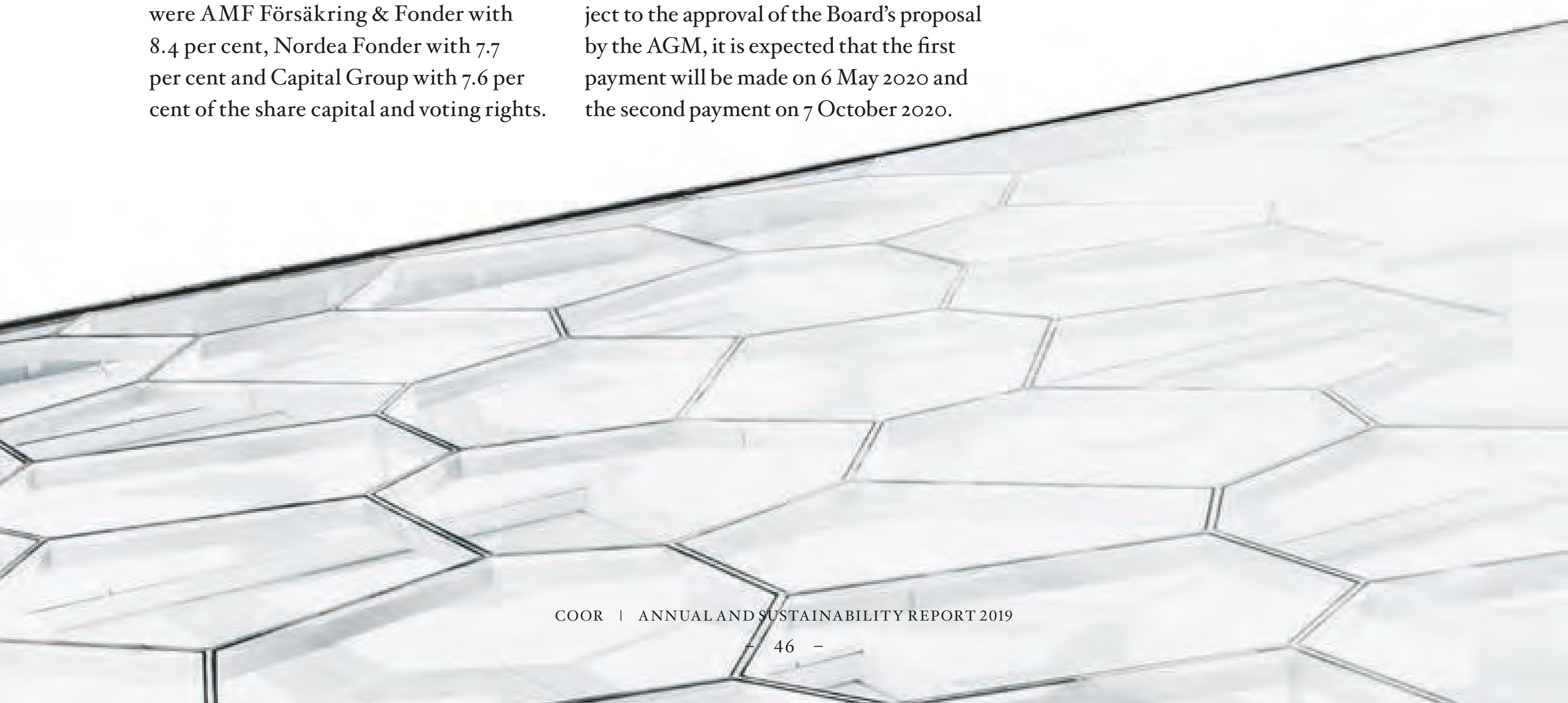
The Board proposes 30 April 2020 as the record date for the first payment. The Board proposes 2 October 2020 as the record date for the second payment. Subject to the approval of the Board's proposal by the AGM, it is expected that the first payment will be made on 6 May 2020 and the second payment on 7 October 2020.

OUTLOOK

Coor is a market-leading service company operating in a growing market. Coor is generally experiencing strong interest and high demand in the market, and sees interesting business opportunities throughout the Nordic region. The effects associated with the spread of the new coronavirus in the first quarter of 2020 are creating uncertainty that will impact the market and Coor as a company. However, Coor continues to believe that its prospects to achieve long-term growth, profitability and cash flow in line with its adopted objectives are good.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- On 21 January 2020, it was announced that Helena Söderberg would be taking over as HR Director no later than August 2020 and would join Coor's executive management team at the same time. Helena currently serves as HR Director at JM and will succeed Anders Asplund, who will retire in the second half of 2020.
- On 24 January 2020, it was announced that Coor had extended its IFM contract with Borealis for a further five years. The contract is worth around SEK 100 million annually.
- During the first quarter of 2020, the outbreak of the coronavirus (COVID-19) in the Nordic region has escalated, creating uncertainty that will impact Coor as a company as well as Coor's customers. Coor immediately initiated the Group's business continuity plan via the national and Group crisis teams. Coor's main priority at this time is the health of our employees and our customers' employees.



PROPOSED APPROPRIATION OF RETAINED EARNINGS

The parent company and consolidated income statements and balance sheets will be submitted for adoption at the Annual General Meeting on 28 April 2020.

The Annual General Meeting is asked to decide on the appropriation of the following retained earnings in the parent company:

	SEK
Retained earnings including share premium reserve	4,529,571,514
Profit for the year	580,905,456
TOTAL	**5,110,476,971**

The Board of Directors proposes that the above amount be appropriated as follows:

	SEK
Dividend of SEK 2.20 per share to the shareholders	210,786,448
Carried forward	4,899,690,523
TOTAL	**5,110,476,971**

The Board of Directors' statement on the proposed dividend

In reference to the Board of Directors' proposed dividend payment presented above, the Board hereby makes the following statement pursuant to Ch. 18 § 4 of the Swedish Companies Act:

The Annual General Meeting will be asked to adopt a resolution on the appropriation of retained earnings of SEK 5,110,476,971 as at 31 December 2019. Provided that the AGM adopts the Board's proposed appropriation of retained earnings, SEK 210,786,448 will be distributed to the shareholders and SEK 4,899,690,523 will be carried forward. The Board has established that the company's restricted equity will be fully covered after the proposed dividend. The Board also considers that the proposed dividend is justifiable in view of the parameters defined in Ch. 17 § 3 second and third paragraphs of the Companies Act. The Board of Directors has taken account of the parent company's and Group's consolidation requirements and liquidity through a comprehensive assessment of the parent company's and Group's financial position, and of their short- and long-term ability to fulfil their obligations and make the necessary investments. The Board has also taken account of other known circumstances which may be of significance to the financial position of the parent company and Group. The proposed dividend will reduce the parent company's equity/assets ratio from 69 to 67 per cent and the consolidated equity/assets ratio from 29 to 27 per cent as at 31 December 2019. The Board considers that these ratios are adequate and that the parent company's equity and consolidated equity after the proposed dividend will be sufficient in view of the nature, scope and risks of the operations. In the opinion of the Board, the proposed dividend will not affect the parent company's and Group's ability to continue as going concerns and fulfil their short- and long-term obligations. The parent company and Group are well prepared to handle changes in respect of liquidity as well as unexpected events.

For further information on the parent company's and Group's results and financial position, see the following income statements, statements of comprehensive income, balance sheets, statements of cash flow and the notes to the financial statements.

A STRUCTURED APPROACH TO RISK

The facility management industry is widely perceived as an industry with relatively low risks. To minimise those risks that do exist, Coor engages in structured risk management activities based on mapping, analysis and control.

OPERATIONAL RISKS

Coor is exposed to a number of strategic, operational, financial and legal risks. The risks that Coor has identified as being most material along with brief descriptions of how they are managed and of developments in 2019 are presented in the table on the next page.

SUSTAINABILITY RISKS

From a sustainability perspective, the Nordic FM industry is perceived as an industry with a relatively low risk profile. In its risk analysis, the company has taken account of sustainability-related risks. Risks related to human rights and corruption have also been addressed but are currently not considered material enough to warrant inclusion in the detailed assessment of the Group's priority risk areas. The same applies to the environment, where the industry's as well as Coor's risk level is considered to be low. In this context, it should also be noted that the Coor Group only has minor operations that are subject to environmental permit requirements.

A SOPHISTICATED RISK PROCESS

The objective of Coor's risk management activities is to secure the Group's long-term earnings performance and target achievement. Ultimate responsibility for the company's risk management rests with the Group's Board of Directors and management. These activities are guided by a central Group risk policy and risk management process and are based on an annual risk assessment covering all areas of activity. The past year's risk management activities are summarised and discussed by the executive management team and presented to the Board.

RISK ASSESSMENT

Coor's risk analysis consists of an annual survey in which the key risks are identified. The probability of the identified risks occurring and their consequences are also assessed. The analysis also includes an assessment of the effectiveness of existing controls and measures aimed at minimising and managing the risks. The results are summarised in a risk map for each operating unit, which are then aggregated to Group level.

RISKS TO THE BUSINESS

MAIN RISKS	IMPACT SCALE 1–5	PROBABILITY SCALE 1–5	RISK MANAGEMENT MEASURES	RISK MAN-AGEMENT	DEVELOPMENTS IN 2019
STRATEGIC AND OPERATIONAL RISKS					
Loss of material contracts If a delivery deviates from the agreed services or agreed quality, this can lead to loss of revenue or lost contracts.	4	2	• Structured monitoring of customer contracts at the strategic level. • A focus on HSEQ issues and people engagement to increase employee satisfaction and ultimately also customer satisfaction.		• Coor did not lose any material contracts in 2019.
Information leakage, including GDPR compliance Inadequate classification of information can lead to uncertainty about how information should be protected as well as leakage of information. The GDPR regulations from 2018 entail a risk of severe penalties in case of infringements.	4	2	• Information security projects were initiated. • System support for information security and GDPR are being assessed. • Regular briefing and training of employees.		• Increased understanding of GDPR-related issues. • Increased focus on risks related to information leaks.
Health and safety risk A poor work environment can lead to mental and physical health problems among employees or third parties. Coor's vision is to achieve a zero rate of workplace-related accidents.	2	3	• Increased focus on risk awareness. • A systematic approach to preventive health and safety. • Training to increase risk awareness. • Ongoing monitoring and assessment for targeted risk prevention activities.		• The number of reported risk observations has increased, which points to increased risk awareness and a stronger reporting culture. • The number of reported accidents has stabilised – significant decrease in the number of accidents requiring medical care in 2019.
Integration risk for small contracts Poorly planned or implemented integration for small contracts can lead to dissatisfied customers or low margins.	3	3	• Development of standardised processes and methods for contracts worth less than SEK 5 million. • Training of integration teams.		• A project has been initiated to develop standardised processes and methods.
FINANCIAL RISKS					
Interest rate, currency and liquidity risks Changes in interest rates, exchange rates and market prices of financial instruments can have an impact on Coor's income statement and balance sheet, and on cash flow.	2	3	• Coor follows a treasury policy which sets forth guidelines for financial risk management. See also *Note 16 Borrowing and financial risk management*.		• No new risks arose during the year.
Financial reporting risks The risk of misstatements in financial reporting and the risk that reports will not be prepared in accordance with legal requirements, requirements for listed companies and applicable accounting rules.	3	2	• A clear process for managing the risk of misstatements in financial reporting. • Key controls in financial processes are monitored continually through self-assessments and internal audits. For a more detailed description, see the *Corporate Governance Report*.		• In 2019, the company distributed interim reports and an annual report. • One interim report and the annual report were examined by the company's external auditors without qualifications.
Credit risk The risk of credit losses due to the failure of customers to meet their payment obligations.	2	2	• Coor has clear processes for customer credit checks and monitoring of accounts receivable. See also *Note 13 Accounts receivable* and *Note 16 Borrowing and financial risk management*.		• Very few bad debts in 2019.

Good management Satisfactory management Need for improvement

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	NOTE	2019	2018
Net sales	2,3,12	10,313	9,489
Cost of services sold	3,4,5,6,12	-9,326	-8,580
Gross profit		**987**	**909**
Selling expenses	4,5,6	-110	-109
Administrative expenses	4, 5, 6, 7	-579	-581
Operating profit		**299**	**219**
Financial income	8	3	5
Financial expenses	8	-74	-67
Net financial expense		**-71**	**-62**
Profit before tax		**228**	**157**
Income tax	9	-59	-53
PROFIT FOR THE YEAR		**169**	**104**
EARNINGS PER SHARE, SEK	15		
Earnings per share before dilution		1.77	1.09
Earnings per share after dilution		1.77	1.09
DIVIDEND PER SHARE, SEK			
Proposed ordinary dividend per share, SEK		2.20	2.00
Proposed special dividend per share, SEK		-	2.00
TOTAL DIVIDEND PER SHARE, SEK		**2.20**	**4.00**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019	2018
PROFIT FOR THE YEAR	**169**	**104**
Other comprehensive income		
Items that will not be reclassified to profit or loss	0	0
Items that may be subsequently reclassified to profit or loss		
Translation differences in foreign operations	35	29
Cash flow hedges	12	0
Total	**47**	**29**
Total comprehensive income for the year, net of tax	**47**	**29**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**216**	**133**

The notes on pages 54–81 are an integrated part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET – ASSETS

	NOTE	2019	2018
ASSETS			
Non-current assets			
Intangible assets	10		
Goodwill		3,191	3,036
Customer contracts		591	696
Trademarks		46	45
Other intangible assets		127	104
Property, plant and equipment			
Land and buildings	11	1	1
Plant and equipment	11	84	108
Rights of use under leases	12	387	0
Financial assets			
Other non-current receivables	16	16	14
Other financial assets	16	15	0
Deferred tax asset	9	161	203
Total non-current assets		**4,619**	**4,208**
Current assets			
Inventories		16	14
Accounts receivable	2,13,16	1,310	1,343
Other receivables	14	21	123
Prepaid expenses and accrued income	2.14	401	352
Cash and cash equivalents	16	497	435
Total current assets		**2,246**	**2,266**
TOTAL ASSETS		**6,864**	**6,474**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	NOTE	2019	2018
EQUITY AND LIABILITIES			
Equity			
Share capital	15	383	383
Other contributed capital		6,630	6,622
Other reserves		42	-5
Retained earnings, including profit for the year		-5,075	-4,835
Total equity		**1,980**	**2,164**
Liabilities			
Non-current liabilities			
Borrowings	16	1,856	1,744
Lease liabilities	12, 16	276	0
Deferred tax liability	9	35	45
Provisions for pensions and similar obligations	5	20	20
Other provisions	17	0	1
Total non-current liabilities		**2,188**	**1,810**
Current liabilities			
Borrowings	16	12	4
Lease liabilities	12, 16	105	0
Accounts payable	16	978	1,023
Current tax liabilities	9	42	32
Other liabilities	18	242	249
Accrued expenses and deferred income	2, 19	1,303	1,185
Other provisions	17	15	6
Total current liabilities		**2,697**	**2,500**
Total liabilities		**4,884**	**4,310**
TOTAL EQUITY AND LIABILITIES		**6,864**	**6,474**

For pledged assets and contingent liabilities, see ***Note 20*****.**

The notes on pages 54–81 are an integrated part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER RESERVES	RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR	TOTAL EQUITY
Opening balance, 1 January 2018	**383**	**6,670**	**-34**	**-4,556**	**2,464**
Profit for the year	0	0	0	104	104
Total comprehensive income for the year	0	0	29	0	29
Share-based payments	0	-49	0	0	-49
Transactions with shareholders					
Dividend	0	0	0	-383	-383
BS **Closing balance, 31 December 2018**	**383**	**6,622**	**-5**	**-4,835**	**2,164**
Opening balance, 1 January 2019	**383**	**6,622**	**-5**	**-4,835**	**2,164**
Profit for the year	0	0	0	169	169
Total comprehensive income for the year	0	0	47	0	47
Share-based payments	0	8	0	0	8
Transactions with shareholders					
Share buybacks	0	0	0	-28	-28
Dividend [1)]	0	0	0	-380	-380
BS **Closing balance, 31 December 2019**	**383**	**6,630**	**42**	**-5,075**	**1,980**

[1)] Total dividend of SEK 383 million after deduction of a portion of SEK 3 million accruing to the share swaps held by the Group.

The item Other reserves refers to translation differences arising on translation of foreign subsidiaries, items recognised in other comprehensive income from the application of hedge accounting and actuarial gains/losses on remeasurement of the net pension obligation.

The total translation difference for 2019 was SEK 35 (29) million. The translation difference was positive for all currencies.

For information on share capital and data per share, see *Note 15 Share capital and data per share*. For information on the appropriation of retained earnings for the year, see *page 47.*

For 2019, the effect included in the line Share-based payments above refers to accruals of employee benefit expenses in accordance with IFRS 2. In the previous year, this line included an effect of SEK -51 million arising from the share swap agreement that had been entered into to secure access to shares for the Group's long-term incentive programme, an effect of SEK 2 million linked to the payment of premiums for the option programme and accruals of the employee benefit expense in accordance with IFRS 2.

§ ACCOUNTING PRINCIPLES

Ordinary shares are classified as equity. The dividend proposed by the Board will not reduce equity until it has been approved by the Annual General Meeting.

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2019	2018
Operating activities			
IS Operating profit		299	219
Adjustment for non-cash items		395	246
Interest received		1	0
Interest paid		-57	-40
Financial expenses paid		-18	-5
Income tax paid		-45	-44
Cash flow from operating activities before changes in working capital		**575**	**376**
Increase (-)/decrease(+) in inventories		-2	-2
Increase (-)/decrease(+) in accounts receivable		77	-15
Increase (-)/decrease(+) in other current receivables		43	-70
Increase(+)/decrease(-) in accounts payable		-63	49
Increase (+)/decrease(-) in other current operating liabilities		46	12
Cash flow from operating activities		**676**	**349**
Investing activities			
Purchases of intangible assets	3, 10	-49	-33
Purchases of property, plant and equipment	3.11	-26	-60
Proceeds from sale of property, plant and equipment		12	10
Acquisition of subsidiaries	22	-152	-436
Investment in financial assets		-1	0
Cash flow from investing activities		**-215**	**-520**
Financing activities	16		
Dividends		-380	-383
Share-based remuneration programmes and share buybacks		-15	1
Proceeds from borrowings	16	1,800	437
Repayment of borrowings	16	-1,691	-167
Repayment, lease liabilities	12	-130	-3
Repayment, lease receivables		1	1
Cash flow from financing activities		**-415**	**-114**
Cash flow for the year		**46**	**-285**
Cash and cash equivalents at the beginning of the year		435	709
Foreign exchange difference in cash and cash equivalents		16	11
BS **Cash and cash equivalents at the end of the year**		**497**	**435**

CONSOLIDATED OPERATING CASH FLOW

	NOTE	2019	2018
IS Operating profit		299	219
Depreciation, amortisation and impairment	10, 11, 12	385	244
Net investments in property, plant and equipment and intangible assets		-63	-83
Change in net working capital		101	-27
Lease-related payments [1]		-140	0
Non-cash items		10	2
Operating cash flow		**591**	**354**
Lease-related payments[1]		140	0
Adjustment for items affecting comparability	4	65	95
Other		-15	-3
Cash flow for calculation of cash conversion		**781**	**447**
Cash conversion		**104**	**80**

[1] Refers to nominal lease-related payments that are recognised in the balance sheet in accordance with IFRS 16.

NON-CASH ITEMS

		2019	2018
Depreciation/amortisation	10, 11, 12	385	244
Change in provisions		7	2
Proceeds from sale of non-current assets		-5	-1
Other		8	1
SCF **Total**		**395**	**246**

SPECIFICATION OF CASH AND CASH EQUIVALENTS

	2019	2018
Cash and bank balances	497	435
BS **Total**	**497**	**435**

§ ACCOUNTING PRINCIPLES

The statement of cash flows has been prepared using the indirect method. The recognised cash flow only comprises transactions resulting in incoming and outgoing payments. Cash and cash equivalents include, in addition to cash and bank balances, short-term financial investments that are exposed to insignificant risk of fluctuations in value, are traded on an open market for known amounts and have a remaining maturity of less than three months from the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated financial statements of the Coor Service Management Holding AB Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

The parent company's functional currency is the Swedish krona, which is also the reporting currency of the parent company and Group. The financial statements are therefore presented in Swedish kronor.

Unless otherwise indicated, all figures are rounded to the nearest million (SEK million). Figures in parentheses refer to the previous year. Due to rounding, some totals may differ from the sum of the individual items.

§ ACCOUNTING PRINCIPLES

How should the Coor Group's accounting principles be read?
General accounting principles and new financial reporting rules are presented below. Other accounting principles which Coor considers to be significant are presented under each note. Unless necessary for the understanding of the content of the note, the repetition of section references is avoided.

Amounts which are reconcilable to the balance sheet, income statement and statement of cash flows are indicated by the following symbols:

IS Income statement
BS Balance sheet
SCF Statement of cash flows

! CRITICAL ASSUMPTIONS

Judgments and estimates in the financial statements
The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates and judgments. Areas which involve a high degree of judgment, are complex or where assumptions and estimates have a material impact are presented in conjunction with the items they are considered to affect. The table shows where these descriptions are to be found:

ITEMS WHICH ARE SUBJECT TO ASSUMPTIONS AND JUDGMENTS	NOTE
Taxes	Note 9
Measurement of goodwill and other intangible assets	Note 10
Lease liabilities and assets held under right of use agreements	Note 12
Accounts receivable and revenue	Notes 2, 13
Financial risks	Note 16

CHANGES TO ACCOUNTING PRINCIPLES AND DISCLOSURES

a) New and amended standards applied by the Group
Standards which the Group will apply for the first time for financial years beginning on 1 January 2019 are presented below:

- IFRS 16 Leases
- The 2015–2017 annual improvements cycle for IFRS standards
- IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adjusted its accounting principles in response to the introduction of IFRS 16. Upon adoption of IFRS 16, the Group applied the modified retrospective approach, which meant that it was not required to restate comparative figures. See also *Note 12 Leases* for information on the effects of the change of accounting principles and a description of the new accounting principles for leases.

IFRIC 23 provides guidance on how to present uncertain tax positions in the accounts. This interpretation has not required any adjustments to the accounts, but will provide guidance on future assessments of uncertain tax positions.

b) New standards and interpretations which have not yet been applied by the Group
A number of new standards and interpretations will become effective for financial years beginning after 1 January 2019 but have not been applied in preparing these financial statements. These new standards and interpretations are not expected to have a material impact on the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries
The consolidated financial statements comprise Coor Service Management Holding AB and all subsidiaries in Sweden and abroad. All companies over which the Group has control are classified as subsidiaries. Control means that Coor is able to govern the subsidiary, has the right to a variable return on its investment in the company and is able to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date when the Group ceases to have control. All subsidiaries in the Group are 100 per cent-owned.

Intercompany transactions and balances are eliminated. Where applicable, the accounting principles for subsidiaries have been amended to guarantee a consistent application of the Group's principles.

Recognition of acquisitions
The consolidated financial statements are prepared in accordance with the purchase method. In a business combination, the acquired assets and assumed liabilities are identified and measured at fair value at the acquisition date. In the purchase price allocation, an assessment is also made of whether there exist intangible assets that have not been recognised in the acquired entity. The amount by which the consideration exceeds the fair value of the acquired assets and assumed liabilities is recognised as goodwill. Any deficit, or "negative goodwill," is recognised through profit or loss. The consideration paid for the acquisition comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. Any subsequent additional consideration is classified as a liability, which is then remeasured through profit or loss. Acquisition-related costs are expensed.

TRANSLATION OF FOREIGN CURRENCY

Items included in the financial statements for the various entities of the Group are valued in the currency used in the economic environment in which each entity primarily operates (functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the functional and reporting currency of the parent company.

The financial statements of the Group companies are translated to the Group's reporting currency, SEK. Assets and liabilities in Group companies with a different functional currency than the parent company are translated at the closing rate. Income and expenses in Group companies which have a different functional currency than the parent company are translated at the average exchange rate. The translation difference arising on foreign currency translation is recognised in other comprehensive income. When a foreign operation is divested, such foreign exchange differences are recognised in the income statement as part of the capital gain or loss.

Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. At the closing date, monetary assets and liabilities in foreign currency are translated to the functional currency and any currency effect is recognised in profit or loss.

NOTE 2 RECOGNITION OF REVENUE

§ ACCOUNTING PRINCIPLES

The Group's reported net sales mainly comprise revenue from sales of services that are provided under the terms of subscription contracts or on a fixed-price or time and materials basis. The services which the Group provides can be divided into workplace services (including cleaning, restaurant, reception, and mail and freight handling services) and property services (including property maintenance and security solutions).

The Group applies the five-step model under IFRS 15 to determine how revenue from each customer contract should be accounted for. Under the five-step model, revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. The Group's principal source of revenue is services in which control is transferred to the customer in connection with delivery. The customer receives and consumes the service as it is provided. The Group's revenue is thus recognised as the services are provided.

The Group does not expect to have any significant contracts where the transaction price needs to be adjusted for the effects of a significant financing component.

Revenue from subscription contracts

Subscription contract refers to a contract concluded by the Group for the regular provision of services over an extended period of time. The Group's subscription contracts include integrated FM contracts covering a broad range of services as well as contracts for the provision of a single or small number of combined FM services. To meet the definition of a contract in IFRS 15, call-off orders for subscription services for the month also need to be taken into account.

Each individual customer contract can thus cover several different services (performance obligations) to be provided by Coor. The services are provided to the customers on a daily basis over the term of the contract and the customer receives and consumes the services as they are provided. All performance obligations are satisfied over time and revenue is recognised as the services are provided.

The prices charged for the services which the Group provides under subscription contracts are generally fixed and are based on certain cost drivers, such as the number of employees or floor space. The volume, such as the number of employees or square meters of floor space, varies over time, and there is therefore a significant variable component in the total revenue from the customer. For major customer contracts, variable remuneration may be used. Variable remuneration is only included in recognised revenue to the extent that it is considered likely to accrue to Coor. Invoices are normally issued on a monthly basis in connection with the provision of the services. Exceptions are made for customer contracts under which Coor is responsible for long-term property maintenance. For these contracts, accruals need to be made for a portion of the invoiced revenue, as Coor will not have satisfied its performance obligation at the end of the period.

For major customer contracts, modifications are often made to the contract over time, resulting in changes to prices, volumes or service content. Changes to major customer contracts are made in consultation with the customer according to a defined process.

Contract revenue

In addition to the subscription contracts which it has entered into with its customers, the Group also enters into call-off arrangements/contracts for services to be provided on an ongoing basis, generally over a relatively short period of time. Such projects are normally billed on a time and materials basis, which means that Coor receives compensation for costs incurred plus an agreed margin. Costs incurred can refer to the number of hours worked and/or to purchased materials/services. Invoices are issued on a monthly basis and are based on the costs incurred for the services provided.

The customer obtains control over the service as it is provided, which means that revenue is also recognised as the service is provided.

Contract type

The Group's services are provided under customer contracts of two main types:

- IFM (integrated FM contracts) covering a broad range of services and with a strong element of strategic advice.
- FM services (the provision of single or a small number of combined FM services). The element of strategic advice is limited.

Both contract types may have subscription revenue as well as project revenue features. A breakdown of revenue by the Group's main contract types, IFM contracts and contracts for single or a small number of FM services, is presented in *Note 3 Segment information.*

The Group has one customer that accounts for more than 10 per cent of consolidated net sales. Net sales to this customer in 2019 amounted to SEK 1,408 (1,386) million. This customer is a customer of the Group's Norwegian business.

The Group has its registered office in Sweden. Revenue from external customers in Sweden and the breakdown for other countries are shown in the table on the next page.

The Group's customer contracts have significant variable components that are linked to volume in the form of the number of square meters or the number of employees at the customer site, which affects revenue from the customer for coming periods. It is therefore not possible to disclose future unsatisfied performance obligations related to existing customer contracts.

Contract assets and contract liabilities

The Group recognises the following assets and liabilities in the balance sheet related to contracts with customers.

	2019	2018
Accounts receivable	1,310	1,343
Accrued income	284	245
Total contract assets	**1,594**	**1,588**
Deferred income	-294	-263
Total contract liabilities	**-294**	**-263**

Accrued income refers partly to subscription revenue under contracts for which the performance obligations have been satisfied but where the invoice is issued at the beginning of the following month and partly to revenue from ongoing projects where the performance obligation has been satisfied but the invoice has not yet been issued.

Deferred income refers partly to subscription revenue under contracts where the invoice is issued in the month before the services are provided and partly to revenue related to performance obligations for long-term property maintenance. For property maintenance, an accrual is made for a portion of the monthly subscription revenue, as Coor will not have satisfied its performance obligation at the end of the period. Revenue is recognised as Coor satisfies its performance obligation under the agreed maintenance plan.

BREAKDOWN OF REVENUE FROM CONTRACTS WITH CUSTOMERS

2019	SWEDEN [1]	NORWAY	DENMARK	FINLAND [2]	OTHER	TOTAL
External revenue by segment	5,138	2,546	1,924	706	-1	10,313
Timing of revenue recognition						
At a point in time	0	0	0	0	0	0
Over time	5,138	2,546	1,924	706	-1	10,313
TOTAL	**5,138**	**2,546**	**1,924**	**706**	**-1**	**10,313**

2018	SWEDEN [1]	NORWAY	DENMARK	FINLAND [2]	OTHER	TOTAL
External revenue by segment	4,788	2,351	1,658	694	-1	9,489
Timing of revenue recognition						
At a point in time	0	0	0	0	0	0
Over time	4,788	2,351	1,658	694	-1	9,489
TOTAL	**4,788**	**2,351**	**1,658**	**694**	**-1**	**9,489**

1) The figure for Sweden includes SEK 246 (226) million in sales for Belgium, SEK 0 (16) million for Poland and SEK 0 (26) million for Hungary.
2) The figure for Finland includes sales of SEK 19 (36) million for Estonia.

CRITICAL ASSUMPTIONS

The Group has certain customer contracts in which a part of the Group's performance obligation consists of long-term property maintenance. This performance obligation is normally included in the monthly subscription invoice that is issued, but at the end of the period the performance obligation had not yet been fulfilled. A portion of the revenue must therefore be recognised on an accrual basis in future periods. To estimate the cost of future property maintenance, management is required to make judgments on a number of parameters. Even if management has detailed maintenance plans at its disposal as a basis for its estimates, such judgments are subject to a degree of uncertainty.

NOTE 3 SEGMENT INFORMATION

ACCOUNTING PRINCIPLES

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of operating segments. In Coor, this function has been identified as the executive management team.

The Group operates in Sweden, Norway, Finland and Denmark and has minor operations in Belgium and Estonia. The Group's operations in Hungary and Poland were discontinued during the year. Management mainly monitors the operations on a country by country basis. The Group's operations in Belgium are organisationally part of the Swedish business and the operations in Estonia are organisationally part of the Finnish business.

The Group's operations comprise a range of workplace and property services as well as related strategic advice. The services are provided under customer contracts of two main types: IFM and single FM services. Priority service areas for provision as single FM services are cleaning, food & beverage and property services.

The operations conducted in the various countries are similar in nature but the markets differ somewhat in terms of the breakdown by contract type.

The Group's executive management team assesses the operating segments' results based on a measure called adjusted EBITA. This measure excludes the effects of items affecting comparability, such as restructuring costs, as well as amortisation and impairment charges on intangible assets arising from a business combination (primarily customer contracts and goodwill). Interest income and interest expense are not allocated to the segments, as these are affected by actions taken by the central finance function, which manages the Group's liquidity.

Group functions/other mainly refers to costs for central support functions, such as operational development, business development, the Group finance function and legal services.

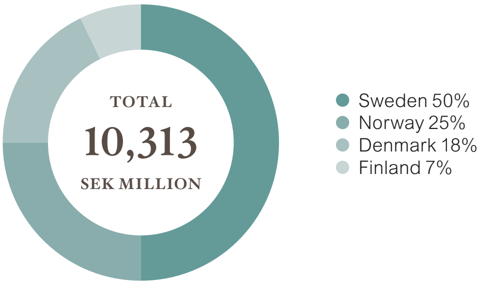
The Group's executive management team does not monitor total assets or liabilities on a segment basis. The executive management team analyses the change in net working capital for each segment in connection with its analysis of operating cash flow.

The following segment information has been provided to the executive management team:

GEOGRAPHICAL SEGMENTS

NET SALES	2019	2018
Sweden	**5,138**	**4,788**
Total sales	*5,279*	*4,910*
Internal sales	*-140*	*-122*
Norway	**2,546**	**2,351**
Total sales	*2,555*	*2,359*
Internal sales	*-9*	*-8*
Finland	**706**	**694**
Total sales	*706*	*694*
Internal sales	*0*	*0*
Denmark	**1,924**	**1,658**
Total sales	*1,927*	*1,659*
Internal sales	*-2*	*-1*
Group functions/other	**-1**	**-1**
IS **Total**	**10,313**	**9,489**

NET SALES BY COUNTRY 2019



ADJUSTED EBITA	2019	2018
Sweden	462	434
Norway	161	150
Finland	13	7
Denmark	74	64
Group functions/other	-162	-166
Total	**549**	**490**
Adjusted EBITA is reconciled to profit before tax as follows:		
Amortisation and impairment of customer contracts and trademarks (Note 10)	-186	-176
Items affecting comparability (Note 4)	-65	-95
IS Net financial expense	-71	-62
IS **Profit before tax**	**228**	**157**

ADJUSTED EBITA MARGIN, %	2019	2018
Sweden	9.0	9.1
Norway	6.3	6.4
Finland	1.8	1.1
Denmark	3.9	3.9
Group functions/other	-	-
Total	**5.3**	**5.2**

OTHER INFORMATION

INVESTMENTS IN NON-CURRENT ASSETS	2019	2018
Sweden	-14	-41
Norway	-4	-5
Finland	-3	-4
Denmark	-5	-10
Group functions/other	-48	-32
SCF **Total**	**-74**	**-93**

NON-CURRENT ASSETS	2019	2018
Sweden	2,952	2,659
Norway	645	599
Finland	191	154
Denmark	528	487
Group functions/other	111	91
Total	**4,427**	**3,991**

CHANGE IN NET WORKING CAPITAL	2019	2018
Sweden	141	-74
Norway	-106	33
Finland	31	32
Denmark	12	-9
Group functions/other	23	-9
SCF **Total**	**101**	**-27**

NET SALES BY TYPE OF CONTRACT	2019	2018
IFM	6,286	5,765
FM services	4,027	3,724
IS **Total**	**10,313**	**9,489**

NOTE 4 OPERATING EXPENSES

Coor has chosen to present its income statement by function, as this gives a more accurate picture of how the business is managed and monitored. A breakdown of costs by nature of expense is shown below.

OPERATING EXPENSES BY FUNCTION	2019	2018
IS Cost of services sold	-9,326	-8,580
IS Selling expenses	-110	-109
IS Administrative expenses	-579	-581
Total	**-10,014**	**-9,270**

COSTS BY NATURE OF EXPENSE

COSTS BY NATURE OF EXPENSE	2019	2018
Personnel expenses	-5,593	-5,136
Subcontractors	-2,437	-2,320
Materials	-1,143	-1,086
External services	-296	-286
Depreciation/amortisation	-385	-244
Other operating expenses	-160	-199
Total	**-10,014**	**-9,270**

COSTS BY NATURE OF EXPENSE 2019

ITEMS AFFECTING COMPARABILITY

Items affecting comparability are excluded from the measure of operating profit, adjusted EBITA, that management regards as the most relevant metric, as it gives a more accurate picture of the underlying business.

Items affecting comparability for 2019 mainly comprise costs for integration and restructuring. Integration and restructuring refer to organic transactions as well as acquisitions. Integration refers to costs such as the cost of integrating IT systems while restructuring refers to costs related to staff reductions. Acquisition-related costs refer exclusively to transaction costs.

RECONCILIATION OF ADJUSTED EBITA	2019	2018
IS **Operating profit (EBIT)**	**299**	**219**
Amortisation and impairment of customer contracts and trademarks	186	176
Items affecting comparability	65	95
Adjusted EBITA	**549**	**490**

ITEMS AFFECTING COMPARABILITY	2019	2018
Integration	-40	-55
Restructuring	-24	-32
Acquisition-related costs	0	-7
Other	0	0
Total	**-65**	**-95**

ITEMS AFFECTING COMPARABILITY SPECIFIED BY FUNCTION	2019	2018
Cost of services sold	-45	-54
Selling and administrative expenses	-20	-41
Total	**-65**	**-95**

NOTE 5 EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

§ ACCOUNTING PRINCIPLES

Termination benefits
Remuneration in case of termination is paid when an employee's employment has been terminated by the Group before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises severance pay when it is demonstrably obliged either to give notice to employees under a detailed formal plan without possibility of retraction or to provide remuneration on termination as a result of an offer to encourage voluntary redundancy. Benefits expiring more than 12 months after the balance sheet date are discounted to present value.

Bonus plans
The Group recognises a liability and a cost for bonuses to employees based on the applicable contracts.

Share-based payments
Coor grants share-based payments to certain employees. These are mainly settled in the form of shares of the company and are known as equity-settled share-based payments. The cost of equity-settled share-based payments is based on the fair value of the share rights at the time when the remuneration programme was introduced. Such remuneration is recognised as an employee benefit expense, which is recognised over the vesting period along with a corresponding increase in equity. To the extent that the vesting conditions for the programme are linked to market conditions, these are taken into account in determining the fair value of the share rights. Performance-based vesting conditions and terms and conditions of service affect the employee benefit expense during the vesting period by changing the number of shares that is ultimately expected to be allocated.

Coor recognises a liability for social security contributions on an ongoing basis for all outstanding share-based payments. The liability is remeasured on an ongoing basis based on the fair value of the share-based payment at the balance sheet date as allocated over the vesting period.

Post-employment benefits
The Group has a number of pension plans in different countries. Most of the Group's pension plans are defined contribution plans, under which contributions are paid to an authority or other body which then takes over the obligations to the employees. Once the contributions have been paid, the Group has no further payment obligations. Liabilities related to defined contribution plans are expensed in the income statement as they arise. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may accrue to the benefit of the Group.

Defined benefit pension plans are post-employment benefit plans other than defined contribution plans. The defining characteristic of a defined benefit plan is that it specifies an amount for the post-employment benefit which an employee will receive on retirement, normally based on one or several factors, such as age, length of service or salary. Only a small number of employees in the Group are covered by a defined benefit plan, for which the Group recognises a provision in the balance sheet.

Pensions insured with Alecta in Sweden as well as pensions covered by the new AFP scheme in Norway are defined as multi-employer defined benefit pension plans. However, there is insufficient data to produce reliable information concerning each company's share of the retirement benefit cost, pension obligation and plan assets, and it is therefore not possible to account for these as defined benefit plans.

NUMBER OF EMPLOYEES AND GENDER DISTRIBUTION

	2019			2018		
AVERAGE NUMBER OF EMPLOYEES	*WOMEN*	*MEN*	*TOTAL*	*WOMEN*	*MEN*	*TOTAL*
Sweden	*2,324*	*1,850*	**4,174**	*2,126*	*1,835*	**3,961**
Norway	*895*	*622*	**1,516**	*580*	*835*	**1,415**
Finland	*632*	*371*	**1,003**	*663*	*357*	**1,020**
Denmark	*1,478*	*664*	**2,142**	*1,295*	*794*	**2,089**
Other countries	*95*	*64*	**159**	*120*	*84*	**204**
Total	*5,424*	*3,570*	**8,994**	*4,784*	*3,905*	**8,689**

GENDER DISTRIBUTION AMONG DIRECTORS, CEOS AND SENIOR EXECUTIVES

	2019			2018		
NO. AT BALANCE SHEET DATE	*WOMEN*	*MEN*	*TOTAL*	*WOMEN*	*MEN*	*TOTAL*
Directors	*3*	*7*	**10**	*3*	*7*	**10**
CEOs and senior executives	*2*	*9*	**11**	*2*	*10*	**12**
Total	*5*	*16*	**21**	*5*	*17*	**22**

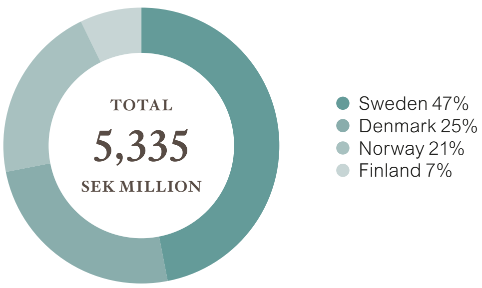
EMPLOYEE BENEFIT EXPENSES

Salaries, other benefits and social security contributions

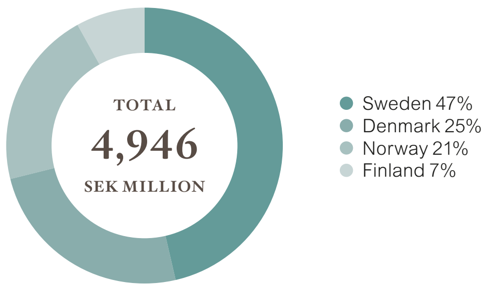
	2019					2018				
	SALARIES AND BENEFITS[1]	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBU-TIONS	*OF WHICH RETIRE-MENT BENEFIT COSTS*	TOTAL	SALARIES AND BENEFITS[1]	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBU-TIONS	*OF WHICH RETIRE-MENT BENEFIT COSTS*	TOTAL
Directors, CEOs and VPs	35	*7*	13	*4*	**48**	28	*4*	12	*4*	**40**
Other employees	4,159	*33*	1,128	*315*	**5,288**	3,858	*24*	1,048	*301*	**4,906**
Total	**4,194**	*40*	**1,141**	*319*	**5,335**	**3,887**	*29*	**1,060**	*305*	**4,946**

[1] Salaries and termination benefits totalled SEK 5 (23) million. Of this amount, SEK 0 (0) million refers to severance pay to CEOs and other senior executives. The group Directors, CEOs and VPs includes remuneration to Board of Coor Service Management Holding AB as well as remuneration to the Group's CEO and the CEOs and VPs of all subsidiaries of the Group.

EMPLOYEE BENEFIT EXPENSES BY COUNTRY* 2019



EMPLOYEE BENEFIT EXPENSES BY COUNTRY* 2018



* Employee benefit expenses for Belgium, Poland and Hungary are included in the figure for Sweden, as these countries are operationally under Sweden. Employee benefit expenses for Finland are included in the figure for Finland, as Estonia is operationally under Finland. Employee benefit expenses for Sweden also include costs related to Group functions.

SHARE-BASED REMUNERATION PROGRAMMES

The purpose of Coor's long-term incentive programmes

Coor's long-term incentive programmes (LTIP) are designed to increase and strengthen the company's ability to recruit and retain key individuals and to encourage participants to become long-term shareholders of Coor as a means of aligning the interests of participants and other shareholders. To participate in the programmes, participants are required to invest in Coor shares. By offering an allocation of performance-based share rights that is based on the achievement of defined performance and operational goals, participants are rewarded for increasing shareholder value. The programmes also promote loyalty and long-term value growth in the Group. The Board of Directors is therefore of the opinion that the programmes will have a positive impact on the Group's future performance, thus benefiting both the company and its shareholders. The programmes are aimed at senior executives of the Coor Group: the executive management team (EMT) and top management team (TMT).

Criteria and conditions for participation in the incentive programmes

The incentive programmes cover a period of three years and require that participants acquire or already hold a certain number of Coor shares, known as investment shares. The participants are divided into three different categories, for each of which a maximum number shares has been defined beforehand. Performance shares are allocated free of charge after the vesting period. The number of shares allocated varies among the different categories of participants.

The basic criteria for allocation of performance shares are that the participant has remained an employee of the Coor Group during the vesting period and has continued to hold his or her Coor shares over that period. The vesting periods will end in connection with the publication of Coor's interim reports for the first quarter of 2021 (LTIP 2018) and 2022 (LTIP 2019), respectively.

In addition to the employment condition, the allocation of performance shares is based on a number of performance conditions that are presented below. The allocation of share rights depends on the extent to which the defined goals and performance conditions have been met during the performance period concerned.

Description of performance conditions for the share programmes:
The performance conditions for LTIP 2018 and LTIP 2019 are the same. See below for a description of the conditions for each series.

Series A: Change in customer satisfaction index:
If Coor's average customer satisfaction score during the performance period is equal to or below the minimum level of 64, no shares will be allocated. If Coor's average customer satisfaction score is equal to or exceeds the maximum level of 68, 100 per cent of the shares will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series B: Cumulative adjusted EBITA:
If Coor's cumulative adjusted EBITA over the performance period is equal to or below the minimum level, defined as 10 per cent below the cumulative adjusted EBITA targeted in Coor's business plan for the three-year period commencing at the start of each programme, no shares will be allocated. If the percentage change in Coor's cumulative adjusted EBITA is equal to or exceeds the maximum level, defined as 10 per cent above the cumulative adjusted EBITA targeted in Coor's business plan, 100 per cent will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series C: Relative total shareholder return (TSR) growth:
The allocation of shares varies depending on Coor's TSR growth relative to the weighted average of a group of other companies (the "Benchmark Group"). If Coor's cumulative TSR growth over the performance period is equal to or below the weighted average index for the Benchmark Group (the minimum level), no shares will be allocated. If Coor's cumulative TSR growth is equal to or exceeds the weighted average index for the Benchmark Group by more than 6 percentage points (the maximum level), 100 per cent will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

NUMBER OF SHARE RIGHTS	BASE VALUE SHARE PRICE, SEK	NUMBER OF PARTICIPANTS UPON ALLOCATION	MEASUREMENT PERIOD	Number of outstanding share rights 31 DEC 2019	31 DEC 2018
LTIP 2019	84.2	33	1 Jan 2019–31 Dec 2021	271,338	-
LTIP 2018	69.3	45	1 Jan 2018–31 Dec 2020	336,314	348,724
Total number of outstanding share rights				**607,652**	**348,724**

NUMBER OF SHARE RIGHTS	LTIP 2019 CHANGE DURING THE YEAR	LTIP 2019 ACCUMULATED	LTIP 2018 CHANGE DURING THE YEAR	LTIP 2018 ACCUMULATED
Allocated on issuance	281,338	281,338	348,724	348,724
Outstanding at 1 January 2019	**0**	**0**	**348,724**	**348,724**
Share rights allocated during the year	281,338	281,338	-	-
Allocated compensation, dividend	0	0	16,340	16,340
Forfeited	-10,000	-10,000	-28,750	-28,750
Total number of outstanding share rights at 31 December 2019	**271,338**	**271,338**	**336,314**	**336,314**

No share rights were redeemable at the end of the year.

SECURING OF FINANCIAL OBLIGATIONS UNDER LTIP 2018 AND 2019

To secure the Group's financial obligation under LTIP 2019, Coor repurchased 340,000 shares in 2019 for SEK 28 million at an average price of SEK 82.5 per share.

To secure the Group's financial obligation under LTIP 2018, Coor has entered into a share swap agreement with Nordea. At 31 December, 740,000 shares had been secured at an average cost of SEK 86.3.

ACCOUNTING OF COST LINKED TO LTIP:

The total cost for outstanding share rights under the incentive programme is expensed over the vesting period with a corresponding increase in equity. The cost for social security contributions is recognised as a liability, as this cost will be paid in cash at the end of the programme.

The call option programme
In addition to the share programme, the Group's LTIP 2018 incentive programme also included a call option programme.

For each investment share that was allocated to LTIP 2018, participants in the call option programme were offered the opportunity to acquire 10 call options on Coor shares. Each call option entitles the holder to purchase one Coor share during three exercise periods at the end of the programme period, but no later than 31 May 2022.

A market-based premium was paid for the call options. The price per share on exercise of the call option is SEK 80.3.

The option programme was aimed at members of the executive management team (EMT) and comprises a total of 320,000 options. The call options are freely transferable and are not contingent on continued employment in Coor.

	Cost for the year before tax 2019	Cost for the year before tax 2018	Accumulated cost before tax 2019	Accumulated cost before tax 2018	Liability, social security contributions at balance sheet date 2019	Liability, social security contributions at balance sheet date 2018
LTIP 2019	3	0	3	0	1	0
LTIP 2018	7	1	9	1	2	0
Total	**11**	**1**	**12**	**1**	**3**	**0**

POST-EMPLOYMENT BENEFITS

RETIREMENT BENEFIT COSTS RECOGNISED IN THE INCOME STATEMENT	2019	2018
Retirement benefits, defined benefit plans	1	0
Retirement benefits, defined contribution plans	318	305
Total	**319**	**305**

Contributions for the year to pension plans held with Alecta amounted to SEK 75 (75) million. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2019, Alecta's surplus, defined as the collective funding ratio, was 148 (142) per cent. The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial assumptions, which do not comply with IAS 19.

Contributions for the year to pension plans covered by the new AFP scheme in Norway amounted to SEK 37 (34) million.

PENSION OBLIGATION RECOGNISED IN THE BALANCE SHEET:	2019	2018
Endowment policies*	15	15
Retirement benefits, defined benefit plans	4	5
BS **Total**	**20**	**20**
Non-current receivable, endowment policies*	-12	-12
Total, net	**7**	**8**

* Coor has taken out endowment policies with a small number of employees as beneficiaries. As it is the employee that is the beneficiary, a pension provision is recognised in the balance sheet along with a non-current receivable equal to the fair value of the endowment policy. A provision has been made for special payroll tax, which will be paid to the Swedish Tax Agency in connection with the payment to the employee.

CHANGE IN DEFINED BENEFIT PENSION OBLIGATIONS	2019	2018
At the beginning of the year	**5**	**6**
Payments made	0	-1
Actuarial gains/losses	0	0
Foreign exchange differences	0	0
Other changes during the year	0	-1
Total defined benefit pension obligation at the end of the year	**4**	**5**

Retirement benefit costs in the coming year
Expected contributions to post-employment benefit plans for the financial year 2020 are SEK 0 (0) million for defined benefit pension plans, SEK 77 (75) million for pension plans held with Alecta, SEK 39 (38) million for the new AFP scheme in Norway and SEK 231 (227) million for other defined contribution pension plans.

NOTE 6 REMUNERATION OF SENIOR EXECUTIVES

Remuneration of senior executives
Directors refer to members of the Board of Directors of the parent company in accordance with the resolution of the Annual General Meeting. For information on the current composition of the Board of Directors, see the section *Presentation of the Board of Directors*.

Executive management team refers to the Chief Executive Officer and the other members of the executive management team. For the current composition of the executive management team, see the section *Presentation of management*.

REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM	2019	2018
Remuneration of the Board of Directors	2.9	2.7
Remuneration of the executive management team	57.6	47.3
Total	**60.4**	**50.0**

REMUNERATION OF THE BOARD OF DIRECTORS – GUIDELINES

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the general meeting of shareholders. The following tables specify the fees that were charged to expense in 2019 for each Director. For a specification of fees approved by the AGM, see the *Corporate Governance Report*.

REMUNERATION OF THE BOARD OF DIRECTORS

	DIRECTORS' FEES		FEE FOR COMMITTEE WORK		TOTAL	
SEK '000	2019	2018	2019	2018	2019	2018
Mats Granryd (Chairman)	767	720	150	182	917	902
Anders Ehrling	273	257	142	75	415	332
Heidi Skaaret	273	257	100	100	373	357
Kristina Schauman	273	257	233	200	507	457
Mats Jönsson	273	257	75	75	348	332
Monica Lindstedt	273	257	50	50	323	307
Other	0	0	0	0	0	0
Total	**2,133**	**2,005**	**750**	**682**	**2,883**	**2,686**

REMUNERATION OF THE CEO AND EXECUTIVE MANAGEMENT TEAM – GUIDELINES

The Annual General Meeting 2019 approved the following guidelines for remuneration of senior executives for the period until the 2020 AGM. The executives covered by the guidelines are the CEO and the other members of the executive management team.

The remuneration of senior executives is to consist of a fixed salary, any variable remuneration, pension and other benefits. The total remuneration is to be competitive, in line with market levels, and reflect the individual's performance and responsibility and, with regard to any long-term variable remuneration, the appreciation of Coor's shares that accrues to the shareholders. Variable remuneration may consist of annual variable remuneration and long-term variable remuneration in the form of cash, shares and/or share-linked instruments in Coor. Variable cash remuneration is to be contingent on the achievement of defined and measurable goals and is to be capped at 50 per cent of the annual fixed salary. Long-term variable remuneration in the form of shares and/or share-based instruments in Coor is to be payable to beneficiaries of long-term incentive programmes approved by the

Annual General Meeting. The terms for variable remuneration should be formulated so that the Board, in the event of exceptional circumstances, is able to limit or refrain from paying variable remuneration if such action is deemed reasonable. In specific instances, agreements on non-recurring remuneration may be concluded, provided that such remuneration does not exceed three months' fixed salary and is not paid more than once a year to the same individual. Retirement benefits are to be defined contribution benefits. Severance pay is normally paid in case of termination by the company. The contracts of members of the executive management team are terminable on no more than six (6) months' notice and provide for severance pay of no more than eighteen (18) months' fixed salary. No severance pay is to be paid in case of termination by the employee. The Board has the right to depart from the guidelines adopted by the general meeting of shareholders if there are special reasons to do so in an individual case.

The proposed guidelines for remuneration of senior executives in 2020 are found in the *Directors' Report*.

REMUNERATION OF THE CEO AND EXECUTIVE MANAGEMENT TEAM – 2019

2019	BASIC SALARY	VARIABLE REMUNERATION	SHARE-BASED PAYMENT	OTHER BENEFITS	RETIREMENT BENEFIT COSTS	SEVERANCE PAY	OTHER REMUNERATION	TOTAL
Remuneration of the CEO								
Mikael Stöhr	6.8	4.0	1.4	0.1	2.0	0.0	0.0	**14.3**
Remuneration of other members of the executive management team								
Rest of management team, 11 persons	24.5	8.7	3.4	1.1	5.6	0.0	0.0	**43.3**
Total	**31.3**	**12.7**	**4.9**	**1.2**	**7.5**	**0.0**	**0.0**	**57.6**

REMUNERATION OF THE CEO AND EXECUTIVE MANAGEMENT TEAM – 2018

2018	BASIC SALARY	VARIABLE REMUNERATION	SHARE-BASED PAYMENT	OTHER BENEFITS	RETIREMENT BENEFIT COSTS	SEVERANCE PAY	OTHER REMUNERATION	TOTAL
Remuneration of the CEO								
Mikael Stöhr	6.8	1.8	0.2	0.1	1.8	0.0	0.0	**10.6**
Remuneration of other members of the executive management team								
Rest of management team, 11 persons	23.8	6.3	0.5	0.9	5.2	0.0	0.0	**36.7**
Total	**30.6**	**8.1**	**0.7**	**0.9**	**7.0**	**0.0**	**0.0**	**47.3**

Share-based payments to the CEO and executive management team
At 31 December 2019, the CEO held 110,634 (54,000) outstanding share rights under the Group's LTIP 2018 and LTIP 2019 incentive programmes while the other members of the executive management team held a total of 261,402 (145,000) share rights.

Under LTIP 2018, members of the EMT also had the option of acquiring call options. The CEO subscribed for 90,000 options and the other members of the executive management team subscribed for 230,000 options under the options component of the incentive programme.

For more information on the Group's incentive programmes, see the section Share-based payments in *Note 5*. The cost linked to LTIP for the CEO and the EMT is presented in the table above under Share-based payments.

	LTIP 2019		LTIP 2018	
NUMBER OF SHARE RIGHTS	CEO	OTHER SENIOR EXECUTIVES	CEO	OTHER SENIOR EXECUTIVES
Allocated on issuance	54,000	123,750	54,000	145,000
Outstanding at 1 January 2019	**0**	**0**	**54,000**	**145,000**
Share rights allocated during the year	54,000	123,750	-	-
Allocated compensation, dividend	0	0	2,634	6,402
Forfeited	0	0	0	-13,750
Total number of outstanding share rights at 31 December 2019	**54,000**	**123,750**	**56,634**	**137,652**

Pensions and other benefits
The CEO and all senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries). In addition to this, the CEO has the right to pension contributions of 30 per cent for that part of his salary which exceeds 30 income base amounts. In addition to the CEO, two senior executives are entitled to pension contributions of 30 per cent of that portion of their salary which exceeds 30 income base amounts and two senior executives are entitled to pension contributions of 20 per cent of that portion of their salary which exceeds 30 income base amounts, in addition to the normal ITP solution. There is no contractual retirement age for the CEO or other senior executives, which means that the retirement age is subject to the local rules which apply in each country.

NOTE 7 AUDIT FEES

AUDIT FEES	2019	2018
PwC		
Audit engagement	5	4
Audit services in addition to the audit engagement	1	2
Tax advisory services	1	0
Other services	0	0
Total	**6**	**7**

Audit fees paid to other audit firms were SEK 0 (1) million.

Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the performance of such other tasks. Everything else is defined as other services.

NOTE 8 FINANCIAL INCOME AND EXPENSES

NET FINANCIAL INCOME/EXPENSE IN THE INCOME STATEMENT	2019	2018
Financial income		
Interest income	1	3
Foreign exchange differences	2	2
Other financial income	0	0
IS **Total**	**3**	**5**
Financial expenses		
Interest expense	-46	-43
Interest expense, leases	-11	0
Foreign exchange differences	-8	-12
Other financial expenses	-9	-11
IS **Total**	**-74**	**-67**
Total net financial expense	**-71**	**-62**

Interest expense refers mainly to interest on bank loans and lease-related interest. Foreign exchange differences refer principally to results of the revaluation of foreign currency loans. Since the new financing agreement entered into force in January 2019, however, the Group has only had loans in SEK. Other financial expenses refer mainly to borrowing costs and bank charges. The expense incurred in connection with the raising of loans is allocated over the term of the loan.

See also *Note 16 Borrowing and financial risk management* for more information on borrowing and financial risks.

NOTE 9 TAXES

§ ACCOUNTING PRINCIPLES

The Group's tax expense comprises current and deferred tax. Tax is recognised in the income statement, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax is calculated on the taxable profit for the period based on the applicable tax rules in the Group's countries of operation. As taxable profit excludes non-tax-deductible expenses as well as non-taxable income, the amount differs from profit before tax in the income statement. Deferred tax also includes adjustments related to reported current tax in previous periods.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is also recognised for tax losses to the extent that it is probable that these can be used to offset future taxable profits. The measurement of deferred taxes is based on the nominal amounts and the tax rates that have been enacted at the balance sheet date. Deferred tax is not calculated for the initial recognition of goodwill or on the initial recognition of an asset or liability, provided that the asset or liability does not relate to an acquisition.

Tax assets and tax liabilities are offset if there is a legally enforceable right to set off the recognised amounts. A legally enforceable right of set-off has been deemed to exist when the tax assets and tax liabilities relate to taxes levied by the same taxation authority and refer either to the same taxable entity or to different taxable entities and there is an intention to settle the balances on a net basis.

! CRITICAL ASSUMPTIONS

The reporting of income tax, value-added tax and other taxes is based on the applicable rules, including practice, instructions and legislation, in the Group's countries of operation. Due to the general complexity of these issues, the application, and thus also the financial reporting, is in some cases based on interpretations, and estimates and judgments of possible outcomes. On complex issues, the Group engages the assistance of external experts to assess possible outcomes based on current practice and interpretations of applicable regulations.

In the Group, significant tax losses exist in Finland and Sweden. In Sweden, there are no time limitations on the use of tax losses. In Finland, tax losses must be used within a ten-year period from when they arise. In Finland, a deferred tax asset arising from tax losses has only been recognised to the extent that it can be offset against the deferred tax liability attributable to Finland. This is due to the uncertainty that exists with regard to the possibility of using the tax losses against taxable profits within the ten-year time limit. In Sweden, it has been deemed that it will be possible to use all tax losses against future taxable profits. All tax losses have therefore been recognised as a deferred tax asset. In 2018, the Swedish parliament voted to reduce the tax rate in two stages. The recognised deferred tax asset was therefore remeasured in 2018.

The assessment of how large a portion of the tax losses it will be possible to use is made in connection with the impairment test of goodwill, see *Note 10 Intangible assets* for more information.

TAX EXPENSE IN THE INCOME STATEMENT

TAX EXPENSE (-), TAX INCOME (+)	2019	2018
Current tax	-55	-41
Deferred tax	-4	-12
IS **Total**	**-59**	**-53**

Difference between reported tax expense and tax expense based on the applicable tax rate
The difference between the reported tax expense and estimated tax expense is explained below. The estimated tax expense is based on the profit before tax in each country multiplied by the country's tax rate.

	2019	%	2018	%
IS **Reported profit before tax**	228		157	
IS **Tax expense**	-59	*-26*	-53	*-34*
Calculated tax expense	-51	*-22*	-37	*-23*
Difference	**-8**	***-4***	**-16**	***-10***
Unrecognised deferred tax on tax losses	0	*0*	-1	*-1*
Use of previously unrecognised tax losses	3	*1*	2	*1*
Tax effect of non-deductible expenses	-11	*-5*	-6	*-4*
Tax effect of non-taxable income	0	*0*	0	*0*
Tax effect of change of tax rate	0	*0*	-10	*-7*
Other effects	0	*0*	0	*0*
Total	**-8**	***-4***	**-16**	***-10***

The weighted average tax rate was 22 (23) per cent and the effective tax rate 26 (34) per cent. The change compared with the previous year is mainly due to the lowering of the tax rate in Sweden in the previous year, as a result of which the deferred tax asset in Sweden was remeasured. In 2019, the Group had higher non-tax-deductible expenses than previously, mainly due to the new rules limiting the deductibility of interest expenses. Tax attributable to components in other comprehensive income amounted to SEK -3 (0) million.

DEFERRED TAX LIABILITY AND TAX ASSET IN THE BALANCE SHEET

In those countries where the Group has several legal entities and it is possible to offset tax liabilities and tax assets between legal entities through the use of Group contributions, deferred tax asset and tax liability are recognised on a net basis for each country.

DEFERRED TAX BY COUNTRY, NET	2019	2018
Deferred tax asset		
Sweden	161	203
BS **Total deferred tax asset**	**161**	**203**
Deferred tax liability		
Norway	17	23
Denmark	17	22
Finland	0	0
BS **Total deferred tax liability**	**35**	**45**
Net deferred tax	**126**	**158**

SPECIFICATION OF CHANGE IN DEFERRED TAX LIABILITY/TAX ASSET

2019	GOODWILL ARISING FROM ASSET ACQUISITIONS	TAX LOSSES	CASH FLOW HEDGE	CUSTOMER RELATIONSHIPS AND TRADEMARKS	OTHER	TOTAL
At 1 January 2019	**6**	**296**	**0**	**-157**	**13**	**158**
Recognised in profit or loss	-5	-41	0	40	2	-4
Recognised in other comprehensive income	0	0	-3	0	0	-3
Acquired companies	0	0	0	-16	-7	-23
Foreign exchange differences	0	0	0	-1	0	-1
At 31 December 2019	**0**	**256**	**-3**	**-134**	**8**	**126**

2018	GOODWILL ARISING FROM ASSET ACQUISITIONS	TAX LOSSES	CUSTOMER RELATIONSHIPS AND TRADEMARKS	OTHER	TOTAL
At 1 January 2018	**13**	**347**	**-168**	**11**	**203**
Recognised in profit or loss	-7	-51	45	1	-12
Acquired companies	0	0	-34	2	-32
Foreign exchange differences	0	0	-1	0	-1
At 31 December 2018	**6**	**296**	**-157**	**13**	**158**

Of the above net asset related to deferred tax, the Group estimates that SEK -42 (-34) million will be used within a 12-month period. In this amount, that portion of the Group's reported tax losses that will be used in the coming year has been excluded.

TAX LOSSES

The Group has tax losses of SEK 279 (330) million, of which SEK 256 (296) million has been recognised in the balance sheet. All tax losses attributable to Sweden have been recognised in the balance sheet while tax losses attributable to Finland have been recognised only to the extent that there exists an equivalent deferred tax liability.

TAX LOSSES AT 31 DECEMBER 2019	TOTAL	OF WHICH RECOGNISED IN BALANCE SHEET
Sweden	253	253
Finland	26	3
Total	279	256

CURRENT TAX LIABILITY/TAX ASSET

The current tax liability at 31 December 2019 was SEK 42 (32) million and the current tax asset SEK 0 (0) million.

NOTE 10 INTANGIBLE ASSETS

§ ACCOUNTING PRINCIPLES

Goodwill

Goodwill arises in connection with business combinations and consists of the amount by which the cost exceeds the fair value of the acquired net assets.

Goodwill has an indefinite useful life. It is therefore not amortised but is tested annually for impairment. Goodwill is recognised at cost less accumulated impairment and is allocated to those cash-generating units which are expected to benefit from the business combination that gave rise to the goodwill item. For Coor, the cash-generating units are the same as the Group's operating segments. This allocation constitutes the basis for the annual impairment test.

In the annual impairment test, the carrying amounts of the cash-generating units are compared with the recoverable amounts. The recoverable amount is determined by discounting future cash flows for the cash-generating unit based on the Group's business plan, which covers a three-year period. Cash flows beyond the three-year period are extrapolated based on the business plan and an assumption about future sustainable cash flow. If the carrying amount of an asset or cash-generating unit is less than the recoverable amount, the asset is written down to the recoverable amount. Impairment losses on goodwill are never reversed.

Customer contracts

Customer contracts which have been identified as intangible assets in connection with a business combination are recognised at fair value at the acquisition date by discounting the expected future after-tax cash flow. Subscription sales and additional sales are taken into account. Management also makes an estimate of the likely number of contract renewals.

The customer contracts have a determinable useful life covering the remaining term of the contract and estimated contract renewal periods. The contracts are recognised at cost less accumulated amortisation and are amortised on a straight-line basis so that the cost for the contracts is distributed over their estimated useful lives. The carrying amount is tested for impairment when there are indications that the carrying amount is less than the recoverable amount. Previously recognised impairment losses are reversed if the reasons for the impairment loss have ceased to exist.

Customer contracts that have been recognised and measured in connection with an acquisition have a remaining useful life of one to six years.

Trademarks

Trademarks that have been identified as intangible assets in connection with a business combination are recognised at fair value at the acquisition date. Trademarks which the company considers to have a lasting value and which are therefore considered to have indefinite useful lives are not amortised. Such trademarks are instead tested annually for impairment based on the same principle as for goodwill. Other trademarks are amortised over their useful life, which is estimated at three years.

Other intangible assets

Other intangible assets mainly comprise software and licenses.

Acquired software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Development expenditure directly attributable to the development and testing of identifiable and unique software products which are controlled by the Group is accounted for as an intangible asset to the extent that the products are expected to generate economic benefits. Other development costs are expensed as incurred.

Capitalised software and licenses are amortised over their useful life, which is estimated at three to five years.

! CRITICAL ASSUMPTIONS

IMPAIRMENT TESTING OF GOODWILL

In connection with the annual impairment test of goodwill, the recoverable amount is estimated. The calculation is based on the Group's three-year business plan, which constitutes management's best estimate of the future performance of the business. The business plan includes critical assumptions and judgments, of which the most significant are those relating to forecasts for organic growth and margin growth.

– Forecasts for organic growth

Growth is achieved partly through additional sales to existing customers and partly through sales to new customers. Assumptions on new sales are based on the company's historical experience and take account of ongoing and coming procurements.

The expected future sustainable cash flow beyond the planning horizon of the business plan is extrapolated using an assumed sustainable growth rate of 2 (2) per cent.

– Profit margin growth

The most significant cost components in the Group's operations are remuneration of employees and the cost of engaging subcontractors. Estimates for these cost components therefore have a material impact on the Group's margins. To achieve and maintain a satisfactory EBITDA margin, the Group is dependent on being able to implement continuous operational efficiencies with the aim of offsetting increases in cost. Estimates of future margins are based on historical experience of operational efficiencies.

– Discount rate

The discount rate used is the relevant weighted average cost of capital (WACC) for the markets in which the Group operates. WACC is calculated based on a debt structure comprising 20 per cent loans and 80 per cent equity. The after-tax discount rate for 2019 was 7.9 (7.6) per cent in all entities. The Group has not deemed that the risks differ materially among the various Nordic countries and has therefore applied the same WACC in calculating value in use. In the sensitivity analysis, management has assessed whether an increase in WACC would result in impairment.

The Group has chosen to use an after-tax WACC in the impairment tests, as the cash flow figure used in the Group's impairment tests is measured after tax and because WACC after tax is a more relevant measure for understanding the impairment test. The estimated pre-tax WACC would have been 9.5 (9.1) per cent.

– Sensitivity analysis

The following sensitivity analyses of the calculation of value in use made in connection with the impairment test have been performed, on an assumption by assumption basis:

- A general decrease of 1 per cent in the operating margin after the forecasting period
- A general increase of 1 per cent in WACC
- A general decrease of 1 per cent in future sustainable cash flow

In 2019, the recoverable amount for the Coor Group's operations exceeded the carrying amount for all segments, which means that no impairment existed. Management has also tested whether there still exists an excess based on the above changes in critical assumptions. As the excess varies from one segment in the Group to another, the segments have differing degrees of sensitivity to changes in the above assumptions.

The conclusion from the sensitivity analyses is that a decrease of 1 percentage point in two of the above parameters would give rise to impairment in the Finnish business. Other than that, the sensitivity analyses showed that no adjustments to the above assumptions would give rise to impairment in any of the cash-generating units.

VALUATION OF CUSTOMER CONTRACTS

In connection with the acquisition of certain subsidiaries, intangible assets relating to customer contracts were identified in preparing the purchase price allocation. In many cases, no quoted prices are available for these assets. It is therefore necessary to use various measurement techniques that are based on several different assumptions. The most significant assumptions used as a basis for the valuation of customer contracts are the current WACC, the expected number of contract renewals and expected future margins for the contract.

The assessment of value in use for customer contracts is strongly influenced by renegotiations with customers, which take place on an ongoing basis. In its initial valuation of the customer contracts, the Group has based its estimate on the assumption that a certain number of contracts will be renewed at a certain volume and margin. The Group's customer contracts are renegotiated at a weighted average interval of five years. In its assessment made as at 31 December 2019, management factored in the risk of changes to volumes or reduced margins in the most imminent renegotiations.

There is also a risk that a customer contract will be lost to a competitor in connection with a renegotiation. As at the closing date, management did not see any apparent risk that the Group will lose any of those customer contracts for which a carrying amount has been recognised in the balance sheet.

As at the closing date, there were in management's view no indications of impairment of those customer contracts for which a carrying amount has been recognised in the balance sheet.

	GOODWILL		CUSTOMER CONTRACTS		TRADEMARKS		OTHER INTANGIBLE ASSETS	
INTANGIBLE ASSETS	2019	2018	2019	2018	2019	2018	2019	2018
Opening cost	3,351	2,995	3,084	2,921	47	40	227	186
SCF Investments	0	0	0	0	0	0	49	33
Acquired businesses	131	325	72	144	3	7	0	0
Sales and disposals	0	0	-2	0	0	0	-3	-11
Reclassifications	0	0	0	0	0	0	0	18
Translation differences for the year	28	31	20	20	0	0	0	1
Closing cost	**3,510**	**3,351**	**3,173**	**3,084**	**50**	**47**	**273**	**227**
Opening amortisation and impairment	-315	-302	-2,388	-2,198	-2	0	-123	-110
Sales and disposals	0	0	2	0	0	0	3	11
Amortisation for the year	0	0	-183	-174	-3	-2	-26	-26
Reclassifications	0	0	0	0	0	0	0	2
Translation differences for the year	-5	-13	-14	-16	0	0	0	-1
Closing accumulated amortisation and impairment	**-320**	**-315**	**-2,582**	**-2,388**	**-4**	**-2**	**-146**	**-123**
BS **Closing carrying amount**	**3,191**	**3,036**	**591**	**696**	**46**	**45**	**127**	**104**
Specification of amortisation and impairment by function								
Cost of services sold	0	0	-183	-174	-3	-2	-26	-26
Administrative expenses	0	0	0	0	0	0	0	0
Total amortisation and impairment	**0**	**0**	**-183**	**-174**	**-3**	**-2**	**-26**	**-26**

The allocation of intangible assets to the Group's cash-generating units is as follows:

	GOODWILL		CUSTOMER CONTRACTS		TRADEMARKS		OTHER INTANGIBLE ASSETS	
BREAKDOWN BY SEGMENT	2019	2018	2019	2018	2019	2018	2019	2018
Sweden (incl. Group functions)	2,204	2,073	414	471	43	40	126	103
Norway	496	480	77	99	1	1	0	0
Finland	128	126	15	21	0	0	1	1
Denmark	363	358	85	106	2	4	0	0
BS **Total**	**3,191**	**3,036**	**591**	**696**	**46**	**45**	**127**	**104**

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

§ ACCOUNTING PRINCIPLES

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Cost does not include additional expenditure directly attributable to the acquisition of the asset. Repairs and maintenance are recognised as expenses in the income statement in the period in which they are incurred.

Property, plant and equipment are depreciated systematically over the asset's estimated useful life, down to the estimated residual value. If there are indications of impairment of an item of property, plant and equipment at the closing date, the item is tested for impairment.

Estimated useful lives

Buildings	25–40 years
Plant and machinery	5–15 years
Equipment, tools, fixtures and fittings	5–10 years

PROPERTY, PLANT AND EQUIPMENT	LAND AND BUILDINGS 2019	LAND AND BUILDINGS 2018	PLANT AND EQUIPMENT 2019	PLANT AND EQUIPMENT 2018
Opening cost	**6**	**6**	**354**	**280**
SCF Investments	0	0	26	60
Investments through finance leases	0	0	0	6
Acquired businesses	2	0	9	55
Sales and disposals	-2	0	-49	-29
Reclassification	0	0	-17	-19
Translation differences for the year	0	0	3	2
Closing cost	**6**	**6**	**326**	**354**
Opening depreciation and impairment	**-5**	**-5**	**-246**	**-197**
Sales and disposals	2	0	42	20
Depreciation for the year	0	0	-40	-43
Acquired businesses	-1	0	-6	-26
Reclassification	0	0	11	0
Translation differences for the year	0	0	-2	-1
Closing accumulated depreciation and impairment	**-5**	**-5**	**-242**	**-246**
BS **Closing carrying amount**	**1**	**1**	**84**	**108**
Specification of depreciation and impairment by function				
Cost of services sold	0	0	-39	-40
Administrative expenses	0	0	-2	-3
Total depreciation and impairment	**0**	**0**	**-40**	**-43**

In 2018, the item plant and equipment included net assets held under finance leases of SEK 7 million. In connection with the adoption of IFRS 16 Leases, these items were reclassified and are now included in the amount recognised in the line Rights of use under leases. For further information, see *Note 12 Leases*.

NOTE 12 LEASES

§ ACCOUNTING PRINCIPLES

Effects of change of accounting principle

As of 1 January 2019, the Group has applied IFRS 16 Leases, which replaces the previous lease accounting standard. The Group applied the modified retrospective approach and has therefore not restated the comparative figures. At the adoption date, the value of the right-of-use asset was considered to be equal to the amount of the lease liability. On adoption, an incremental borrowing rate was determined for each country and type of asset and for each lease term. The weighted average borrowing rate used on adoption of IFRS 16 was 2.7 per cent. For the Group in its capacity as lessor, the accounting treatment has remained substantially the same.

Prior to adopting IFRS 16, the Group identified mainly leases related to properties, cars and trucks, which were recognised as assets and liabilities in the balance sheet. The Group also has a large number of leases for other types of assets, such as cellphones, computers, photocopiers, cleaning machines and coffee makers. These are considered to be low value and are expensed as incurred.

At 1 January 2019, the Group had right-of-use assets of SEK 365 million and lease liabilities of SEK 352 million. The following table shows a reconciliation of total operating leases at 31 December 2018 in accordance with the previous rules and the lease liabilities recognised in the balance sheet as at 1 January 2019 in accordance with IFRS 16 rules.

SUMMARY OF TRANSITION TO IFRS 16

SEK MILLION	
Operating lease obligations at 31 December 2018	**473**
Discounting at the Group's incremental borrowing rate	-27
Plus: Adjustments due to changed assessment of contract extensions	39
Plus: Finance lease liabilities at 31 December 2018	9
Less: Leases for which the underlying asset is of low value which are recognised as an expense on a straight-line basis	-110
Less: Contracts reclassified as service contracts	-19
Less: Prepaid lease payments	-13
Lease liability recognised at 1 January 2019	**352**

Material effects on key performance indicators of the implementation of IFRS 16:

- Adjusted EBITDA – lease payments in the income statement are replaced by depreciation of the right-of-use asset and interest on the lease liability. This results in a marginal improvement in operating profit (EBIT) and an increased net financial expense, but the main impact is on adjusted EBITDA.
- Net debt – debt increases, as a large portion of the obligations under the Group's leases are recognised as a liability in the balance sheet.
- Leverage – both net debt and adjusted EBITDA increase, which results in a difference in the parameters used in calculating leverage.
- Cash conversion – cash conversion is calculated by dividing a simplified measure of operating cash flow by adjusted EBITDA. Both these parameters are affected by the introduction of IFRS 16.

Pro forma effects for comparative period

As mentioned above, the Group has applied the modified retrospective approach and has therefore not restated the comparative figures. However, to give the reader a better understanding of the transition effects of IFRS 16, pro forma effects for full-year 2018 are shown in the following table as if IFRS 16 had also been applied for this period. Pro forma effects for 2018 have been calculated based on leases outstanding at the end of 2018. The same discount rates have been used to calculate the liability on adoption of IFRS 16 at 1 January 2019.

PRO FORMA EFFECTS FOR COMPARATIVE PERIOD ON ADOPTION OF IFRS 16

INCOME STATEMENT	FULL-YEAR 2018 REPORTED	PRO FORMA EFFECTS IFRS 16	FULL-YEAR 2018 PRO FORMA
Net sales	9,489	0	9,489
Operating expenses	-9,270	6	-9,264
EBIT	**219**	**6**	**225**
Amortisation of customer contracts and trademarks	176	0	176
Items affecting comparability	95	0	95
Adjusted EBITA	**490**	**6**	**496**
Depreciation/amortisation	68	113	182
Adjusted EBITDA	**558**	**119**	**677**
Net financial expense	-62	-11	-73
Profit/loss before tax	**157**	**-5**	**152**
Tax	-53	1	-52
Profit/loss after tax	**104**	**-4**	**100**

BALANCE SHEET			
Total assets	6,474	339	6,814
Equity	2,164	-4	2,161
Total liabilities	4,310	343	4,653
Equity/assets ratio	33	-	32
Net debt	1,318	343	1,661
Leverage	2.4	-	2.5

Coor as lessee:

All assets and liabilities related to leases where Coor is a lessee are recognized in the balance sheet. Exceptions are made for low-value assets and leases with a term of less than 12 months, for which lease payments are recognised as expense on a straight-line basis over the term of the lease.

The leases are recognised as right-of-use assets with corresponding lease liabilities on the day when the leased asset is available for use by the Group. The asset and liability are measured at present value at the start of the lease.

The value of the lease liability mainly consists of fixed lease payments and variable payments that are contingent on an index or other variable. Lease payments are discounted to present value using the adopted discount rate. In many cases, the interest rate implicit in the lease is not known. The Group has therefore instead used the incremental borrowing rate for each country for different types of assets and lease terms. Each lease payment is apportioned between the finance charge and repayment of the outstanding liability. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The value of the asset held under a right of use agreement consists mainly of the lease liability at the start of the lease and any payments made before the start date of the lease. The right-of-use asset is depreciated on a straight-line basis from the start date of the lease over the asset's useful life or to the end of the lease term, whichever is shorter.

OPERATING CASH FLOW	FULL-YEAR 2018 REPORTED	PRO FORMA EFFECTS IFRS 16	FULL-YEAR 2018 PRO FORMA
Operating profit (EBIT)	219	6	225
Depreciation/amortisation	244	113	357
Net investments	-83	0	-83
Change in net working capital	-27	0	-27
Lease-related payments 1)	0	-119	-119
Adjustment for non-cash items	2	0	2
Operating cash flow	**354**	**0**	**354**
Adjustment for items affecting comparability	95	0	95
Lease-related payments 1)	0	119	119
Other	-3	0	-3
Cash flow for calculation of cash conversion	**447**	**119**	**566**
Cash conversion, %	**80**	**-**	**84**

Depreciation periods for right-of-use assets under leases

Commercial premises	2–7 years
Cars	3–6 years
Other assets	3–6 years

Lease payments

Coor has decided to separate lease components and non-lease components for all assets. Expenditure attributable to non-lease components is expensed as incurred and is not included in the basis for calculating the right-of-use asset and lease liability.

Certain leases, mainly for the lease of premises used for restaurant and catering activities, provide for rental fees that are commission-based. The percentage rate ranges from 4 to 10 per cent of net sales. Commission-based rent is treated as variable payments and is not included in the basis for calculating the right-of-use asset and lease liability.

When an index adjustment is made to the lease payment, the value of the asset and liability is recalculated.

Lease term

The Group defines the lease term as the non-cancellable period of the lease plus any option to extend the lease term in cases where the Group considers it likely that this option will be exercised.

The Group reviews the length of the lease term when the non-cancellable lease term is changed or when something occurs that changes the Group's assessment of whether the option to extend will be exercised.

When the lease term is changed the lease liability is remeasured, with a corresponding change in the value of the associated right-of-use asset.

CRITICAL ASSUMPTIONS

There is some uncertainty concerning the reasonably certain lease term, as the lease is based on certain assumptions made by the Group about future events. Based on existing information and knowledge at the balance sheet date, the Group is of the opinion that the estimates made give a true and fair view of the Group's obligation under existing leases.

As the interest rate implicit in the Group's leases is in most cases not known, the Group has instead used its incremental borrowing rate for each economic environment and lease term. The assessment of the incremental borrowing rate involves the use of assumptions about various parameters.

Coor as lessor

When assets are leased to another party under a finance lease, the present value of the lease payments is recognised as a non-current or current receivable. Finance lease payments are apportioned between repayment of the receivable and interest income in order to apply a constant interest rate on the remaining balance of the receivable. For operating leases where Coor is the lessor, the payments are recognised as revenue on a straight-line basis over the term of the lease.

COOR AS LESSEE

The Group recognises right-of-use assets and liabilities for leases, mainly for premises, cars and trucks, in accordance with IFRS 16.

In the previous year, the Group only recognised assets and liabilities for leases in respect of leases classified as finance leases under IAS 17. These assets were presented as part of Plant and equipment, see *Note 11*, while lease liabilities were included in the Group's borrowings, see *Note 16*.

Following the introduction of IFRS 16, assets and liabilities for leases are presented on separate lines in the balance sheet – Rights of use under leases and Lease liabilities.

RIGHT-OF-USE ASSETS UNDER LEASES

The following table shows rights of use held by Coor under leases.

2019	COMMERCIAL PREMISES	CARS	OTHER	TOTAL
Rights of use recognised on adoption of IFRS 16	**239**	**95**	**31**	**365**
New leases during the year	57	80	7	**144**
New leases through business acquisitions	3	3	0	**7**
Increase in value of existing leases	4	0	0	**4**
Leases terminated during the year	-4	-8	-5	**-17**
Reclassification	0	0	-3	**-3**
Translation differences for the year	2	1	0	**3**
Closing cost	**302**	**170**	**29**	**502**
Opening depreciation and impairment	**0**	**0**	**0**	**0**
Depreciation for the year	-63	-53	-16	**-132**
Leases terminated during the year	4	8	5	**17**
Translation differences for the year	0	0	0	**1**
Closing accumulated depreciation and impairment	**-59**	**-45**	**-11**	**-115**
Closing carrying amount	**243**	**125**	**19**	**387**

LEASE LIABILITIES

The following table shows lease liabilities recognised by Coor for its leases.

2019	COMMERCIAL PREMISES	CARS	OTHER	TOTAL
Lease liabilities recognised on adoption of IFRS 16	**226**	**95**	**31**	**352**
New leases during the year	57	80	8	**145**
New leases through acquisitions	3	3	0	**7**
Changes to existing leases	4	0	0	**3**
Repayment for the year	-59	-53	-18	**-130**
Translation differences for the year	2	1	0	**3**
Closing balance	**234**	**126**	**21**	**381**
Of which current liability	**47**	**49**	**9**	**105**

Nominal amounts of lease liabilities fall due as follows

2019	COMMERCIAL PREMISES	CARS	OTHER	TOTAL
Within 1 year	54	50	9	**113**
Between 1 and 2 years	56	38	6	**100**
Between 2 and 3 years	50	24	4	**78**
Between 3 and 4 years	43	11	2	**56**
Between 4 and 5 years	35	4	1	**39**
After 5 years	18	1	0	**19**
Total future nominal payments	**255**	**128**	**22**	**405**

The following table shows all lease-related expenses recognised in the income statement.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT	2019
Depreciation of right-of-use assets for the year	-132
Expenditure attributable to variable lease payments not included in recognised lease liabilities	-10
Expense for the year for low-value leases	-65
Expense for the year for leases with a term of less than 12 months	0
Lease interest expense for the year	-11
Total	**-218**

The following table shows all amounts recognised in the statement of cash flows in respect of leases.

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS	2019
Lease repayments related to leases recognised in the balance sheet	-130
Lease interest related to leases recognised in the balance sheet	-11
Low-value and short-term lease payments	-65
Variable payments not included in the measurement of the lease liability	-10
Total	**-215**

Disclosures for leases recognised in accordance with IAS 17 for the comparative period 2018:

The breakdown by nominal value of future minimum finance lease payments is as follows:

	2018
Due within 1 year	4
Due after more than 1 year but not more than 5 years	6
Due after more than 5 years	0
Total	**10**
Total financial expenses	0
Present value of finance lease liabilities	**9**

The distribution of future minimum operating lease payments is as follows:

	2018
Due within 1 year	171
Due after more than 1 year but not more than 5 years	268
Due after more than 5 years	34
Total	**473**

COOR AS LESSOR

As lessor, the Group has concluded finance leases for trucks and trailers.

The breakdown by nominal value of future minimum finance lease payments is as follows:

	2019	2018
Due within 1 year	1	1
Due after more than 1 year but not more than 5 years	1	1
Due after more than 5 years	0	0
Total	**2**	**2**
Unearned financial income from finance leases	0	0
Present value of finance lease receivables	**2**	**2**

Operating leases:
As lessor, the Group has entered into operating leases mainly for machinery such as trucks and trailers.

The distribution of future minimum operating lease payments is as follows:

	2019	2018
Due within 1 year	3	10
Due after more than 1 year but not more than 5 years	1	3
Due after more than 5 years	0	0
Total	**4**	**13**

Lease payments under operating leases for the year amounted to SEK 17 (24) million.

NOTE 13 ACCOUNTS RECEIVABLE

ACCOUNTING PRINCIPLES

Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. If payment is expected within one year or earlier, accounts receivable are classified as current assets. If not, they are classified as non-current assets. Accounts receivable are stated at amortised cost less any provisions for impairment. A provision for impairment of accounts receivable is based on various assumptions as well as historical payment patterns.

CRITICAL ASSUMPTIONS

Accounts receivable have been stated at amortised cost, net of provisions for estimated and actual bad debts. The assessment of bad debts, in cases where these have not been confirmed, is a critical estimate. Further information on credit risk in accounts receivable is provided in *Note 16 Borrowing and financial risk management*.

ACCOUNTS RECEIVABLE	2019	2018
Accounts receivable	1,319	1,353
Provision for impairment of accounts receivable	-8	-10
BS Total	**1,310**	**1,343**

The fair value of accounts receivable is considered to approximate the carrying amount.

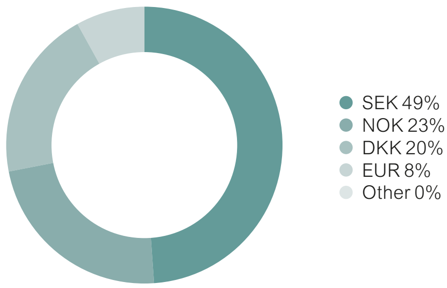
AGING ANALYS OF ACCOUNTS RECEIVABLE:
The Group's policy is to recognise provisions for 30 per cent of accounts receivable which are three to six months past due and provisions of 70 per cent of accounts receivable which are more than six months past due. If the provision is deemed to be insufficient due to bankruptcy, known insolvency or similar circumstances, the provision is increased to cover the full amount of estimated losses.

AGING ANALYSIS OF ACCOUNTS RECEIVABLE	2019	2018
Accounts receivable which are neither past due nor impaired	1,134	1,138
Accounts receivable which are past due but not impaired		
0–3 months	171	194
>3 months	14	21
Accounts receivable which are past due but not impaired	**185**	**215**
Provision for impairment of accounts receivable	-8	-10
BS Total	**1,310**	**1,343**

ANALYSIS OF THE CHANGE IN THE GROUP'S PROVISION FOR DOUBTFUL DEBTS:

PROVISION FOR DOUBTFUL DEBTS	2019	2018
Provision at the beginning of the year	-10	-2
Provision for expected losses	2	-7
Confirmed losses	0	0
Foreign exchange differences	0	0
Total	**-8**	**-10**

ACCOUNTS RECEIVABLE BY CURRENCY 2019:



NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME, AND OTHER RECEIVABLES

PREPAID EXPENSES AND ACCRUED INCOME	2019	2018
Accrued income, subscriptions	75	78
Accrued income, projects	209	167
Prepaid expenses	118	107
BS Total	**401**	**352**

OTHER RECEIVABLES
Other receivables total SEK 21 (123) million. The decrease compared with the previous year is attributable to receivables from employees arising from the incorrect double salary payment caused by Coor's payroll provider in Sweden around year-end 2018.

NOTE 15 SHARE CAPITAL AND DATA PER SHARE

The company's share capital at 31 December 2019 comprised 95,812,022 (95,812,022) ordinary shares. The quotient value of the shares at 31 December 2019 was SEK 4.0 (4.0) per share. All shares registered at the closing date were fully paid up. The share capital at 31 December 2019 was SEK 383,248,088 (383,248,088).

DATA PER SHARE	2019	2018
Share price at end of period	82.4	70.4
Number of shares at end of period	95,812,022	95,812,022
Number of treasury shares	-340,000	0
Number of outstanding shares at end of year	**95,472,022**	**95,812,022**
Number of ordinary shares (weighted average)	95,661,302	95,812,022
Dividend per share, SEK [1]		
Ordinary dividend, SEK	2.20	2.00
Special dividend, SEK	-	2.00
Total	**2.20**	**4.00**
Earnings per share, before and after dilution, SEK	**1.77**	**1.09**
Equity per share, SEK	**20.74**	**22.59**

[1] For 2019, the figure refers to the proposed dividend, which is subject to adoption at the Annual General Meeting on 28 April 2020.

NOTE 16 BORROWING AND FINANCIAL RISK MANAGEMENT

§ ACCOUNTING PRINCIPLES

Financial liabilities are recognised in the balance sheet on the settlement date. Liabilities are initially stated at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method. Costs incurred in connection with the raising of new loans are capitalised as borrowing costs and allocated over the term of the loan. For note disclosures on borrowing, account is taken of market interest rates in calculating the fair value.

Financial liabilities with maturities of less than 12 months are accounted for as short-term borrowings and financial liabilities with maturities of more than 12 months are accounted for as long-term borrowings.

The Group enters into interest rate swaps to hedge a portion of its variable-rate borrowings. The effectiveness of a hedge is assessed at the inception of the hedge. Interest rate swaps must have the same critical terms as the hedged item. Critical terms may refer to the reference rate, interest rate fixing dates, payment dates and nominal amount.

! CRITICAL ASSUMPTIONS

As part of its current financing solution, Coor has concluded agreements which are subject to certain covenants. If Coor were to breach any of these covenants, this could lead to increased costs as well as a risk that the current financing agreement would be terminated. At 31 December 2019, Coor was complying will all covenants.

BORROWINGS

BORROWINGS	2019	2018
Long-term borrowings		
Liabilities to credit institutions	800	1,686
Bonds	1000	0
Finance lease liabilities	0	6
Capitalised borrowing costs	-9	0
Other non-current liabilities	66	52
BS Total	**1,856**	**1,744**
Short-term borrowings		
Outstanding consideration for acquisition of subsidiaries	12	0
Finance lease liabilities	0	4
BS Total	**12**	**4**
Total borrowings	**1,869**	**1,748**

At 31 December 2019, the Group only had liabilities to credit institutions and outstanding bonds denominated in SEK. In the previous year, the Group had liabilities in SEK, EUR and NOK, but after the new financing agreement was entered into in January 2019 the Group only has liabilities in SEK. The new financing agreement comprises a revolving credit facility with a total credit limit of SEK 1,500 million and incurs interest at STIBOR plus 1.10 percentage points in the current interest rate tier. The financing agreement has an IBOR floor. STIBOR was negative in 2019, and the average interest rate on amounts drawn under the Group's revolving credit facility has therefore been 1.1 per cent. During the year, Coor issued SEK 1,000 million in bonds with a maturity of five years and a variable interest rate of 3-month STIBOR plus 230 bps. The variable interest rate on the bonds has been hedged using a 0.0 per cent interest rate swap. The average interest rate in 2019 was therefore equal to the margin, 2.3 per cent.

LIABILITIES TO CREDIT INSTITUTIONS AND OUTSTANDING BONDS BY CURRENCY	NOMINAL AMOUNT (SEK MILLION) 2019	NOMINAL AMOUNT (SEK MILLION) 2018
SEK	1,800	1,250
NOK	0	335
EUR	0	101
Total	**1,800**	**1,686**

The limit on the Group's revolving credit facility at 31 December 2019 was SEK 1,500 (400) million, of which SEK 800 (310) million had been drawn.

Finance leases 2018

At 31 December 2018, the Group was leasing certain property, plant and equipment under finance leases. Finance lease liabilities were included in borrowings until 31 December 2018, but were reclassified as lease liabilities from 1 January 2019 in connection with the introduction of the new lease standard. See *Note 12* for further information on the change of accounting principle for leases.

The fair values of the Group's borrowings at the balance sheet date were as follows:

CARRYING AMOUNTS AND FAIR VALUES OF BORROWINGS	CARRYING AMOUNT 2019	CARRYING AMOUNT 2018	FAIR VALUE 2019	FAIR VALUE 2018
Bank loans (including capitalised borrowing costs)	791	1,686	791	1,686
Bonds	1,000	0	1,000	0
Lease liabilities	381	9	381	9
Other interest-bearing liabilities	78	52	78	52
Total	**2,250**	**1,748**	**2,250**	**1,748**

The existing credit margin in the Group's financing agreements is considered to be consistent with market terms, and the carrying amount therefore approximates fair value. The Group is of the opinion that the liabilities have been measured in accordance with Level 2 of the fair value hierarchy, which means that the measurement is based on observable market inputs. The Group has not provided any collateral to credit institutions for the issued loans.

RECONCILIATION OF NET DEBT

2019	CASH AND CASH EQUIV-ALENTS	LEASE LIABILITIES	LIABILITIES TO CREDIT INSTITUTIONS	BONDS	NET PENSIONS	OTHER	TOTAL
Opening balance, 1 January 2019	**435**	**-9**	**-1,686**	**0**	**-8**	**-49**	**-1,318**
Change of accounting principle	0	-343	0	0	0	0	-343
Repayment of borrowings	-1,691	0	1,691	0	0	0	0
New borrowings	1,800	0	-800	-1,000	0	0	0
Acquisition of subsidiaries	-152	0	0	0	0	0	-152
Dividends	-380	0	0	0	0	0	-380
Other cash flow	469	130	9	0	0	-13	595
Foreign exchange differences	16	-3	-5	0	0	0	7
Other non-cash changes	0	-155	0	0	0	4	-151
Closing balance, 31 December 2019	**497**	**-381**	**-791**	**-1,000**	**-7**	**-59**	**-1,741**

2018	CASH AND CASH EQUIV-ALENTS	FINANCE LEASE RECEIVABLES	FINANCE LEASE LIABILITIES	LIABILITIES TO CREDIT INSTITUTIONS	OTHER FINANCIAL LIABILITIES	NET PENSIONS	TOTAL
Opening balance, 1 January 2018	**709**	**2**	**-6**	**-1,394**	**-2**	**-9**	**-699**
Repayment of liabilities to credit institutions	-167	0	0	167	0	0	0
New liabilities to credit institutions	437	0	0	-437	0	0	0
Acquisition of subsidiaries	-436	0	0	0	0	0	-436
Dividends	-383	0	0	0	0	0	-383
Other cash flow	265	-1	3	0	0	0	266
Foreign exchange differences	11	0	0	-8	0	0	3
Other non-cash changes	0	1	-7	-14	-50	1	-69
Closing balance, 31 December 2018	**435**	**2**	**-9**	**-1,686**	**-52**	**-8**	**-1,318**

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The Group classifies its financial instruments as either financial assets and liabilities measured at amortised cost or financial assets and liabilities measured at fair value through other comprehensive income.

The following tables show financial assets and liabilities measured at amortised cost.

In 2019, the Group entered into interest rate swaps that are measured at fair value through other comprehensive income. At 31 December 2019, these had a value of SEK 15 million.

LOANS AND RECEIVABLES	2019	2018
Lease receivables	2	2
BS **Accounts receivable**	1,310	1,343
BS **Cash and cash equivalents**	497	435
Total	**1,809**	**1,780**

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	2019	2018
Bank loans including capitalised borrowing costs	791	1,686
Bonds	1,000	0
Lease liabilities	381	9
Other interest-bearing liabilities	78	52
BS **Accounts payable**	978	1,023
Total	**3,228**	**2,771**

FINANCIAL RISK MANAGEMENT

The management of the financial risks to which the Group is exposed is based on the Group's treasury policy. The treasury policy focuses on the unpredictability of financial markets and is designed to minimise potential adverse effects on the Group's financial results.

The Group is exposed to a number of financial risks, which are described in the section below.

RISK	POLICY/ACTION
CURRENCY RISK	
Transaction exposure Transaction risk is the risk that Coor is exposed to when making purchases and sales in currencies other than the company's functional currency and when paying interest on and converting loans in currencies other than the company's functional currency.	As the Group's subsidiaries conduct their business almost exclusively in local currency, the transaction risk in the commercial flow is low. Both revenue and expenses are in the local currency of each country. Since January 2019, the Group only has borrowings in SEK, and Coor is therefore not affected by changes in exchange rates in connection with interest payments and the revaluation of borrowings.
Translation exposure Translation risk is the risk that Coor is exposed to on translation of its foreign subsidiaries' income statements and balance sheets to Swedish kronor.	In 2019, operations with a different functional currency than Swedish kronor accounted for 46 (41) per cent of operating profit (EBITA): NOK 30 (32) per cent, EUR 8 (6) per cent, DKK 8 (3) per cent, and HUF and PLN 0 (1) per cent. The translation difference in equity for the year was SEK 35 (29) million. In 2019, a weakening of the Swedish krona by 10 per cent against the currencies listed below would have had the following impact on consolidated profit after tax and equity:

TRANSLATION EXPOSURE (SEK MILLION)	PROFIT BEFORE TAX ±2019	EQUITY ±2019
DKK	-1	-18
EUR	0	3
NOK	-9	-57
HUF and PLN	0	-1
Total	**-10**	**-73**

RISK	POLICY/ACTION
INTEREST RATE RISK	
Interest rate risk is the risk that changes in market interest rates will have a negative impact on net profit, cash flow or the fair values of financial assets and liabilities. For variable-rate assets and liabilities, a change in market interest rates would have a direct impact on net profit and cash flow. For fixed-rate assets and liabilities, the impact is on fair value.	The Group's debt creates an exposure to interest rate risk, as the Group borrows at variable rates. To hedge the interest rate risk related to the bonds, the Group has chosen to enter into interest rate swaps which effectively match the critical terms of the bonds. The critical terms were matched throughout the year and no ineffectiveness therefore arose. For the interest rate risk related to the revolving credit facility, the Group has chosen not to enter into any interest rate swaps. At 31 December 2019, SEK 800 (310) million of the revolving credit facility and SEK 1,000 (0) million of the bonds had been drawn. The Group analyses its exposure to interest rate risk by simulating the impact on earnings and cash flow from a specified change in interest rates. Based on the loan liabilities and fixed-rate terms applying at year-end, a change of 1 percentage point in the market interest rate would have an impact of SEK ±8 million on the Group's annual interest expense.

RISK	POLICY/ACTION

CREDIT RISK

Credit risk is the risk that a counterparty to a transaction will be unable to fulfil its contractual financial obligations and that this will have a negative impact on the Group's financial position and results. The Group's credit risk refers mainly to receivables from customers, which consist partly of accounts receivable and partly of contract revenue that has been earned but not yet invoiced.

Credit risk is managed through careful assessment of each customer's creditworthiness in connection with the conclusion of customer contracts as well as close and active monitoring of overdue accounts receivable with clear procedures for reminders, demands and debt collection.

In 2019, the Group's ten largest customers accounted for 48 (49) per cent of consolidated net sales. Historically, the Group has had a low level of bad debts relative to sales. The maximum credit exposure in accounts receivable at 31 December 2019 was SEK 1,319 (1,353) million. The concentration of credit risk based on the situation at 31 December 2019 is shown below. The indicated figures are based on the amount of the Group's exposure to each customer at the balance sheet date.

	2019		2018	
CONCENTRATION OF CREDIT RISK	SHARE OF TOTAL ACCOUNTS RECEIVABLE	PERCENTAGE OF PORTFOLIO	SHARE OF TOTAL ACCOUNTS RECEIVABLE	PERCENTAGE OF PORTFOLIO
Exposure <SEK 15m	807	61%	828	61%
Exposure SEK 15–50m	243	18%	318	23%
Exposure >SEK 50m	269	20%	207	15%
Total	**1,319**	**100%**	**1,353**	**100%**

Provisions for doubtful debts at 31 December 2019 amounted to SEK 8 (10) million, representing 0.6 (0.7) per cent of total accounts receivable. For further information on provisions for doubtful debts, see *Note 13 Accounts receivable*.

At 31 December 2019, the Group had accrued but not yet invoiced revenue of SEK 284 (245) million. This revenue consists partly of revenue from subscription contracts under which invoices are issued in the month after the work has been performed and partly of accrued revenue from ongoing projects. The Group performs aging analyses of all accrued income on an ongoing basis to minimise the risk in recognised but not yet invoiced revenue.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will find it difficult to meet its financial obligations due to the unavailability of liquid assets.

To ensure adequate short-term liquidity, management analyses the Group's liquidity requirements by continuously monitoring the liquidity reserve (undrawn revolving credit facility, and cash and bank deposits). Liquidity forecasts are prepared on an ongoing basis to ensure that the Group has sufficient cash assets to meet its operational requirements.

Longer-term, the Group ensures that adequate liquidity is maintained by forecasting future cash flows and monitoring these forecasts on an ongoing basis. The Group's liquidity requirement is met through existing credit facilities.

The table below shows a breakdown of the Group's financial liabilities by time to contractual maturity at the balance sheet date. The indicated amounts are the undiscounted cash flows. The Group's revolving credit facility can be drawn as required until the maturity date in 2023.

2019 – MATURITY ANALYSIS	WITHIN 1 YEAR	BETWEEN 1–2 YEARS	BETWEEN 2–3 YEARS	BETWEEN 3–4 YEARS	BETWEEN 4–5 YEARS	MORE THAN 5 YEARS
Accounts payable	978	0	0	0	0	0
Lease liabilities	113	100	78	56	39	19
Revolving credit facility	0	0	0	800	0	0
Bonds	0	0	0	0	1,000	0
Interest, borrowings	33	33	33	23	0	0
Total	**1,125**	**133**	**111**	**879**	**1,039**	**19**

2018 – MATURITY ANALYSIS	WITHIN 1 YEAR	BETWEEN 1–2 YEARS	BETWEEN 2–3 YEARS	BETWEEN 3–4 YEARS	BETWEEN 4–5 YEARS	MORE THAN 5 YEARS
Accounts payable	1,023	0	0	0	0	0
Finance lease liabilities	4	3	1	1	0	0
Bank loans	0	1,686	0	0	0	0
Interest, borrowings	32	16	0	0	0	0
Total	**1,058**	**1,705**	**1**	**1**	**0**	**0**

RISK	POLICY/ACTION
REFINANCING RISK	
Refinancing risk is the risk that financial expenses will be higher and/or that refinancing opportunities will be more limited or non-existent when the Group's liabilities fall due and need to be refinanced.	To reduce the financing risk, the Group strives to use diversified funding sources by maintaining commercial relations with at least two financial operators as well as through financing via the capital market. In January 2019, Coor entered into a new financing agreement with two credit institutions. The new credit agreement provides a credit line of SEK 1,500 million consisting of a revolving credit facility with a maturity of three years. The revolving credit facility matures in January 2023 but provides for an option to extend by one year, which can be exercised under the financing agreement if offered by the lenders. The interest rate on the revolving credit facility is a variable interest rate defined as 3-month STIBOR with a STIBOR floor and a tiered margin based on the company's level of debt. In 2019, the margin was 1.1 per cent. With the aim of increasing the Group's financial flexibility and extending the company's maturity profile, Coor issued SEK 1,000 million in senior unsecured bonds in March 2019. The bonds have a maturity of five years and a variable interest rate defined as 3-month STIBOR plus 230 bps. Both the new financing agreement and the bonds are denominated in SEK and are subject to normal restrictions and financial covenants. The key ratios reported to the banks under the covenants for the financing agreement are leverage (the ratio of net interest-bearing debt to adjusted EBITDA) and interest coverage ratio (the ratio of adjusted EBITDA to net interest expense). For the current financial year, the Group has met all the requirements specified in the loan agreements.
CAPITAL RISK	
Capital risk is the risk that the Group will be unable to maintain an optimal capital structure and therefore be unable to continue to generate returns to the shareholders and other stakeholders in line with its objectives.	The Group strives to maintain an efficient capital structure that promotes the long-term development of the Group while also generating returns for its shareholders and benefits for other stakeholders. The Group's objective is to have a leverage of less than 3.0. The table below shows the Group's capitalisation and debt at 31 December 2019:

NET DEBT	2019	2018
Liabilities to credit institutions	791	1,686
Bonds	1,000	0
Leases, net	379	7
Other	68	59
	2,238	**1,753**
Cash and cash equivalents	-497	-435
Net debt	**1,741**	**1,318**
Leverage, times	2.3	2.4
Equity	1,980	2,164
Equity/assets ratio, %	29	33

The Group's dividend policy states that, over the course of an economic cycle, approximately 50 per cent of the Group's adjusted net profit for the period should be distributed to the shareholders.

In addition to targets for capital structure and dividends, the Group has defined quantitative financial targets for organic sales growth, adjusted EBITA margin and cash conversion.

For definitions and information on target achievement in respect of the financial targets for 2019, see the section *Goals on pages 8–9.*

NOTE 17 PROVISIONS

§ ACCOUNTING PRINCIPLES

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably measured. The provision is measured at the present value of the amount expected to be required to settle the obligation.

Provisions for restructuring are recognised when a detailed formal plan for the restructuring measure exists and a well founded expectation among those affected has been created. No provisions are made for future operating losses. Restructuring costs refer mainly to costs for large-scale integration projects or major organisational changes.

SPECIFICATION OF CHANGE IN PROVISIONS:

2019	RESTRUCTURING	OTHER PROVISIONS	TOTAL
At 1 January 2019	**7**	**1**	**8**
Recognised in the income statement:			
– additional provisions	22	0	22
– reversal of unused amounts	0	-1	-1
Utilised during the year	-14	0	-14
Translation difference	0	0	0
BS **At 31 December 2019**	**15**	**0**	**15**

2018	RESTRUCTURING	OTHER PROVISIONS	TOTAL
At 1 January 2018	**4**	**1**	**5**
Recognised in the income statement:			
– additional provisions	14	0	14
– reversal of unused amounts	0	0	0
Utilised during the year	-11	0	-11
Translation difference	0	0	0
BS **At 31 December 2018**	**7**	**1**	**8**

OTHER PROVISIONS ARE DISTRIBUTED BETWEEN NON-CURRENT AND CURRENT COMPONENTS AS FOLLOWS:

	2019	2018
Non-current component	0	1
Current component	15	6
BS **Total**	**15**	**8**

NOTE 18 OTHER LIABILITIES

OTHER LIABILITIES	2019	2018
VAT liability	157	175
Employee withholding tax	77	67
Other current liabilities	8	7
BS **Total**	**242**	**249**

NOTE 19 ACCRUED EXPENSES AND DEFERRED INCOME

ACCRUED EXPENSES AND DEFERRED INCOME	2019	2018
Social security contributions	178	155
Vacation pay	448	411
Other personnel-related liabilities	213	158
Accrued interest expense	1	0
Deferred income, subscriptions	291	260
Deferred income, projects	3	3
Other accrued expenses	170	197
BS **Total**	**1,303**	**1,185**

NOTE 20 PLEDGED ASSETS AND CONTINGENT LIABILITIES

§ ACCOUNTING PRINCIPLES

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain events which are not fully within the control of Coor. A contingent liability may also be an obligation arising from past events that is not recognised as a liability or provision because it is unlikely that the obligation will be settled or that the size of the obligation can be calculated with sufficient accuracy.

CONTINGENT LIABILITIES	2019	2018
Performance bonds	181	175
Total	**181**	**175**

Companies in the Group have issued performance bonds to external parties to ensure that the company fulfils its commitments. Certain companies in the Group are involved in legal proceedings which have arisen in the course of their operations. Any liability in connection with such legal proceedings is not considered to materially affect the Group's operations or financial position.

PLEDGED ASSETS	2019	2018
Bank guarantees	140	136
Total	**140**	**136**

Pledged assets comprise bank guarantees issued on behalf of a number of customers. The main purpose of the bank guarantees is to ensure delivery to the customers.

NOTE 21 RELATED-PARTY TRANSACTIONS

Ownership
Coor's shares were listed on Nasdaq Stockholm on 16 June 2015. For information on Coor's shares and ownership structure, see the section *Share information.*

The following transactions have been made with related parties:
There were no material related-party transactions between Coor and any related parties in 2019.

For information on remuneration of senior executives, see *Note 6 Remuneration of senior executives*.

NOTE 22 ACQUIRED BUSINESSES

§ ACCOUNTING PRINCIPLES

The Group applies IFRS 3 Business Combinations in connection with acquisitions. In a business combination, the acquired assets and assumed liabilities are identified and classified at fair value at the acquisition date. In preparing the purchase price allocation, an assessment is also made of whether there are intangible assets such as trademarks and customer contracts that have not been recognised in the acquired entity. In case of acquisitions where the cost exceeds the net value of the acquired assets and assumed liabilities and identified intangible assets, the difference is recognised as goodwill. Any premiums are amortised over the asset's estimated useful life. Goodwill is not amortised but is tested for impairment in the annual impairment test. Transferred payments that are contingent on future events are measured at fair value. Any change in value is recognised in profit or loss for the period. Transaction costs in connection with acquisitions are not included in cost but are expensed as incurred. Entities acquired during the period are included in the consolidated financial statements from the acquisition date.

INFORMATION ON CONSIDERATION PAID, ACQUIRED NET ASSETS AND GOODWILL FOR ACQUISITIONS IS PRESENTED IN THE TABLE BELOW.

	2019	2018			
(SEK MILLION)	NORRLANDS MILJÖVÅRD [1]	OBOS EIENDOMS-DRIFT AS	ELITE MILJØ A/S	WEST FACILITY MANAGEMENT AS	TOTAL ACQUISI-TIONS IN 2018
Purchase price	**227**	**47**	**335**	**106**	**488**
The assets acquired and liabilities assumed that have been recognised as a result of the acquisitions are the following					
Property, plant and equipment	10	4	20	6	29
Intangible assets – customer contracts	71	0	101	43	144
Intangible assets – trademarks	3	0	6	1	7
Other financial assets	0	0	1	0	1
Cash and cash equivalents	63	11	34	7	52
Accounts receivable and other current receivables	28	7	134	17	159
Deferred tax liability	-23	0	-22	-10	-32
Liabilities to credit institutions	0	0	0	-8	-8
Lease liabilities	-7	0	0	0	0
Accounts payable and other operating liabilities	-50	-17	-145	-27	-189
Acquired identifiable net assets	**95**	**5**	**128**	**30**	**163**
Goodwill	131	42	207	76	325
Total acquired net assets	**227**	**47**	**335**	**106**	**488**
Cash flow attributable to acquisitions for the period					
Consideration paid	214	47	335	106	488
Cash in acquired businesses	-63	-11	-34	-7	-52
Net outflow, cash and cash equivalents	**152**	**36**	**301**	**99**	**436**

[1] Preliminary amounts – the purchase price allocation had not been completed at the balance sheet date.

Acquisitions in 2019:
On 31 October 2019, the acquisition of the Swedish cleaning firm Norrlands Miljövård AB (NMV) was completed. The company has around 500 employees and generates annual sales of around SEK 250 million. The acquisition has expanded Coor's geographic coverage in Sweden and added to Coor's skills base in key cleaning segments.

The transaction costs for the acquisition, totalling SEK 0.5 million, have been recognised as an administrative expense in the income statement.

In connection with the acquisition of NMV, customer contracts and trademarks with a total value of SEK 74 million were identified. The goodwill of SEK 131 million which arose from the acquisition is primarily attributable to the employees' skills in the cleaning segment and to increased profitability in the form of expected synergies from the acquisition. No portion of the recognised goodwill is expected to be tax-deductible.

NMV increased consolidated sales by SEK 43 million for the period 1 January to 31 December 2019. If the acquisition had taken place on 1 January 2019, the acquired business would have increased consolidated sales by SEK 252 million on a pro forma basis for the period 1 January to 31 December 2019.

Acquisitions in 2018
In 2018, Coor acquired three companies: Obos Eiendomsdrift and West Facility Management AS in Norway and Elite Miljø A/S in Denmark. In connection with these acquisitions, customer contracts and trademarks with a value of SEK 151 million were identified. The acquisitions also resulted in goodwill of SEK 325 million, which mainly refers to the employees' skills in key areas as well as identified synergies from the acquisitions.

The acquired businesses increased consolidated sales by SEK 807 million for the period 1 January to 31 December 2018. If the acquisitions had taken place on 1 January 2018, the acquired businesses would have increased consolidated sales by SEK 1,018 million on a pro forma basis for the period 1 January to 31 December 2018.

For further information on acquisitions in 2018, see the Annual Report 2018.

NOTE 23 EVENTS AFTER THE BALANCE SHEET DATE

- On 21 January 2020, it was announced that Helena Söderberg would be taking over as HR Director no later than August 2020 and would join Coor's executive management team at the same time. Helena currently serves as HR Director at JM and will succeed Anders Asplund, who will retire in the second half of 2020.
- On 24 January 2020, it was announced that Coor had extended its IFM contract with Borealis for a further five years. The contract is worth around SEK 100 million annually.
- During the first quarter of 2020, the outbreak of the coronavirus (COVID-19) in the Nordic region has escalated, creating uncertainty that will impact Coor as a company as well as Coor's customers. Coor immediately initiated the Group's business continuity plan via the national and Group crisis teams. Coor's main priority at this time is the health of our employees and our customers' employees.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

	NOTE	2019	2018
Net sales		6	4
Net sales		**6**	**4**
Selling and administrative expenses	25,26,27	-33	-24
Operating loss		**-27**	**-20**
Profit from shares in Group companies	28	600	0
Other interest income and similar income	28	1	0
Interest expense and similar charges	28	-61	-66
Net financial expense		**540**	**-66**
Group contributions		**76**	**315**
Profit before tax		**589**	**229**
Tax on profit for the year	29	-8	-52
PROFIT FOR THE YEAR		**581**	**177**

No component of profit is attributable to other comprehensive income in the parent company.

PARENT COMPANY BALANCE SHEET

	NOTE	2019	2018
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	32	7,789	7,789
Deferred tax asset	29	50	52
Other financial assets		1	1
Total non-current assets		**7,840**	**7,842**
Current assets			
Receivables from Group companies [1]		80	317
Other receivables		1	2
Prepaid expenses and accrued income		1	0
Total current receivables		**82**	**319**
Cash and cash equivalents*		0	0
Total current assets		**82**	**319**
TOTAL ASSETS		**7,922**	**8,161**

[1] The company is part of the Group cash pool, in which the subsidiary company Coor Service Management Group AB is the master account holder with the bank. The company's balance in the Group cash pool is accounted for as a receivable from or liability to Group companies.

PARENT COMPANY BALANCE SHEET

	NOTE	2019	2018
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital, 95,812,022 shares	15	383	383
Total restricted equity		**383**	**383**
Non-restricted equity			
Share premium reserve		6,630	6,622
Retained earnings		-2,100	-1,869
Profit for the year		581	177
Total non-restricted equity		**5,110**	**4,930**
Total equity		**5,494**	**5,313**
Liabilities			
Non-current liabilities			
Borrowings	30	1,855	1,737
Provisions for pensions		2	2
Total non-current liabilities		**1,856**	**1,738**
Current liabilities			
Accounts payable		0	0
Liabilities to Group companies[1]		553	1,101
Tax liabilities	29	7	0
Other liabilities		1	1
Accrued expenses and deferred income	31	12	8
Total current liabilities		**572**	**1,110**
Total liabilities		**2,428**	**2,848**
TOTAL EQUITY AND LIABILITIES		**7,922**	**8,161**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL EQUITY
Opening balance, 1 January 2018	**383**	**6,670**	**-1,665**	**179**	**5,568**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	179	-179	0
Profit for the year	0	0	0	177	177
Share-based remuneration programmes	0	-49	0	0	-49
Dividends	0	0	-383	0	-383
BS **Closing balance, 31 December 2018**	**383**	**6,622**	**-1,869**	**177**	**5,313**
Opening balance, 1 January 2019	**383**	**6,622**	**-1,869**	**177**	**5,313**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	177	-177	0
Profit for the year	0	0	0	581	581
Share-based remuneration programmes	0	8	0	0	8
Share buybacks	0	0	-28	0	-28
Dividends	0	0	-380	0	-380
BS **Closing balance, 31 December 2019**	**383**	**6,630**	**-2,100**	**581**	**5,494**

For information on share capital, see *Note 15 Share capital and data per share*. For information on the appropriation of retained earnings for the year, see *page 47*. In 2019, share-based remuneration programmes consisted of the recognised cost of LTIP 2018 and LTIP 2019 in accordance with IFRS 2. The total dividend of SEK 383 million has been reduced by a portion of SEK 3 million accruing to the share swaps held by the Group.

PARENT COMPANY STATEMENT OF CASH FLOWS

	2019	2018
Operating activities		
IS **Operating profit**	-27	-20
Adjustment for non-cash items	8	1
Interest received	0	0
Interest paid and other financial expenses	-60	-47
Cash flow from operating activities before changes in working capital	**-79**	**-66**
Increase(+)/decrease(-) in net working capital	-3	-7
Cash flow from operating activities	**-81**	**-73**
Cash flow from investing activities	**0**	**0**
Financing activities		
Group contribution received	315	290
Dividends received from subsidiaries	600	0
Dividend	-380	-383
Share-based remuneration programmes	13	1
Share buybacks	-28	0
Proceeds from borrowings	1,800	436
Repayment of borrowings	-1,691	-159
Change in cash pool balance	-547	-111
Cash flow from financing activities	**82**	**73**
CASH FLOW FOR THE YEAR	**0**	**0**
Cash and cash equivalents at the beginning of the year	0	0
Foreign exchange difference in cash and cash equivalents	0	0
BS **Cash and cash equivalents at the end of the year**	**0**	**0**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 24 ACCOUNTING PRINCIPLES

§ ACCOUNTING PRINCIPLES

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the parent company is required to apply all EU-adopted IFRS and interpretations in the annual accounts for the legal entity insofar as this is possible under the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exemptions and additions should be made in relation to IFRS. Differences between the Group and parent company accounting principles are described in the following.

The following accounting principles for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Related-party disclosures
The parent company has related-party relationships which include a controlling interest over its subsidiaries, see *Note 32 Shares in Group companies*. All transactions with related parties have been made on market terms.

Sales to other Group companies totalled SEK 6 (4) million in 2019. In 2019, the parent company paid interest of SEK 16 (16) million and received dividends of SEK 600 (0) million from other Group companies.

Group contributions
Group contributions paid and received are accounted for as appropriations through the income statement.

Dividends
Dividend income is recognised when the right to receive payment is deemed to be secure.

Shares in subsidiaries
The parent company recognises all investments in Group companies at cost less accumulated impairment. Shareholder contributions are converted into shares and participations insofar as no impairment loss is required.

NOTE 25 COSTS BY NATURE OF EXPENSE

	2019	2018
External services	-3	-3
Payroll costs	-29	-21
Other operating expenses	-1	0
IS **Total**	**-33**	**-24**

NOTE 26 AUDIT FEES

	2019	2018
PwC		
Audit engagement	1	1
Audit services in addition to the audit engagement	0	0
Tax advisory services	0	0
Other services	0	0
Total	**1**	**1**

Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the performance of such other tasks. Everything else is defined as other services.

NOTE 27 EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

SALARIES, OTHER BENEFITS AND SOCIAL SECURITY CONTRIBUTIONS

	2019				2018			
	SALARIES AND BENEFITS	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*	SALARIES AND BENEFITS	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*
Directors and CEO	15	*4*	7	*2*	11	*2*	6	*2*
Other employees	4	*1*	2	*1*	3	*1*	2	*0*
Total	**20**	*5*	**9**	*3*	**15**	*2*	**7**	*2*

Average number of employees
The company had 2 (2) employees during the year, of whom 2 (2) were men.

At the balance sheet date, the Board of Directors of the parent company, not including employee representatives, consisted of 7 (7) members, of whom 4 (4) were men. There are also 3 (3) employee representatives.

NOTE 28 FINANCIAL INCOME AND EXPENSES

	2019	2018
Financial income		
Foreign exchange differences	1	0
IS **Total**	**1**	**0**
Financial expenses		
Interest expense, Group companies	-16	-16
Interest expense, external	-30	-30
Foreign exchange differences	-9	-12
Other financial expenses	-6	-8
IS **Total**	**-61**	**-66**
Total net financial expense	**-60**	**-66**

Profit from shares in Group companies of SEK 600 (0) million refers to dividends from subsidiaries.

NOTE 29 INCOME TAX

TAX EXPENSE (-) TAX INCOME (+)	2019	2018
Current tax	-7	0
Deferred tax	-2	-52
IS **Total**	**-8**	**-52**

DIFFERENCE BETWEEN REPORTED TAX EXPENSE AND TAX EXPENSE BASED ON THE APPLICABLE TAX RATE

	2019	%	2018	%
IS **Reported profit before tax**	589		229	
IS **Tax expense**	-8	-1.4	-52	-22.8
Calculated tax expense	-126	-21.4	-50	-22.0
Difference	**118**	**20.0**	**-2**	**-0.8**
Tax effect of non-deductible expenses	9	1.5	0	0.2
Tax effect of non-taxable income	-128	-21.8	0	0.0
Tax effect of changed tax rate	2	0.3	1	0.6
Total	**-118**	**-20.0**	**2**	**0.8**

DEFERRED TAX ASSET IN THE BALANCE SHEET

	2019	2018
BS **Opening balance**	**52**	**104**
Deferred tax on tax losses recognised in the income statement	-2	-52
BS **Closing balance**	**50**	**52**

At 31 December 2019, the company had a current tax liability of SEK 7 (0) million.

NOTE 30 BORROWINGS

	2019	2018
Liabilities to credit institutions	800	1,686
Bonds	1,000	0
Capitalised borrowing costs	-9	0
Liability related to share swap	64	51
BS **Total**	**1,855**	**1,737**

In January 2019, Coor entered into a new financing agreement with two credit institutions. The new credit agreement provides a credit line of SEK 1,500 million consisting of a revolving credit facility with a maturity of three years. In March 2019, the company issued SEK 1,000 million in senior unsecured bonds. The bonds have a maturity of five years. For further information on borrowing and financial risks, see *Note 16 Borrowing and financial risk management*.

NOTE 31 ACCRUED EXPENSES AND DEFERRED INCOME

	2019	2018
Social security contributions	4	3
Vacation pay	2	2
Other personnel-related liabilities	4	2
Other items	1	1
BS **Total**	**12**	**8**

NOTE 32 SHARES IN GROUP COMPANIES

2019	CORP. ID NO.	REGISTERED OFFICE	SHARE OF EQUITY	CARRYING AMOUNT
DIRECT				
Coor Service Management Group AB	556739-7665	Stockholm	100%	7,789
INDIRECT				
Coor Service Management AB	556084-6783	Stockholm	100%	
Coor Service Management APS AB	556764-1328	Stockholm	100%	
Addici Security AB	556555-5314	Stockholm	100%	
Coor Service Management CTS AB	556912-0156	Stockholm	100%	
Norrlands Miljövård AB	556180-2959	Stockholm	100%	
Coor Service Management LB 3 AB	556994-4506	Stockholm	100%	
Coor Service Management LB 4 AB	556994-4498	Stockholm	100%	
Coor Service Management A/S	10 68 35 48	Denmark	100%	
Coor Service Management AS	983 219 721	Norway	100%	
Coor Service Management Cleaning & Catering AS	912 523 918	Norway	100%	
Coor Offshore AS	814 493 962	Norway	100%	
Coor Service Management Øst AS	815 367 952	Norway	100%	
Coor Service Management OY	1597866-9	Finland	100%	
Coor Service Management NV	0480-088-929	Belgium	100%	
Coor Service Management SEC NV	0559-876-971	Belgium	100%	
Coor DOC NV	0668-588-237	Belgium	100%	
Coor Service Management Kft [1]	01-09-931476	Hungary	100%	
Coor Service Management sp. z.o.o [1]	0000350979	Poland	100%	
Coor Service Management OÜ	12169810	Estonia	100%	

[1] Companies in course of liquidation.

CHANGE DURING THE YEAR	2019	2018
Opening cost	8,489	8,489
Closing cost	**8,489**	**8,489**
Opening impairment	-700	-700
Closing accumulated impairment	**-700**	**-700**
BS **Closing carrying amount**	**7,789**	**7,789**

NOTE 33 PLEDGED ASSETS AND CONTINGENT LIABILITIES

The parent company has provided a parent company guarantee of SEK 31 (31) million covering financial obligations of the Finnish subsidiary in respect of leases and bank guarantees as well as a parent company guarantee on behalf of a subsidiary in Norway to ensure delivery to a major customer. The parent company has no other pledged assets or contingent liabilities.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer certify that the annual accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards as well as generally accepted accounting principles, and give a true and fair view of the financial positions and results of the parent company and Group. The Directors' Report for the parent company and Group gives a true and fair view of the parent company's and Group's activities, their financial position and results, and describes significant risks and uncertainties faced by the parent company and the companies in the Group.

The consolidated statement of comprehensive income and balance sheet and the parent company statement of comprehensive income and balance sheet will be submitted for adoption at the Annual General Meeting on 28 April 2020.

Stockholm, 19 March 2020

MATS GRANRYD
Chairman

ANDERS EHRLING

MATS JÖNSSON

MONICA LINDSTEDT

KRISTINA SCHAUMAN

HEIDI SKAARET

GLENN EVANS
Employee representative

LINUS JOHANSSON
Employee representative

RIKARD MILDE
Employee representative

MIKAEL STÖHR
Chief Executive Officer

We submitted our Auditor's Report on 19 March 2020

Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant
Auditor-in-charge

AUDITOR'S REPORT

To the general meeting of shareholders of Coor Service Management Holding AB, corp. ID no. 556742-0806

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINION

We have audited the annual accounts and consolidated financial statements of Coor Service Management Holding AB for 2019. The company's annual accounts and consolidated financial statements are included on pages 40–87 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the state of the parent company's affairs at 31 December 2019 and of its financial results and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the state of the Group's affairs at 31 December 2019 and of its financial results and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the parent company and consolidated income statements and balance sheets.

Our opinion in this report on the annual accounts and consolidated accounts is consistent with the supplementary report submitted to the Audit Committee of the parent company and Group in accordance with Article 11 of the Audit Regulation (537/2014).

BASIS OF OPINION

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards are described in the section Responsibilities of the auditor. We are independent of the parent company and the Group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards. This includes ensuring, based on our best knowledge and conviction, that no prohibited services within the meaning of Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled undertakings within the EU.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

AUDIT APPROACH

FOCUS AND SCOPE OF THE AUDIT

We designed our audit by determining the level of materiality and assessing the risk of material misstatement in the financial statements. We paid particular attention to those areas where the Chief Executive Officer and Board of Directors have made subjective judgments, for example, in respect of critical accounting estimates based on assumptions and forecasts about future events, which are inherently uncertain. As in all our audits, we also addressed the risk that the Board of Directors and Chief Executive Officer will override internal controls, and considered whether there is any evidence of bias that has created a risk of material misstatement due to fraud.

We tailored our audit so as to be able to complete a satisfactory examination aimed at enabling us to express an opinion on the financial statements as a whole, taking account of the Group's structure, accounting processes and control procedures as well as the industry in which the Group operates.

MATERIALITY

The scope and focus of the audit were affected by our assessment of materiality. An audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. Misstatements can arise from fraud or error. They are considered material if, individually and in aggregate, they can reasonably be expected to influence financial decisions made by users on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including thresholds for the financial statements as a whole. Based on these thresholds, as well as qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our audit procedures, and assessed the effect of any misstatements, both individually and in aggregate, on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters which, in our professional judgment, were of greatest significance for the audit of the annual accounts and consolidated accounts for the period concerned. These matters were addressed in the context of the audit of, and in the preparation of our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not present a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Testing for impairment of goodwill and other acquisition-related intangible assets Refer to *Note 1* for a description of significant accounting principles and to *Note 10 Intangible assets* for a description of critical accounting estimates and assumptions as well as information on the performed sensitivity analysis, with regard to what change in the assumptions used would result in impairment of goodwill. At 31 December 2019, Coor had goodwill and other acquisition-related assets, including contracts, of SEK 3,828 million, representing 56 per cent of total assets. The principal risk is the risk that the value of these assets will need to be written down. Each year, Coor performs a test to measure goodwill and other intangible assets in order to determine whether any impairment has occurred. The test is complex and relies on management's expectations in respect of material parameters, including future sales performance, cash flows, margins and interest rates (WACC). Coor has an established process for testing the measurement that is based on cash-generating units. The process is described in Note 10. For 2019, there were four identified cash-generating units. Acquired identifiable contracts are handled in the same manner. When contracts can be separated from a purchase price allocation, assumptions are made about the duration of the contracts, expected volumes and margins. These assumptions are tested annually. Coor's conclusion is that no impairment had occurred for the aforementioned assets in 2019.	In testing goodwill and other acquisition-related intangible assets for impairment, we performed a number of audit procedures aimed primarily at confirming the measurement and accuracy. In particular, we: • Have previously engaged PwC's experts in accounting measurement to test and assess Coor's models, methods and assumptions. • Through spot checks, tested, assessed and challenged the information used in the calculations in relation to Coor's financial plan and, where possible, external information. In doing so, we focused on assumed growth rates, margin growth rates and discount rates for each cash-generating unit. We also assessed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes. • Checked the sensitivity of the measurements to negative changes in all parameters which, individually or in the aggregate, could result in impairment. • Assessed whether the disclosures made in the annual report are correct based on tests of the measurements made, with a particular emphasis on disclosures on the sensitivity of the measurements. • Compared the disclosures included in the annual report with the requirements of IAS 36. Based on our examination, it is our conclusion that Coor's assumptions are within an acceptable range, and that the disclosures presented in Note 10 meet the disclosure requirements for assumptions and risks where small changes in the assumptions used result in or can result in impairment.

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Recognition of revenue Refer to *Note 1* for a summary of significant accounting principles and critical accounting estimates and assumptions, *and* to *Note 2 Revenue, Note 13 Accounts receivable, Note 14 Prepaid expenses and accrued income, and other receivables, and Note 19 Accrued expenses and deferred income.* One of the focus areas in our audit was the Group's recognition of revenue. The services provided are sometimes performed over an extended period of time. Accounting differences can therefore arise between the point in time when Coor performs a service and the point in time when revenue is recognised. Assessing whether revenue has been allocated to the correct accounting periods and whether it has been correctly measured thus constitutes a key audit matter. When revenue may be recognised depends on the wording of the contracts that have been entered into. Customer contracts vary and can be complex, which in itself constitutes an increased risk of misstatements. The revenue process involves line managers, who are in charge of compiling and assessing the data used for invoicing, as well as a central function, which issues the invoices. Revenue earned that has not been invoiced by the closing date is recognised as accrued income based on an assessment of the percentage of the services provided that can be invoiced. Revenue invoiced but not yet earned is recognised as deferred income based on an assessment of the extent to which the services have yet to be performed. Invoiced revenue that has not yet been paid is accounted for as accounts receivable based on an assessment on the portion that will be paid.	Our audit is based both on an evaluation of internal control and substantive testing of revenue and material projects, including systems-based analysis of balance sheet and income statement items. Among other audit procedures, we: • Identified the processes for revenue recognition and assessment of accrued and deferred income and accounts receivable. Through spot checks of a random sample of customers, we also tested the recognised revenue against the contracts to determine whether the correct amount has been recognised in the right period and whether the revenue has been fully accounted for. This test also covered accrued and deferred income. • Using a systems-based approach, we analysed deferred income, checking that registered revenue has been correctly transferred to the main ledger. • We assessed any bad debts based on Coor's policy for provisions and discussed any significant overdue receivables to determine whether provisions have been recognised correctly based on the estimated risk of non-payment. Nothing material was identified in this audit that it was deemed necessary to report to the Audit Committee.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated financial statements, which is found on pages 1–39 and 104–125. Responsibility for this other information rests with the Board of Directors and Chief Executive Officer.

Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and, in so doing, to consider whether it is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also take account of other knowledge obtained in the course of our audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed in respect of this other information, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in that regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Responsibility for ensuring that the annual accounts and consolidated accounts are prepared and give a true and fair view pursuant to the Annual Accounts Act and, as regards the consolidated accounts, pursuant to the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. The Board and CEO are also responsible for such internal control as they deem necessary for the purpose of preparing annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board and CEO are responsible for assessing the company's and Group's ability to continue as a going concern. Where applicable, they are also required to disclose circumstances which could affect the company's ability to continue as a going concern and use the going concern assumption. The going concern assumption applies unless the Board and CEO intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Board of Directors is tasked with monitoring, without prejudice to the other responsibilities and duties of the Board, the financial reporting of the company.

RESPONSIBILITIES OF THE AUDITOR

Our objective is to obtain reasonable assurance that the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an Auditor's Report containing our opinion. Reasonable assurance is a high degree of assurance but does not constitute a guarantee that an audit conducted in accordance with ISA and Swedish GAAS will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, can reasonably be expected to affect financial decisions made by users on the basis of the annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the Auditor's Report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINION

In addition to our audit of the annual accounts and consolidated accounts, we have audited the Board of Directors' and Chief Executive Officer's management of Coor Service Management Holding AB for 2019 and the proposed appropriation of the company's profit or loss.

We recommend that the general meeting of shareholders allocate the retained earnings as proposed in the Directors' Report and grant release from liability to the Directors and Chief Executive Officer in respect of the financial year.

BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards are described in the section Responsibilities of the auditor. We are independent of the parent company and the Group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

RESPONSIBILITIES OF THE AUDITOR

Our objective for the management audit, and thus for our opinion on release from liability, is to obtain audit evidence which enables us to assess with reasonable assurance whether any Director or the Chief Executive Officer has in any material respect:

- taken any action or been guilty of any neglect that could give rise to a liability to indemnify the company.
- otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective in respect of our audit of the proposed appropriation of the company's profit or loss, and thus for our opinion on the same, is to obtain reasonable assurance that the proposed appropriation is consistent with the Companies Act.

Reasonable assurance is a high degree of assurance but does not guarantee that an audit conducted in accordance with Swedish GAAS will always detect actions or neglect that could give rise to a liability to indemnify the company, or that the proposed appropriation of the company's profit or loss is consistent with the Companies Act.

A further description of our responsibility for the management audit is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the Auditor's Report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, were appointed to serve as auditors of Coor Service Management Holding AB by the Annual General Meeting on 2 May 2019 and have been the company's auditors since December 2004.

Stockholm, 19 March 2020
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

CORPORATE GOVERNANCE REPORT 2019

CONTENTS

The Corporate Governance Report is a part of Coor's Annual Report 2019, which explains why it begins on page 94. The Corporate Governance Report can be read separately but sometimes contains references to other parts of the annual report. The full annual report is available on the company's website.

The Corporate Governance Report of Coor Service Management Holding AB (corp. ID no. 556742-0806) refers to the financial year 2019.

STRUCTURED GOVERNANCE AND INTERNAL CONTROL

The goal of Coor's corporate governance is to ensure systematic risk management and sustained value creation for shareholders through good control and a sound corporate culture.

This Corporate Governance Report has been prepared by the Board of Directors of the Coor Group and describes Coor's corporate governance for 2019. The report has been reviewed by Coor's auditors, whose opinion is presented at the end of the report.

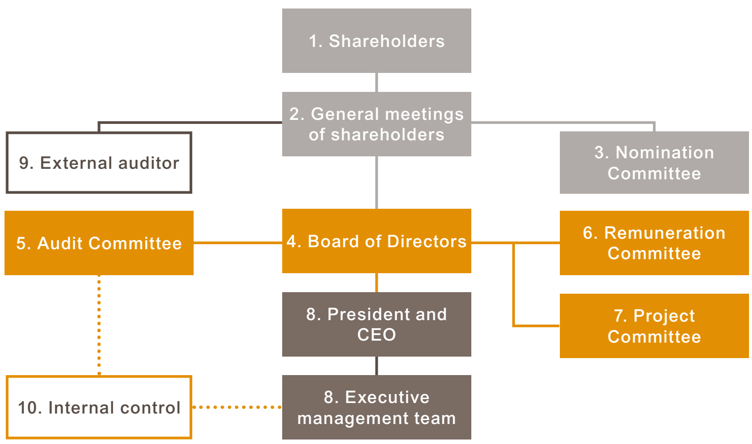
CORPORATE GOVERNANCE AT COOR

Coor is a public limited company with its registered office in Stockholm, whose shares were listed on the Nasdaq Stockholm exchange on 16 July 2015. Coor's corporate governance is based on Swedish laws and regulations and on the rules and practices which apply for companies listed on Nasdaq Stockholm. Coor also follows the Swedish Corporate Governance Code without deviating from any of its rules. In the countries where Coor operates the company follows the applicable local legislation.

In addition to the external regulations, Coor has a set of internal regulations consisting of governing documents for the Group, of which the most important are the Articles of Association, which are adopted by the shareholders' meeting, the rules of procedure for the Board of Directors and its committees, and the Board's terms of reference for the Chief Executive Officer. In addition, there are a large number of internal policies, instructions and delegation arrangements which clarify responsibilities and authorities in different areas. The most important governing documents are included in Coor's management system, which also describes the company's main processes and common work methods.

Coor's corporate governance structure is well defined and is illustrated schematically above.

COOR'S CORPORATE GOVERNANCE STRUCTURE



SUSTAINABILITY MANAGEMENT

All companies have a big responsibility for the activities in which they are engaged, and for how these activities affect the environment and society at large, in the short and long term. Coor takes a structured, long-term approach to those sustainability aspects that are considered to have the biggest external impact. The purpose of Coor's sustainability management is to ensure that the company grows in a stable and profitable manner based on sound business ethics while minimising its environmental impact, and that the company makes a positive contribution to society. For more information on Coor's sustainability management and governance, see the information in the sustainability sections of the annual report.

KEY EXTERNAL AND INTERNAL GOVERNING DOCUMENTS

External regulations

- Swedish laws and regulations
- Laws and regulations in other countries of operation
- Nasdaq Stockholm's rules for issuers
- Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)

Internal governing documents

- Articles of Association
- Rules of procedure for the Board of Directors
- Rules of procedure for the Board committees
- The Board of Directors' terms of reference for the CEO

Policies and instructions

- Code of Conduct [1)]
- Insider policy [1)]
- Treasury policy [1)]
- Communication policy [1)]
- Procurement policy
- Sustainability policy including risk management
- IT policy
- Information security policy
- Internal control framework
- Accounting manual
- Authorisation manual
- Data protection policy

[1)] Policies adopted by the Board of Directors

1. SHARES AND OWNERSHIP STRUCTURE

At year-end, Coor had a share capital of SEK 383,248,088, represented by 95,812,022 shares. Each share carries one vote at general meetings. As at 31 December 2019, Coor's share register listed approximately 5,700 shareholders. Of the total share capital, approximately 52 per cent was owned by investors outside Sweden. The three largest shareholders were AMF Försäkring & Fonder, with 8.4 per cent of the shares and voting rights, Nordea Fonder with 7.7 per cent and Capital Group with 7.6 per cent. More information about Coor's shares and ownership structure is available on the company's *website* under *About Coor/Investors* and in the section *Share information*.

2. GENERAL MEETINGS OF SHAREHOLDERS

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. All shareholders are entitled to participate and vote at the annual meeting of shareholders (Annual General Meeting). At the AGM, shareholders discuss the annual report, payment of dividends, election of Directors and auditors, fees and principles of remuneration as well as other matters. The resolutions adopted at a general meeting are announced in a press release after the meeting. More information on the convening of and participation in general meetings is available on the company's *website* under *About Coor/Corporate Governance*.

3. THE NOMINATION COMMITTEE

The composition and activities of the Nomination Committee are governed by the terms of reference adopted by the AGM and are described on the company's *website* under *About Coor/Corporate Governance*.

Composition and activities in preparation for the 2020 AGM

Prior to the 2020 Annual General Meeting, the Nomination Committee consists of Ulrika Danielson (Second Swedish National Pension Fund), Henrik Didner (Didner & Gerge Fonder), Tomas Risbecker (AMF Försäkring & Fonder), Jan Särlvik (Nordea Funds) and Chairman of the Board Mats Granryd.

In preparation for the 2020 AGM, the committee met on three occasions. Through the Chairman of the Board and the company's President and Chief Executive Officer, the Nomination Committee received information about the operations, development and other circumstances of the company. The Nomination Committee also interviewed individual Board Directors. It also discussed the main requirements that should be applied for Directors, including the requirement for independent Directors, and looked at the number of directorships of other companies held by the Directors. The committee placed a strong emphasis on ensuring a balanced representation of men and women, diversity and breadth.

Shareholders have been welcome to submit proposals and views to the Nomination Committee. No separate fee was paid to any of the members of the Nomination Committee.

4. THE BOARD OF DIRECTORS

The Board of Directors has ultimate responsibility for the company's organisation and operations, and continually assesses the financial situation of the company and Group.

Composition and activities in 2019

Coor's Board of Directors consists of seven ordinary Directors elected by the shareholders' meeting and three employee representatives. The composition of the Board meets the requirements for independent Directors provided for in the Swedish Corporate Governance Code. Information on the independence of the Directors is presented in a table on the next page. The Board of Directors is presented at the end of the Corporate Governance Report along with information about the Directors' directorships outside the Group and their holdings of Coor shares. The Board has appointed Coor's Chief Legal Counsel to act as its secretary.

In 2019, the Board met on 11 occasions. The Board addressed strategic matters, financial performance and matters relating to customers, employees, sustainability and risk management over the course of the year. Important matters that were addressed in 2019 included matters relating to new deals and potential acquisitions. Senior executives gave presentations on specific issues to the Board on an ongoing basis.

To handle matters that need to be discussed separately, the Board has established three committees: the Remuneration Committee, the Audit Committee and the Project Committee. The committees reported on their meetings to the Board on a regular basis.

5. THE AUDIT COMMITTEE

Consists of three Board-appointed members: Kristina Schauman (Chairman), Anders Ehrling and Heidi Skaaret. Coor's CFO and external auditors attend all meetings.

Follows up and monitors internal control, audit, risk management, accounting and financial reporting activities.

6. THE REMUNERATION COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Monica Lindstedt and Kristina Schauman.

Submits proposals on remuneration to the Board, and monitors and evaluates remuneration structures and levels for the executive management team.

7. THE PROJECT COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Anders Ehrling and Mats Jönsson.

Assists the Board by submitting proposals for and providing decision guidance on major customer contracts, acquisitions and other important agreements.

RESOLUTIONS ADOPTED AT THE ANNUAL GENERAL MEETING 2019

At the 2019 AGM, the following main resolutions were adopted:

- To approve a dividend of SEK 4 per share, consisting of an ordinary dividend of SEK 2.00 and a special dividend of SEK 2.00, as proposed by the Board.
- That the Board of Directors should consist of seven Directors with no deputies.
- The election of the Chairman of the Board and Directors in accordance with the Nomination Committee's proposal:
- Mats Granryd was re-elected to the Board as a Director and as Chairman of the Board.
- The Directors Anders Ehrling, Mats Jönsson, Monica Lindstedt, Kristina Schauman, Heidi Skaaret and Mikael Stöhr were re-elected to the Board.
- To approve the payment of Directors' fees totalling SEK 2,985,000, as proposed by the Nomination Committee, to be distributed as follows:
- SEK 785,000 to the Chairman.
- SEK 280,000 to each of the other AGM-elected Directors.
- SEK 100,000 to Directors who are members of the Audit Committee.
- SEK 200,000 to the Chairman of the Audit Committee.
- SEK 50,000 to Directors who are members of the Remuneration Committee.
- SEK 50,000 to the Chairman of the Remuneration Committee.
- SEK 75,000 to Directors who are members of the Project Committee.
- SEK 100,000 to the Chairman of the Project Committee.
- To approve a long-term share-based incentive programme for the executive management team (EMT) and top management team (TMT).
- To authorise the repurchase and transfer of shares.
- To authorise the issuance of new shares.

The audit firm PwC notified Coor that Niklas Renström will be appointed as auditor-in-charge for the audit.

The full minutes of the AGM are available at *www.coor.com*.

DIRECTORS' ATTENDANCE, INDEPENDENCE AND FEES

	Meeting attendance				Independence		Fees
	Board of Directors	Audit Committee	Project Committee	Remuneration Committee	Independent of the company	Independent of major shareholders	Approved Directors' and committee fees, SEK '000 [4]
Total number of meetings	11	5	1	3			
AGM-elected Directors							
Anders Ehrling [1]	11	2	1	-	Yes	Yes	455
Mats Granryd, Chairman	11	-	1	3	Yes	Yes	935
Mats Jönsson	11	-	1	-	Yes	Yes	355
Monica Lindstedt	10	-	-	3	Yes	Yes	330
Kristina Schauman	11	5	-	3	Yes	Yes	530
Heidi Skaaret	10	5	-	-	Yes	Yes	380
Mikael Stöhr	11	-	1	3	No	Yes	-
Union-appointed employee representatives							
Glenn Evans	11	-	-	-	No	Yes	-
Linus Johansson	10	-	-	-	No	Yes	-
Pier Karlevall [2]	2	-	-	-	No	Yes	-
Rikard Milde [3]	10	-	-	-	No	Yes	-

1) Joined the Audit Committee in connection with the AGM on 2 May 2019.
2) Stepped down as employee representative in connection with the AGM on 2 May 2019.
3) Joined the Board as a regular employee representative on 1 April 2019.
4) The fees for committee work were approved by the AGM on 2 May 2019 and apply until the next AGM on 28 April 2020. For information on fees that had an impact on earnings for 2019, see ***Note 6 Remuneration of senior executives*** in the statutory annual report.

Attendance at the year's Board meetings was good. Information on Directors' attendance at meetings of the Board and its committees and on the fees paid for this work is presented in the table on the previous page.

Diversity policy

As its diversity policy, Coor applies Rule 4.1 of the Swedish Corporate Governance Code, which means that the Board should have a composition that is appropriate in view of the company's operations, stage of development and other circumstances, and is diverse and broad with regard to the skills, experience and backgrounds of its AGM-elected members, and that a balanced representation of men and women should be aimed for.

Coor considers that the company's Board of Directors meets the requirements of its diversity policy. The Board consists of three women and four men. The members come from different sectors of industry and have varying professional backgrounds and expertise.

8. THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE MANAGEMENT TEAM

The Board of Directors has delegated operational responsibility for the company and its management to the company's President and Chief Executive Officer (CEO), who manages the business within the limits and guidelines established by the Board. The division of responsibilities between the Board and CEO is set out in written terms of reference, which are adopted annually by the Board. Mikael Stöhr has been the company's CEO since 2013. The CEO appoints the executive management team, who together with the CEO is in charge of managing the company's day-to-day operations. This responsibility includes setting goals for the company's operational activities, allocating resources and monitoring performance as well as preparing proposals for investments, acquisitions and divestments in accordance with the Board's written instructions.

In 2019, the executive management team met 13 times in person or by telephone. Matters addressed included performance monitoring and forecasts, targets and target monitoring, the market situation, ongoing deals, the status of Group-wide projects, strategy work, recruitment and other important matters.

EVALUATION OF THE BOARD AND CEO

The annual evaluation of the Board, including the Board committees, was carried out by an external consultant. The evaluation covered Board practices, and the composition and expertise of the Board, including the Directors' backgrounds, experience and diversity. The results of the evaluation were presented to the Nomination Committee and the Board of Directors.

The evaluation of the CEO was discussed at a Board meeting without the presence of management.

ANNUAL CALENDAR 2019

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE

THE BOARD OF DIRECTORS

FEBRUARY
- Review of the Auditor's Report.
- Approval of Corporate Governance Report.
- Resolution on the proposed appropriation of retained earnings.
- Remuneration Committee's evaluation and application of the remuneration guidelines.
- Approval of the year-end report.
- Preparations for the AGM.

MARCH
- Approval of the annual report.

MAY
- Approval of Q1 report.
- Annual General Meeting.
- Inaugural Board meeting

THE AUDIT COMMITTEE

FEBRUARY, Q4 MEETING
- Review of year-end report
- Approval of Corporate Governance Report.
- External Auditor's Report.
- External auditor's independence.
- Review of transfer pricing policy.

APRIL, Q1 MEETING
- Review of Q1 report.
- Audit plan and fees for external auditors.
- Evaluation of the external audit.
- Review of treasury policy.
- Review of risk assessment.

THE REMUNERATION COMMITTEE

MEETING IN FEBRUARY PRIOR TO FIRST BOARD MEETING OF THE YEAR
- Evaluation of remuneration guidelines and the application of the guidelines.
- Proposed LTIP 2019

AUDITORS

Öhrlings PricewaterhouseCoopers AB (PwC)
Auditor-in-charge: Niklas Renström

Other audit engagements:
Evolution Gaming Group AB, Note AB and Vitec Software Group AB

Environmental and quality auditors
Coor's business has been globally certified under the international ISO 45001-2018 occupational health and safety, ISO 14001-2015 environment and ISO 9001-2015 quality standards. This means that the business is audited twice a year by an independent party. Det Norske Veritas is in charge of the external audit with regard to compliance with the standards. The results of these audits are reported to the executive management team. More information about this audit is presented in the section *Sustainability notes*.

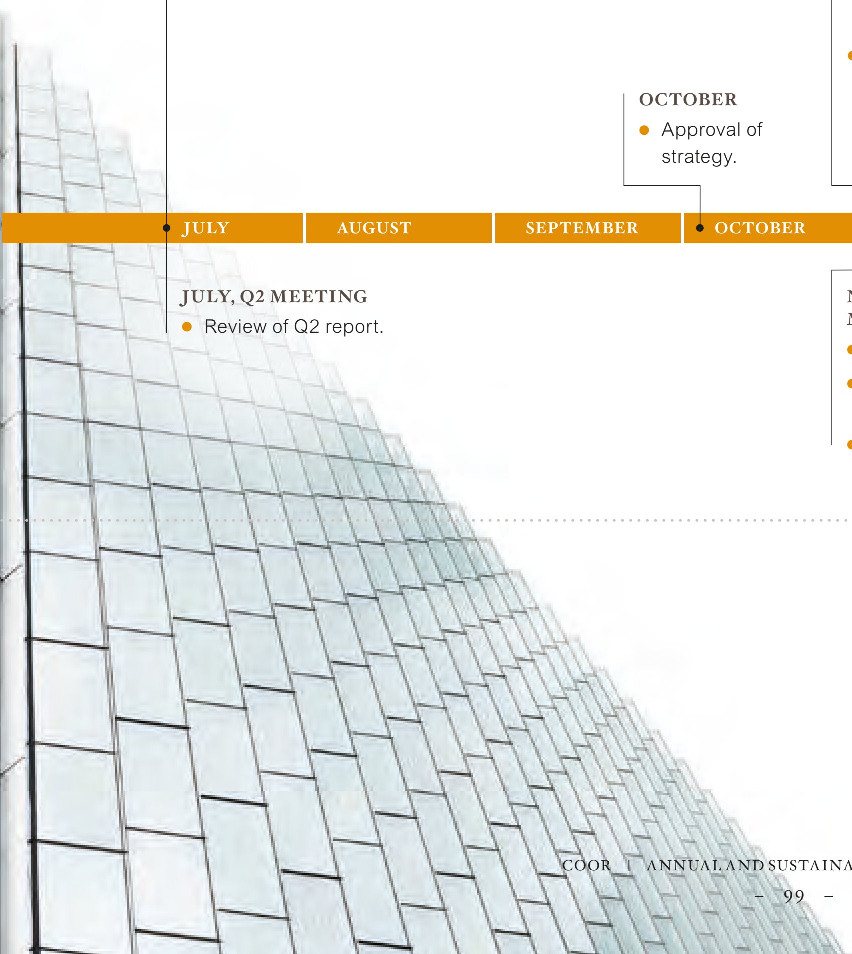
The Group also has an expanded management forum, the top management team, which consists of the executive management team and the country management teams. The Group's roughly 130 senior executives gather annually at a special forum (Management Days) to network, exchange experience, be inspired and discuss matters of common interest.

9. EXTERNAL AUDITORS

The company's auditors are appointed by the Annual General Meeting. At the 2019 AGM, Öhrlings PricewaterhouseCoopers AB (PwC) with Niklas Renström as auditor-in-charge, were re-elected to serve as the company's external auditors until the 2020 AGM. PwC have been Coor's auditors since 2004. Niklas Renström has been Coor's auditor-in-charge since 2018.

The external audit of Coor's financial statements is conducted in accordance with the Swedish Companies Act, the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditor is tasked with auditing the annual accounts, annual report and consolidated accounts as well as the Board of Directors' and executive management team's management of the company. The auditors also review the interim financial statements as at 30 September and the company's internal control.

The auditors are required to keep the Board updated on the planning, scope and content of the annual audit and to inform the Board of any services in addition to audit services that have been provided, the fees for such services and other circumstances that could affect the auditors' independence. To meet the Board's need for information and to ensure that all areas are addressed in a structured manner, Coor's auditors participate at the meetings of the Audit Committee and attend at least one Board meeting a year. On at least one occasion, the auditors meet the Board without the presence of management. The fees paid to the auditors for 2019 are presented in *Note 7 Audit fees* in the *statutory annual report*.



JULY
- Approval of Q2 report.

OCTOBER
- Approval of strategy.

NOVEMBER
- Review of matters presented by the Audit Committee and of the Auditor's Report.
- Approval of Q3 report.

DECEMBER
- Approval of the budget and business plan.
- Remuneration Committee's evaluation and application of the remuneration guidelines.
- Proposed new remuneration guidelines.
- Board's evaluation of the CEO.
- Resolution on remuneration and other terms for the CEO.

JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

JULY, Q2 MEETING
- Review of Q2 report.

NOVEMBER, Q3 MEETING
- Review of Q3 report.
- Review of finance function.
- External Auditor's Report.

DECEMBER
- Evaluation, monitoring and planning of internal control.
- Draft Corporate Governance Report.
- Matters relating to the annual accounts.
- Assessment and decision on the need for an internal audit function.

DECEMBER
- Evaluation of remuneration guidelines and the application of the guidelines. Proposed new remuneration guidelines.
- Evaluation of LTIP and the proposed new programme.
- Evaluation of the CEO and the proposal for remuneration and other terms for the CEO.
- Evaluation of senior executives and resolution on remuneration and other terms for senior executives.

PRINCIPLES OF REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

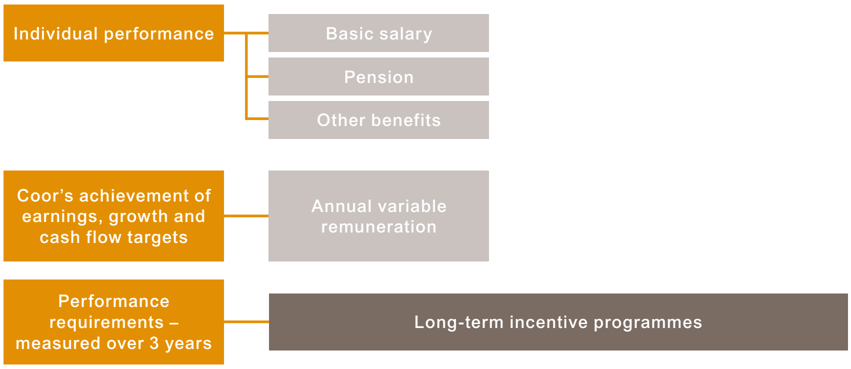
Directors' fees are set by the Annual General Meeting based on the Nomination Committee's proposal. Additional fees are paid to the chairmen and members of Board committees.

The AGM also determines the principles of remuneration of senior executives in the Group. These guidelines state that the total remuneration must be market-based, competitive and reflect the individual's performance and responsibilities.

Matters relating to senior executives are prepared by the Board's Remuneration Committee, which also monitors and evaluates remuneration structures and levels on an ongoing basis.

For complete information on levels of remuneration and guidelines for remuneration, see *Note 6 Remuneration of senior executives* in the *statutory annual report*.

COOR'S REMUNERATION STRUCTURE



Basic salary

Coor aims to ensure that members of the executive management team are paid a competitive market salary in the form of a fixed monthly salary. The basic salary is paid as remuneration for dedicated work performance at a high level that adds value for Coor's customers, shareholders and employees.

Variable remuneration

In addition to a basic salary, members of the executive management team are offered variable remuneration as well as a long-term incentive programme.

Annual variable remuneration

Annual variable remuneration is based on the achievement of Coor's targets for earnings, growth and cash flow. The remuneration is contingent on achievement of defined and measurable targets and is capped at 50 per cent of the fixed annual salary. In special cases, an agreement on non-recurring remuneration may be concluded. Such remuneration is capped at three months' salary.

Long-term share-based incentive programmes (LTIP)

Coor's long-term incentive programmes (LTIP) are designed to increase and strengthen the company's ability to recruit and retain key individuals and to encourage participants to become long-term shareholders of Coor as a means of aligning the interests of participants and other shareholders. To participate in the programmes, participants are required to invest in Coor shares. The LTIP run– for three years and the outcome depends on the achievement of various performance requirements. Members of the executive management team also had the option, as part of LTIP 2018, to purchase call options.

For information on LTIP 2018 and 2019, see *Note 5 Employees and employee benefit expenses and Note 6 Remuneration of senior executives* in the *statutory annual report*.

Retirement benefits

Retirement benefits for senior executives must be defined contribution benefits. The CEO and other senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries). The retirement age is not specified contractually, but is governed by local rules in each country.

Other benefits and severance pay

Other benefits mainly consist of normal company car and healthcare programmes. The contracts of members of the executive management team are terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is paid in case of voluntary resignation.

10. INTERNAL CONTROL AND RISK MANAGEMENT IN RESPECT OF FINANCIAL REPORTING

Coor's framework for internal control and risk management has been designed to ensure reliable financial reporting as well as compliance with laws and requirements which Coor as a listed company is required to follow.

Ultimate responsibility for internal control of financial reporting rests with Coor's Board of Directors. The Board has established an Audit Committee from among its members, which monitors issues relating to internal control of financial reporting in accordance with the committee's rules of procedure. The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting.

Coor's internal control activities are based on the framework developed by COSO. Under this framework, internal control is viewed as consisting of a number of components – control environment, risk assessment, control activities, information and communication, and monitoring. These components are integrated and interact with each other to prevent and detect material misstatements in the financial statements.

The intention behind Coor's internal control framework is to create effective processes and integrate internal control in the company's day-to-day activities as far as possible.

1. Control environment

A good control environment is fundamental to the effectiveness of a company's internal control system. Coor's control environment is defined in governing documents in the form of policies, procedures and manuals, and is maintained through clearly defined and communicated lines of command, authorities and responsibilities in the organisation.

Coor has a control environment that is based on a well defined structure of responsibilities as well as regular reporting and monitoring of financial results by contract, business unit and country, from site level up to Group level.

Coor has adopted a number of basic guidelines and policies which play an important role in maintaining an effective control environment. These include the Code of Conduct, guidelines for financial reporting and the authorisation manual.

2. Risk assessment

Based on the overall risk assessment produced by the executive management team (see the section *Risks and risk management*), a detailed risk assessment of financial reporting is made to identify and evaluate material risks in the financial processes as well as the risk of irregularities and fraud.

The risk assessment of financial reporting takes account of materiality, complexity and the risk of fraud in various income statement and balance sheet items as well as the risk of misstatements in underlying processes. Clear process descriptions have been prepared for each process in which identified risks are linked to control activities. The process descriptions are subject to a thorough review once a year and are updated when new risks arise or disappear. The risk assessment is used as a basis for the control activities that are used to manage the risks. Risk assessments are carried out jointly by process owners, representatives from each country and Coor's Group finance function.

3. Control activities

Based on the risks that have been identified in respect of financial reporting, control activities are designed to prevent and limit the identified risks and to help ensure correct and reliable financial reporting as well as process effectiveness.

In the various financial processes, Coor has identified a number of key controls which all large entities in the Group are required to apply. The key controls form part of the company's processes for accounting and financial reporting, and include reconciliation of balance sheet accounts, structured financial monitoring through standardised analytical controls at different levels of the organisation and automated integrated controls. All key controls are documented in a shared system, where the control activities are clearly described. The system enables clear traceability with controlled work flows for execution, approval and review of control activities.

In addition to the financial processes, IT is also included as a key area that has a significant impact on reliability in the financial processes. IT-related control activities include clear procedures for testing in connection with changes to key applications, regular monitoring of access rights to important systems as well as controls for ensuring correct transfers between pre-systems and accounting information systems.

4. Information and communication

To ensure that all employees in the organisation are able to fulfil their responsibility for internal governance and control, it is essential that they be aware of, and have access to, important internal governance instruments. A key element of internal control is therefore to ensure that important governance documents are kept up to date and are accessible to all employees on the Group's intranet, and that changes and updates are clearly communicated.

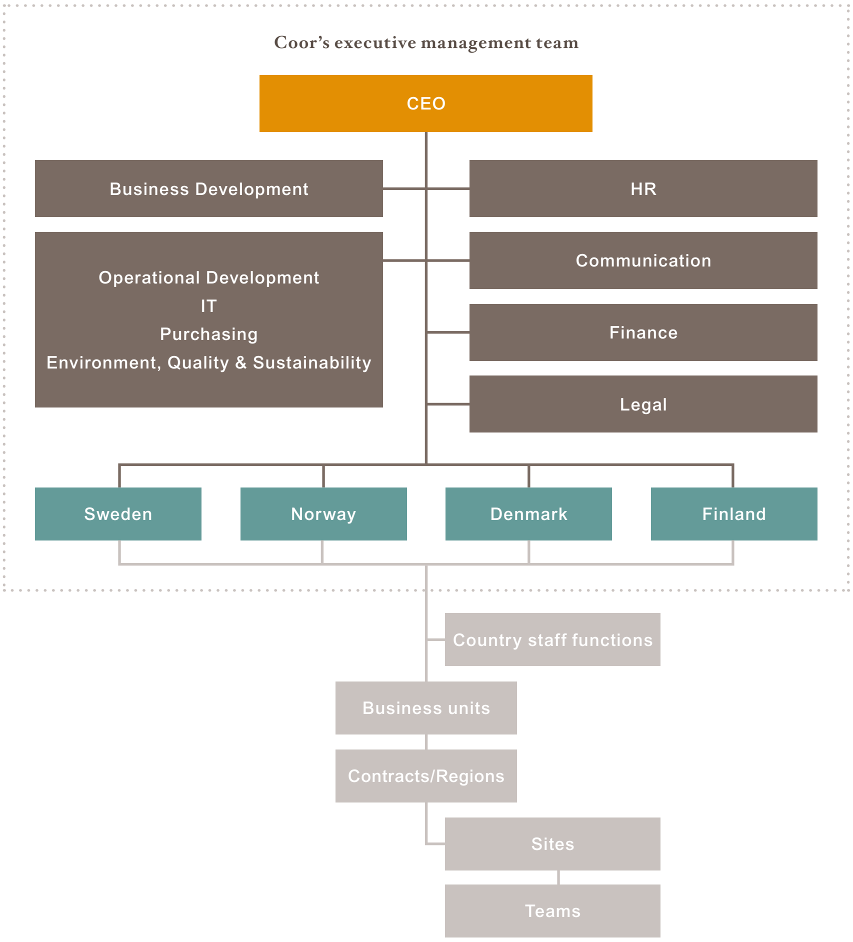
To ensure that the executive management team and the Board of Directors receive important information from the employees, Coor has established formal as well as informal information channels. These include a whistleblower function through which employees can report suspected irregularities.

For communication with external parties, there is a communication and IR policy which sets out guidelines for this communication and ensures that the Group meets the requirements for regular disclosure of correct information in the form of annual reports, interim reports, press releases and notices on the company's website, *www.coor.com*.

5. Monitoring

Monitoring of internal control is a part of Coor's natural improvement activities and

COOR'S ORGANISATIONAL STRUCTURE



is carried out to ensure that the Group's internal governance and control remain relevant and effective.

The Group's financial situation and financial strategies and objectives are discussed at every Board meeting. Between meetings, the Board also receives monthly reports on Coor's financial performance. The Board has tasked the Audit Committee with ensuring that the company's internal control system for financial reporting is monitored and evaluated. The Audit Committee is also charged with monitoring the quality of the Group's internal control system and ensuring that any issues and proposed measures identified in the external audit are addressed. Each year, the Group's external auditors review the Group's internal control system and report their observations in a report to management and the Audit Committee. The Audit Committee then reports to the Board at the following Board meeting.

The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting. This is done proactively by continually analysing and updating the Group's internal control framework and by assessing the effectiveness of the internal control system. A key instrument for monitoring internal control is the self-assessment which is carried out twice a year in the Group. The purpose of the self-assessment is to ensure that all control activities have been carried out in a satisfactory manner, and to identify potential improvements in the framework. Internal control is monitored on a country and process basis. In addition to the self-assessment, the Group´s finance function also reviews the Group's financial processes according to a rolling schedule. Detailed conclusions and proposed improvements are reported to each country and process owner. Improvement measures are implemented in accordance with an agreed plan and followed up at the next evaluation.

A more detailed report on internal control is submitted to the Group's Audit Committee. The conclusions from the self-assessment and internal review are also presented to the Group's external auditors, who assess the extent to which they can rely on the results of the activities carried out in connection with their audit.

INTERNAL AUDITING

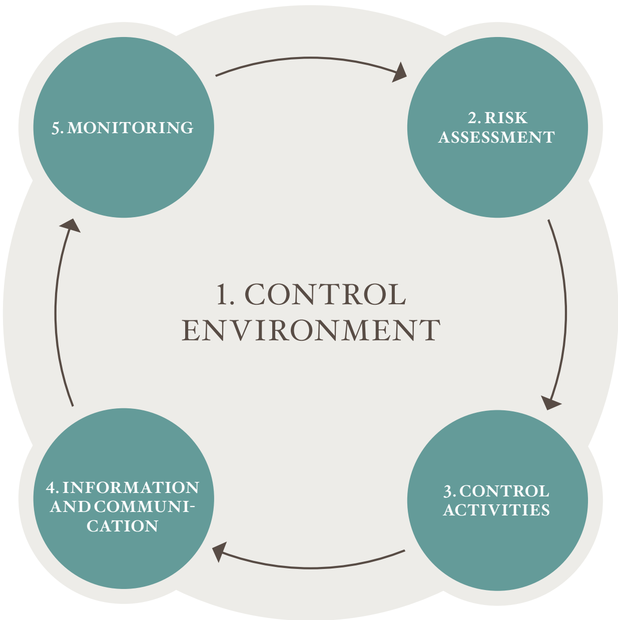
In accordance with the Swedish Corporate Governance Code, the Board of Directors has assessed the need for a separate internal audit function. In view of the size of the Group, the Board's current assessment is that there is no need to establish a separate internal audit function. The internal audit activities have been carried out as part of the Group's finance function. The need for an internal audit function is reviewed annually.

INTERNAL GOVERNANCE AND CONTROL AT COOR

Internal control is an integral part of Coor's day-to-day activities, and continuous efforts are made to improve internal control and minimise risks in financial processes. Through continuous monitoring, evaluation and updating of control activities, Coor creates an effective system of internal control. Internal control activities are conducted in the same way in all of Coor's main countries of operation.

FINANCIAL PROCESSES

- Financial close
- Tax
- Revenue and Receivables
- Purchase and Payables
- Payroll
- Investments
- IT/IT security



1. CONTROL ENVIRONMENT

- Governing policies, instructions and manuals.
- Defined and communicated lines of command, levels of authority and areas of responsibility.

2. RISK ASSESSMENT

- Review of income statement and balance sheet items with regard to materiality, complexity and the risk of fraud.
- Process descriptions connect risks in underlying processes with control activities.

3. CONTROL ACTIVITIES

- Control matrix – overview of risks and control activities for all processes.
- Structure and classification – a common system with clear traceability for the execution and monitoring of control activities.

4. INFORMATION AND COMMUNICATION

- Updated and clearly communicated policies, instructions and manuals.
- Whistleblower function.
- Communication with external stakeholders through press releases, financial reports and other publications.

5. MONITORING

- Self-assessment twice a year – the company assesses how well it is living up to the requirements of the internal control framework.
- The Group's review of key controls in all processes according to a rolling schedule.
- Reporting of conclusions and suggested actions to process owners, management and the Audit Committee.

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

To the shareholders' meeting of Coor Service Management Holding AB, corp. ID no. 556742-0806

Engagement and division of responsibility

Responsibility for the Corporate Governance Report for 2019 on pages 94–102 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors.

Scope and focus of review

Our review has been conducted in accordance with Statement RevU 16 The Auditor's Review of the Corporate Governance Report issued by FAR, the professional institute for accountants in Sweden. Our review of the Corporate Governance Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

Opinion

A corporate governance report has been prepared. Disclosures pursuant to Ch. 6 § 6 second para. items 2–6 of the Annual Accounts Act and Ch. 7 § 31 second para. of the same Act are consistent with the annual report and consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, 19 March 2020

Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant

BOARD OF DIRECTORS

MATS GRANRYD

Director since 2016.
Chairman of the Board since 2017.
Chairman of the Project Committee and Remuneration Committee.

BORN: 1962

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

WORK EXPERIENCE: President and CEO of Tele2 Group, Managing Director of Ericsson India, UK, Northern Europe & Central Asia and North Africa, Head of Supply & Logistics in the Ericsson Group. Consultant at Arrigo and Andersen Consulting.

OTHER CURRENT DIRECTORSHIPS: Director General of GSMA. Director of Swedbank.

SHARE OWNERSHIP: 20,000 shares.

ANDERS EHRLING

Director since 2017.
Member of the Project Committee and Audit Committee.

BORN: 1959

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

WORK EXPERIENCE: 23 years at SAS, the final five years as CEO of SAS Sweden, President and CEO of Scandic Hotels AB, President and CEO of Braathens Aviation AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Helsa Vårdutveckling Sverige AB and Keolis Sverige AB; Director of Systembolaget, Parks&Resorts Scandinavia AB and Dream Troopers AB

SHARE OWNERSHIP: 7,000.

MATS JÖNSSON

Director since 2000.
Member of the Project Committee.

BORN: 1957

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

WORK EXPERIENCE: President and CEO of Coor Service Management. Various positions at Skanska, including President and CEO of Skanska Services.

OTHER CURRENT DIRECTORSHIPS: Chairman of Tengbomgruppen AB and Lekolar AB. Director of NCC AB and Assemblin Holding AB.

SHARE OWNERSHIP: 329,155 shares.

MONICA LINDSTEDT

Director since 2015.
Member of the Remuneration Committee.

BORN: 1953

EDUCATION: M.Sc. and Ph.D. in Business Administration, Stockholm School of Economics.

WORK EXPERIENCE: CEO and founder of Hemfrid i Sverige AB and co-founder of Tidnings AB Metro. CEO of local newspaper Folket i Eskilstuna, Bonniers Fackpressförlag, Eductus AB and Previa AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Hemfrid i Sverige AB. Director of Apotea AB, Studieförbundet Näringsliv och Samhälle, Sveriges Television AB and the German-Swedish Chamber of Commerce.

SHARE OWNERSHIP: 10,000 shares.

EMPLOYEE REPRESENTATIVES

GLENN EVANS

Director since 2013.

BORN: 1959

Employee representative.

LINUS JOHANSSON

Director since 2018.

BORN: 1989

Employee representative.

RIKARD MILDE

Director since 2019.

BORN: 1967

Employee representative.

KRISTINA SCHAUMAN

Director since 2015. Chairman of the Audit Committee and member of the Remuneration Committee.

BORN: 1965

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

WORK EXPERIENCE: Founder, consulting firm Calea AB. CFO of Apoteket AB, Carnegie Group and OMX AB. Group Treasurer, OMX AB. Vice President, Corporate Finance and Group Treasurer at Investor AB.

OTHER CURRENT DIRECTORSHIPS: CEO and Director of Calea AB. Director of BEWiSynbra Group AB, BillerudKorsnäs AB, ÅF Pöyry AB, Orexo AB, Nordic Entertainment Group AB and Diaverum AB.

SHARE OWNERSHIP: 15,000 shares.

HEIDI SKAARET

Director since 2016. Member of the Audit Committee.

BORN: 1961

EDUCATION: MBA, University of Washington, USA.

WORK EXPERIENCE: President of Lindorff AS and EVP Lindorff Group AB, CEO of IKANO Bank Norway, Bank Executive DNB ASA.

OTHER CURRENT DIRECTORSHIPS: Chief Operating Officer Storebrand ASA. Chairman of Storebrand Bank ASA, Storebrand Forsikring AS and Storebrand Finansiell Rådgivning AS.

SHARE OWNERSHIP: 0

MIKAEL STÖHR

Director, President and CEO since 2013.

BORN: 1970

EDUCATION: LL.M., Lund University.

WORK EXPERIENCE: President and CEO, Green Cargo AB and Axindustries AB. Vice President, Axel Johnson International AB. Trade Commissioner, Swedish Trade Council in Russia. Consultant, McKinsey & Company. Associate, Mannheimer Swartling Advokatbyrå.

OTHER CURRENT DIRECTORSHIPS: Director of Ambea AB.

SHARE OWNERSHIP: 78,947 shares and 90,000 call options.

EXECUTIVE MANAGEMENT TEAM

MIKAEL STÖHR

President and CEO since 2013.

See "Board of Directors" for further information on Mikael Stöhr.

ANDERS ASPLUND

HR Director since 2000.

BORN: 1955

EDUCATION: Bachelor of Social Services, Stockholm University.

WORK EXPERIENCE: HR Director, ASG and Ohlsson&Skarne. Head of Management Planning Development, Skanska AB.

SHARE OWNERSHIP: 38,598 shares and 27,500 call options.

KLAS ELMBERG

CFO and IR Director since 2019.

BORN: 1974

EDUCATION: M.Sc. in International Business and Trade, Gothenburg School of Business, Economics and Law.

WORK EXPERIENCE: Several roles at Coor, including Vice President and CFO of Coor Sweden, President of Coor Norway and Head of Business Unit at Coor Sweden. Management Consultant, Accenture. Controller, Saab Automobile.

SHARE OWNERSHIP: 20,268 shares and 27,500 call options.

ANNACARIN GRANDIN

President of Coor Sweden since 2016.

BORN: 1967

EDUCATION: M.Sc. in Business and Economics, Stockholm University/University of Gävle/Sandviken.

WORK EXPERIENCE: Several roles at Coor, including President of Coor Norway, Veolia (formerly Dalkia) and the Swedish Association of Local Authorities and Regions (SKL).

OTHER CURRENT DIRECTORSHIPS: Director of CRAMO.

SHARE OWNERSHIP: 34,704 shares and 27,500 call options.

MARCUS KARSTEN

President of Coor Finland since 2018.

BORN: 1966

EDUCATION: M.Sc. in Business Administration and Economics, Åbo Akademi University.

WORK EXPERIENCE: CEO Bravida Finland, CEO Lemminkäinen Talotekniikka, CEO Tekmanni Service, Head of Business Unit Siemens.

OTHER CURRENT DIRECTORSHIPS: Director of Oy Hedengren Ab and the Finnish Handball Association.

SHARE OWNERSHIP: 5,500 shares and 27,500 call options.

JENS EBBE RASMUSSEN

Senior Vice President, Business Development & Sales since 2009.

BORN: 1968

EDUCATION: M.Sc. in Business Administration and Economics, Lund University. Finance, École supérieure de commerce de Paris. Cadet, Land Warfare Centre, Skövde.

WORK EXPERIENCE: Management Consultant, McKinsey & Company. Fixed Income Department, Unibank Markets (Nordea). Consultant/External Advisor, Fruktbudet.

SHARE OWNERSHIP: 61,213 shares.

ERIK STRÜMPEL

Chief Legal Counsel since 2006.

BORN: 1970

EDUCATION: LL.M., Lund University. IFL Executive Education, Stockholm School of Economics.

WORK EXPERIENCE: Solicitor, Linklaters Law Firm. Judicial Clerk, Handen District Court.

SHARE OWNERSHIP: 8,250 shares and 27,500 call options.

NIKOLAI UTHEIM

President of Coor Norway since 2016.

BORN: 1975

EDUCATION: M.Sc. in Economics and Business with a major in Finance, Norwegian School of Management (BI) and Copenhagen Business School.

WORK EXPERIENCE: PwC (transaction-related work), Statoil Norge AS (Chief Controlling and Strategy Projects, Deputy CFO).

SHARE OWNERSHIP: 8,000 shares and 27,500 call options.

JØRGEN UTZON

President of Coor Denmark since 2001.

BORN: 1961

EDUCATION: M.Sc. in Business Administration, Copenhagen Business School. Executive Programme, International Institute for Management Development, Lausanne.

WORK EXPERIENCE: CEO, Strax Nordic, Logistics Manager and Service Director, Xerox Denmark. Various executive roles, Rockwool.

OTHER CURRENT DIRECTORSHIPS: Member of the Executive Committee of the Confederation of Danish Industry (DI), Chairman of the Danish Service Sector Employers' Association (SBA) and Director of DI Service (Confederation of Danish Industry). Director of Nordomatic AB and Nordomatic A/S.

SHARE OWNERSHIP: 50,000 shares.

RIKARD WANNERHOLT

Senior Vice President Operations since 2013.

BORN: 1962

EDUCATION: M.Sc. in Economics and Business, Lund University. Advanced Management Programme, Stockholm School of Economics. International Executive Programme, IESE Business School, Navarra, Barcelona.

WORK EXPERIENCE: CEO, Sun Microsystems Sweden. President and CEO, Addici. Executive Vice President, EDB Business Partner.

SHARE OWNERSHIP: 22,746 shares and 27,500 call options.

MAGDALENA ÖHRN

Communications Director since 2018.

BORN: 1966

EDUCATION: B.Sc. in Information Science, Uppsala University, and the Poppius School of Journalism.

WORK EXPERIENCE: Director of Communications, Ving, Head of Department, Account Manager and other roles at Prime PR, Project Manager, Rikta kommunikation, Public Relations Manager, TV3.

OTHER CURRENT DIRECTORSHIPS: Director of New Hope Reseindustrins Barnfond.

SHARE OWNERSHIP: 1,500 shares and 10,000 call options.

– SUSTAINABILITY NOTES –

SUSTAINABILITY NOTES

Coor's ambition is to run a sound business in a sustainable manner. This ambition extends across the whole value chain, from supplier to end customer.

SUSTAINABILITY GOVERNANCE AND MATERIALITY

Coor's framework for sustainability work consists of the Group's sustainability policy, Code of Conduct and values/guiding principles. Overall responsibility for the company's sustainability governance rests with Coor's CEO and executive management team. Reporting directly to the executive management team is the sustainability management team (SuMT), which is in charge of managing and monitoring the company's sustainability activities. To ensure that sustainability aspects are integrated in all activities, Coor has a central management model and a sustainability organisation which conducts the activities. The organisation is led by Coor's Head of Sustainability. Health, safety and environment issues are managed nationally, as regulations and practices differ from one country to another. The Group's sustainability network operates cross-functionally between the company's operating units. The network is aimed at promoting uniform practices and exchanging experiences between the businesses. As stated in the Corporate Governance Report, the Board of Directors regularly discusses the strategic focus for sustainability. The Board defines the framework for Coor's sustainability activities, which are directed by the executive management team and the SuMT.

Monitoring of sustainability activities

To ensure a value-creating, high-quality and environmentally friendly delivery in a safe and secure work environment, all Coor businesses have been certified under the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The activities are monitored continually through external and internal audits. DNV GL, which conducts the external audits, stated in its report for 2019 that continued progress had been made during the year. The activities are based on Coor's management system, which is well implemented operationally, and are inspired by the company's forward-looking attitude to global trends in technology, stakeholder requirements, improvement activities and information security. There is a clear and strong commitment to sustainability from the executive management team and managers at all levels. Internal control and legal compliance activities are monitored regularly through internal audits and reported through the management review. All employees are encouraged to report any risks they observe. Processes and procedures contain instructions for the reporting and investigation of events. Risk observations, incidents and accidents are reported directly to the relevant manager by mobile phone or computer. The reports are then followed up and targeted risk prevention activities are assessed. The results are followed up and analysed in each country on a monthly basis and by the executive management team on a quarterly basis. Based on the results, targeted measures and training activities are carried out. Actio is used as system support. This is the Group's mandatory system for goal-oriented activities and action plans in all sustainability-related areas as well as for deviations and reporting of risk observations, incidents and workplace accidents. New employees are informed about Coor's sustainability policy and revisions to the policy are communicated.

SUSTAINABILITY GOVERNANCE AT COOR IN 2019

EXECUTIVE MANAGEMENT TEAM

SUSTAINABILITY MANAGEMENT TEAM

- Head of Sustainability[1]
- Senior Vice President, Operations
- CFO and IR Director
- Director of Communications
- HR Director
- Chief Legal Counsel and Risk Manager
- Business representative
- Sustainability Manager[1]

EMPLOYEES, HEALTH AND SOCIAL RESPONSIBILITY

- HR Director
- HR Managers in the Nordic countries

HEALTH, SAFETY, ENVIRONMENT AND QUALITY

- Head of Sustainability[1]
- Sustainability/HSEQ Managers[2] in the Nordic countries

[1)] Not a member of the executive management team
[2)] HSEQ is short for health, safety, environment and quality

– SUSTAINABILITY NOTES –

External initiatives, membership of associations and certifications

Coor's sustainability management activities are guided by the following international agreements:

- The principles of the UN Global Compact.
- The UN Universal Declaration of Human Rights.
- The ILO core conventions on labour rights.
- The OECD Anti-Bribery Convention.

In addition to these, Coor adheres to the principles of the Swedish Corporate Governance Code, including the gender equality principles set forth therein.

Coor is also active in a number of organisations:

- SWERMA
- IFMA
- Vinnova
- SÄKU
- NMC
- Ignite Sweden

In its management system, Coor has gathered Group policies which provide guidance on focus areas and decisions in areas such as sustainability, risk management, communication, IT and purchasing.

Stakeholder engagement

Coor's communications should be clear, to the point, transparent and have a long-term focus with the aim of establishing a foundation for good, trusting relationships with the company's stakeholders. Coor's most important stakeholders are employees, customers and owners. Other stakeholders include suppliers, trade unions, authorities and interest groups. Coor identifies which issues are most important for its stakeholders on an ongoing basis to ensure that it is able to determine the right priorities. The selection of relevant stakeholders is made in connection with an annual business intelligence review and on the basis of geographic presence, type of business, impact, risks, opportunities and important subjects of common interest for discussion. An agenda is defined with the relevant stakeholders and the main areas of interest for both parties are identified. In 2019, the key issues were health and safety, skills transfer, climate impact, social responsibility, supplier controls and compliance monitoring. In the dialogue with stakeholders, personal meetings play a crucial rule. To increase the effectiveness of the direct dialogue, other channels and regular surveys are used to supplement the dialogue, the most important of which are Coor's annual customer and employee surveys.

Decentralised responsibility

At Coor, responsibility for dialogue and communication with a particular target group is decentralised to the person who knows most about the stakeholder group, and this is clearly defined in the company's communication policy.

Operational targets

To ensure a clear link between the materiality analysis and the company's operational performance, operational targets are linked to each focus area. These targets are defined by the executive management team and monitored based on Coor's process for management by objectives. Based on the business plan, internal operational targets are defined for a three-year period. Action plans for achieving the targets are followed up through the Group's digital system, Actio.

INFORMATION ON THE SUSTAINABILITY REPORT

Coor Service Management Holding AB (corp. ID no. 556742-0806), with its registered office in Stockholm, publishes an annual Sustainability Report which describes the company's activities from a sustainability perspective. The report covers all Group companies. This report refers to the year 2019 and is published together with the annual report. The data presented follows relevant reporting and consolidation principles for financial reporting.

The Sustainability Report has been prepared in accordance with the GRI standards (Global Reporting Initiative), GRI-referenced. This means that the content of the Sustainability Report reflects those issues which the company and its stakeholders have deemed to be most material. Coor's statutory sustainability report is submitted by the Board but does not form part of the formal annual report documents. The sustainability report prescribed by the Swedish Annual Accounts Act comprises the following pages: 8–13, 30–35, 48–49, 95 and 108–119. The report has been reviewed by Coor's auditors, whose opinion is presented at the end of the report.

STAKEHOLDER GROUP	HOW WE ENGAGE IN DIALOGUE	KEY ISSUES	HOW WE ADDRESS THE ISSUES
Employees	• Performance reviews • Regular workplace meetings • Training activities • Employee surveys • Management meetings • Liaison meetings • Improvement meetings (Actio)	• Work environment, health and safety • Equal treatment: diversity and safety • Corporate culture and ethics • Fair pay • Development opportunities • Motivated employees	• Training in the Code of Conduct, introduction course for new employees and skills development programmes • Certification under the ISO 45001:2018 occupational health and safety management standard • Liaison with trade union representatives, including business council meetings, liaison meetings and health and safety committee meetings • Salary reviews • Management review
Customers	• Ongoing engagement with customers through defined channels (defined for each customer) • Customer visits, customer meetings • Delivery monitoring • Customer and market research • Website, social media	• Work environment, health and safety • Customer insight • Environmental impact, environmental labelling, energy efficiencies, resource efficiency, chemicals use • Monitoring of compliance • Quality • Innovation/improvement • Relationship	• Individual suggestions for improvements • Delivery monitoring • Supplier control • Green advice, including energy efficiencies • Monitoring of suppliers' compliance with the Code of Conduct • Monitoring of compliance • Product lifecycle analyses
Potential customers	• Market dialogue • Visits, meetings • Market events • Market surveys • Website, social media • Annual, interim and sustainability reports	• Service requirements and service level • Keeping it simple • Corporate culture and ethics • Motivated employees • Health and safety • Environmental impact • Monitoring of compliance • Quality • Innovation/improvement • Relationship	• Quality reviews • Active development of management systems and certifications under ISO 9001, 14001 and 45001 • The UN Sustainable Development Goals (SDGs) as a framework
Investors and analysts	• General meetings • Open analyst meetings in connection with interim reports • Analyst and investor meetings in smaller forums	• Integrated and strategic sustainability management • Long-term profitable growth and strong cash flows • Total return • Responsible behaviour in the value chain	• Clear Nordic strategy • Strong, local business acumen, clear financial control and a focus on efficiency • Strong customer relationships
Suppliers	• Ongoing supplier engagement • Supplier monitoring • Digital monitoring tools • Supplier controls	• Market terms • Corporate culture and business ethics • Work environment, health and safety • Equal treatment: diversity and safety • Innovation/improvement	• Monitoring of suppliers' compliance with the Code of Conduct • Audits • Risk assessment process for purchases
Trade unions	• Major trade unions are represented on the Board • Forum for meetings with major unions centrally • Local meetings with local unions	• Labour law issues in accordance with the Co-determination Act (and equivalent laws outside Sweden) • Compliance • Work environment, health and safety	• Health and safety inspections with participants from the employers' association, health and safety officers, trade union representatives • Staff training • Risk and incident reporting • Preventive measures • Monitoring of compliance • Internal and external audits
Authorities	• Structured monitoring • Specialist networks • Meetings • Internal and external audits	• Laws, regulations and rules • Compliance	• Quality reviews • ISO 9001, 14001 and 45001 certifications
Stakeholder organisations and specialist networks, e.g. SWERMA, IFMA, Vinnova, SÄKU, NMC	• Active membership through participation in forums and initiatives	• Relevant specialist issues • Exchange of experience • Good practical examples	• Membership and engagement in organisations

AVERAGE	MATERIALITY	HIGH
• Diversity • Social responsibility • Renewable and efficient resource management • Risk and crisis management	• Training • Supplier controls and compliance monitoring • Quality and delivery monitoring • Anti-corruption and compliance • Energy and emissions	• Price – quality • Customer service and customer relations • Financial performance • Health and safety • Employee engagement

Sustainability areas that are most important for Coor as a company based on a stakeholder dialogue and materiality analysis.

Materiality analysis

For each dimension, we have defined our stance along with objectives for how we should conduct our business. Sustainable business is about taking long-term responsibility for the activities in which you are engaged. The overall objective is to ensure that the business is successful and generates the highest possible economic return, without compromising on respect for human beings and the environment. Based on Coor's materiality analysis, the company annually reviews its chosen focus areas and long-term ambitions with the aim of ensuring that they are relevant for our stakeholders.

Coor's materiality analysis is based on stakeholders, risks and opportunities, type of business and the company's significant environmental impact. Material areas for Coor are presented as focus areas in a triple bottom line framework. A materiality analysis is performed annually in accordance with the annual plan.

BUSINESS SUSTAINABILITY

Financial performance

Coor's stakeholders must be able to feel confident that the company will grow profitably over time. Key to ensuring this is Coor's ability to attract new customers and employees, sign clear contracts and monitor its activities in a systematic manner. Maintaining customer relationships and retaining satisfied customers over time are crucial to Coor's ability to achieve stable and profitable growth. The company works proactively to develop its service offering, often through innovation, and continuously proposes improvements to its customers. Long-term customer relationships are achieved through value-creating, professional and reliable services that are adapted to the customers' changing requirements.

In 2019, 7,256 (7,676) suggestions for improvement were made, of which 4,838 (5,099) were implemented at the customers' premises.

Customer relationships

Each year, Coor conducts a survey among its customers. The purpose of the customer survey is to monitor Coor's performance as a service provider. Coor's customer satisfaction score is stable, landing at 68 in 2019, the same as in 2018, which is a high level. Coor Sweden had the highest CSI value in the Group, with a score of 70. Norway and Finland both increased their score while Denmark saw a small decrease.

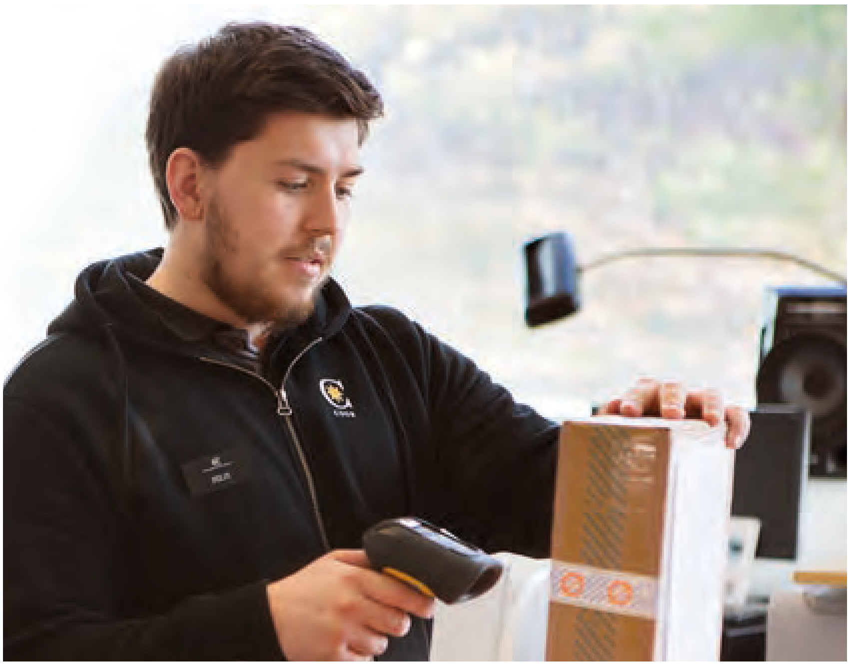
The results provide valuable input for the continued development of Coor.

BUSINESS SUSTAINABILITY	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Net sales, SEK million	10,313	9,489	7,722
Adjusted EBITA margin, % [1]	5.3	5.2	6.1
Cash conversion, % [2]	104	80	103
Taxes paid, SEK billion [3]	3.1	2.9	2.4

1) For the definition, see *Definitions*.
2) For the definition, see *Definitions*.
3) Refers to all taxes (corporate tax, VAT and employee-related taxes) paid to tax authorities in each year.

CUSTOMER SATISFACTION	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Number of registered and implemented improvement initiatives [1]	7,256	7,676	8,302
Customer survey score [2]	68	68	67
Percentage of customer contracts extended [3]	93	91	98
Contractual loyalty in respect of purchases, annual average, % [4]	81	82	81

1) Number of implemented suggestions for improvement, as registered in Coor's IT-based Actio system.
2) Each year, Coor conducts a comprehensive customer survey with the help of an external research firm.
3) The customer retention rate is commented on in the section *Coor as an investment and in the Directors' Report*.
4) Percentage of purchases from central and local framework suppliers.



Purchasing and supplier collaboration

Coor's main purchases consist of services and products in property services, cleaning and food & beverages. These account for a significant portion of Coor's sales and have a major impact on the quality of the services provided to our customers. We work on a long-term perspective to build sustainable supplier relationships in order to develop and improve our business with the customer. Coor is a part of the chain of suppliers and the interaction with our business partners is of key importance. Coor's efforts to promote a sustainable chain of suppliers centre on ensuring compliance with the Code of Conduct and the applicable contract terms.

Monitoring process

Coor actively monitors the company's Code of Conduct in the chain of suppliers. Assessments and several audits are carried out annually. Each year, an audit plan is prepared, which specifies the suppliers to be audited and assessed. The plan is then monitored and followed up over the year.

The supplier assessment is a desktop assessment, where the supplier answers questions and sends in governing documents. In 2019, 47 assessments were carried out. The supplier audits are conducted on site at the supplier's premises, where the auditors examine documents, interview members of staff and inspect the work environment. In 2019, Coor carried out 45 audits using its own internal auditors or third-party auditors.

Code of Conduct

Coor's business ethics principles are set forth in a Code of Conduct, which provides guidance for employees in their day-to-day work and in decision-making. The Code of Conduct is stricter than the applicable legislation and covers the whole of Coor. Among other matters, the Code describes how Coor and the company's employees should work to prevent corruption, conflicts of interest and discrimination. At the annual performance review that is offered to each employee, the manager is required to discuss the content of the Code. On this occasion, the employee can confirm in writing that he or she has read, understood and agrees to abide by the Code. Alternatively, all employees also have access to a web-based course on the Code of Conduct. New employees take the course in connection with their introduction, as it forms part of their terms of employment. The Code of Conduct is available on Coor's intranet and website.

Coor introduced a Code of Conduct for Suppliers in 2014 and has been monitoring compliance with the Code since then. Potential suppliers are required to accept the Code of Conduct before a contract is signed. A breach of the Code is treated as a breach of contract and can lead to the termination of Coor's relationship with the supplier. Coor takes a systematic approach to risk management and has applied a model for assessing risk in different purchasing categories. The categories are classified based on a risk perspective in which the commercial risk is weighed up together with the risks identified in the Code of Conduct: human rights, labour standards, working conditions, environment and anti-corruption. The higher the risk posed by a category, the more stringent the controls that are required before a contract is signed and during the contract term.

PROCURATOR

One of the audited suppliers in 2019 was Coor's supplier of workwear, Procurator. The choice of supplier was made on the basis of a risk assessment in which it was established that clothes and textiles involve a greater risk in terms of environmental impact as well as social conditions. Workwear is also commercially important for Coor as a brand carrier. The audit focused on assessing compliance with Coor's Code of Conduct as well as the supplier's sustainability management.

No deviations were identified, although several suggestions for improvement were made, which will be incorporated in our continued work together.

Human rights

The equal value of all human beings is a fundamental principle for Coor, and respect for human rights is an essential part of Coor's responsibility as a company. This is integrated in the company's Code of Conduct and relevant processes. It is also essential to the long-term sustainability of the business.

MONITORING OF COMPLIANCE WITH THE CODE OF CONDUCT	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Number of reported and investigated cases of suspected breaches of the Code of Conduct [1]	9	16	13

1) Cases reported through Coor's whistleblower system, where employees, suppliers and customers can anonymously report suspected breaches of Coor's Code of Conduct.

SOCIAL SUSTAINABILITY

Coor's employees have a strong drive to continually improve our service delivery to the customer. Coupled with a structured innovation process, this highly developed culture of improvement makes it possible to realise identified improvements.

To fully leverage the energy of our employees, it is essential that everyone knows that they are seen, matter and make a difference for Coor. The initiative to build employee engagement is called Passion for People.

Continuous skills development and performance management

Coor strives to be the Nordic region's most attractive employer in the FM industry. To succeed in this ambition, it is essential that the employees are given clear opportunities to grow and develop. Models of success are important tools for continuous skills development and performance management. Skills development is based on an individual development plan for each employee, which is drawn up at the employee's annual performance review with his or her manager. The evaluation is done in Coor's performance matrix, which is an important tool in the process of filling executive vacancies and managing talent in the company.

Models of success

To remain a successful service provider, Coor has produced clear descriptions of what each employee's highest-priority goals and duties are, depending on whether he or she is a service employee, manager or specialist. The models are based on Coor's business goals and the company's three guiding principles.

Internal training programmes

Coor has several internal training programmes. These include Coor Service School for all service personnel and Coor Business School for managers and specialists. During the year, we started to produce targeted training programmes for our first-line managers to ensure that they have the best possible knowledge and skills for leading their employees and delivering the best possible service. One training programme aimed at all employees is Star-class Service, which is about service skills and how to interact with people. In 2019, 743 (387) employees took part in Coor Service School, 87 (120) managers and specialists took part in Coor Business School and 351 (1,148) employees participated in Star-class Service. For talented individuals with leadership potential, there is also the Coor Management Programme, which was completed by 12 people in 2019. Coor also has local and service-specific training programmes for particular duties or professional categories.

EMPLOYEES 2019 (2018)	TOTAL, GROUP	GROUP FUNCTIONS	SWEDEN	NORWAY	DENMARK	FINLAND
Total number of employees, FTE [1]	9,296 (9,082)	114 (93)	4,591 (4,222)	1,483 (1,556)	2,163 (2,163)	945 (1,047)
Number of employees, HC	11,395 (11,174)	115 (94)	4,941 (4,509)	1,680 (1,784)	3,610 (3,620)	1,049 (1,167)
Share of managers, %	7.8 (7.6)	27 (25.5)	6.9 (7.7)	11.5 (11.6)	6.8 (5.8)	7.7 (5.8)
Average age, total	43 (42)	44 (42)	43 (42)	44 (44)	43 (40)	40 (40)

1) Number of employees (FTE) refers to the number of employees on a full-time equivalent basis. The figure includes permanent and fixed-term employees. Employees without a guaranteed number of working hours are not included.

STAFF TURNOVER 2019 (2018)	TOTAL, GROUP	GROUP FUNCTIONS	SWEDEN	NORWAY	DENMARK	FINLAND
Total staff turnover, %	14.1 (13.6)	7.9 (7.8)	11.6 (13.1)	9.6 (5.9)	16.5 (17.1)	24.3 (16.1)
... of which voluntary resignation, %	13.6 (12.8)	7.0 (7.8)	10.8 (12.1)	9.3 (5.3)	16.2 (16.7)	23.9 (14.8)
... of which retirement, %	0.5 (0.8)	0.9 (0)	0.8 (1.0)	0.3 (0.6)	0.3 (0.5)	0.4 (1.3)

TRAINING	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Employee survey score [1]	77	74	73
Leadership index [2]	80	76	76

1) Each year, Coor conducts a comprehensive employee survey with the help of an external research firm. More information about the results of the survey is presented in the section *Social sustainability.*
2) Coor's annual employee survey includes a number of leadership-related questions, which are summarised in a leadership index.

Equal treatment, diversity and gender equality

Coor is convinced that a diversity of personalities, experience and knowledge are a source of enrichment. Our Code of Conduct and diversity policy state clearly that every employee must be treated fairly and with respect. Efforts to achieve an equal representation of men and women at managerial level continued in 2019, and the balance has remained stable. The share of female managers is 48 (47) per cent.

All forms of harassment are unacceptable. Coor has clear procedures for monitoring this, and in the annual employee survey employees are specifically asked if they have experienced discrimination at work. The results for the year showed that 3 (3) per cent had experienced some form of harassment. The results are addressed as far as is possible.

Preventing risks at the workplace

All employees should be able to work in a good and safe environment. Coor's health and safety activities are based on identified risks as well as general legal requirements, and cover risks linked to the physical as well as psychosocial work environment. Health and safety issues are handled by the executive management team and addressed on an ongoing basis. Coor's vision is to achieve a zero rate of workplace-related accidents. The risk environment at the various workplaces varies, and preventive activities are adapted to local conditions. In 2019, Coor continued its efforts to raise risk awareness among employees, partly through:

- Collaboration with a number of customers on safety inspections, training and supplier meetings.
- Monitoring and analysis of results for targeted risk prevention activities.
- General and targeted training initiatives to raise risk awareness.
- Internal and external audits – ISO 45001:2018 health and safety standard.

As part of the above risk management activities, the executive management team took part in safety inspections in a number of different areas to identify risks. The management teams in various countries also participated in safety inspections. This is an important and appreciated effort.

In early 2019, Coor launched an HSEQ application in our monitoring system, which means that managers can now access HSEQ and financial monitoring tools in the same system. Quick access to health and safety-related KPIs makes it easier for managers to perform analyses and enables them to make better decisions, based on correct data. All with the goal of ensuring better control, raising our risk awareness and working towards Coor's vision of zero work-related accidents.

Reporting and control

The effect of increased risk awareness and willingness to report issues is reflected in the growing number of risk observations and reported events. The most common accidents are cut, slip and repetitive strain injuries. In 2019, injury rates were down in all countries. In 2020, Coor will continue its efforts to raise risk awareness and implement preventive activities.

Health promotion activities

Coor is continuing to pursue its ambition of reducing sick leave, which decreased from 6.1 per cent in 2018 to 5.7 per cent in 2019. This is a relatively low level compared with comparable service-sector companies.

Apart from direct activities aimed at reducing sick leave, our efforts to strengthen employee engagement and motivation are also considered to have a positive impact on sick leave. In each country, Coor is also engaged in various types of health promotion activities, such as ensuring that all employees have access to occupational health services and wellness benefits. In connection with the introduction of new managers and employees, Coor communicates the importance of health and safety at the workplace. Managers also take a mandatory course in health and safety.

Whistleblower portal

Coor has a whistleblower portal where employees, suppliers and customers can anonymously report suspected irregularities at the company. It is an explicit goal for Coor to ensure that all people who are affected by the company's activities are well treated and feel safe and secure. The portal is available in the ten most widely used languages at Coor and guarantees full anonymity to anyone who wants to

GENDER EQUALITY 2019 (2018)	TOTAL, GROUP	GROUP FUNCTIONS	SWEDEN	NORWAY	DENMARK	FINLAND
Percentage of women, total, %	60 (59)	49 (39)	56 (54)	59 (41)	69 (62)	63 (65)
Percentage of female managers, %	48 (47)	45 (29)	49 (48)	46 (47)	46 (47)	56 (47)

HEALTH AND WELLNESS ACTIVITIES	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Sick leave, %	5.7	6.1	5.8
Number of risk observations	5,403	4,738	4,170
Number of incidents	914	910	736
Number of fatalities	0	0	0
TRIFR [1]	10.6	13.6	10.7
LTIFR [2]	5.9	9.6	6.9

1) TRIFR (total recordable injury frequency rate) measures the total number of accidents during the period. The following formula was used to calculate TRIFR: total number of accidents x 1,000,000/number of hours worked. Accidents on the journey to and from work are excluded.
2) LTIFR (lost time injury frequency rate) measures the total number of accidents resulting in an employee's absence from work for more than eight hours. The following formula was used to calculate LTIFR per million hours worked: number of accidents resulting in sick leave (eight hours) x 1,000,000/number of hours worked. Accidents on the journey to and from work are excluded.

report an irregularity. The number of cases is presented in the sustainability indicators table.

ENVIRONMENTAL SUSTAINABILITY

Sustainability advice

Green advice

Coor Green Services is an evaluation tool developed by Coor that is based on widely recognised certification schemes such as the Nordic Swan Ecolabel and aimed at enabling the company to identify and present environmental improvement measures to customers. The tool allows Coor to assess the environmental performance of the services it provides and then make suggestions for concrete improvements that will reduce the environmental impact, which is much appreciated by the customers. The environmental assessment has three levels: gold, silver and platinum.

Each year, Coor reviews the criteria used in the evaluation tool to ensure a high environmental standard and relevance.

In 2019, 87 customer sites were assessed, of which 47 achieved gold status and 40 silver. Several sites have the ambition to achieve platinum in the coming years. Coor's own offices in Sweden were also assessed, with the Kista and Gothenburg offices being awarded gold certificates. The head office in Norway received a silver certificate.

Energy advice

Qualified energy advice is a service for which there is a growing demand among Coor's customers. This is partly because energy auditing became mandatory for all large companies in the EU in 2016 and partly because of a desire among our customers to reduce their climate impact. Coor helps its customers to reduce their actual energy use through energy audits coupled with a systematic approach that harnesses the latest technology. Examples of Coor services linked to energy efficiency:

- Systematic energy management – Coor leads ongoing energy management activities together with the customer and the local operations staff to achieve the customer's own energy objectives.
- Energy audits – Coor carries out detailed energy audits in accordance with the Act on Energy Audits in Large Enterprises.
- Energy-efficient operation of data centres – Coor is certified to provide services in this area, which is growing fast in Sweden.
- Technical site assessments – Coor performs assessments of specific energy-saving measures or to establish whether the existing systems can cope with the customers' extensions to and redevelopment of the facilities.

Systematic environmental management and Coor's own impact

Coor's own activities have a significant environmental impact in the form of energy use, emissions from transports and the management of chemicals, waste and raw materials. To ensure systematic, high-quality environmental management throughout the company (both internally and in Coor's efforts to improve its customers' environmental management activities), the company has introduced a mandatory basic environmental training course which all employees are required to complete during their first year of employment.

Emissions

Coor's activities give rise to carbon dioxide emissions from the company's own service vehicles, business trips and the heating of offices. Working towards a long-term goal of phasing out the use of fossil fuels, Coor has continued its efforts to increase the share of electric vehicles. Long delivery times have meant that progress has been slower than initially hoped. Over the past few years, Coor's carbon dioxide emissions from business trips have decreased. Coor's head office runs on green electricity and digital meeting tools, such as video and Teams/Skype, are used to cut down on travel.

ADVISORY SERVICES	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Average outcome after environmental audits conducted using Coor Green Services, % [1]	84.2	84.8	83.8

1) A self-inspection in accordance with instructions from Coor Green Services is to be carried out after a discussion with the customer. In 2019, 87 sites were inspected.

ENERGY	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Energy use in large Coor offices, kWh/m2 [1]	82.1	56.6	43.3

1) In 2019, Coor increased the company's focus on energy monitoring, which resulted in more extensive reporting and documentation. This effort has so far resulted in a higher, more accurate value than in previous years. The monitoring covers Coor's offices in Herlev (Denmark), Horsens (Denmark), Malmö (Sweden), Gothenburg (Sweden), Kista (Sweden) and Lysaker (Norway).

EMISSIONS	OUTCOME 2019	OUTCOME 2018	OUTCOME 2017
Vehicle fleet: average emissions for leased service vehicles, g/km [1]	131	130	137
Carbon dioxide emissions from business travel (by train or plane) per employee [2]	0.055	0.069	0.084

1) Average emissions from the number of service vehicles leased by Coor.
2) The emissions figure has been calculated at a flat rate based on the number of business trips by train and plane that were booked through the Group's travel portal. Coor's guidelines state that all business trips must be ordered through the portal.

Chemicals management

With chemicals management remaining a key focus area, Coor has continued its efforts to replace chemicals with greener options in all countries. In 2019, the number of chemicals we used was reduced by nearly 10 per cent compared with 2018, which benefits the environment as well as our health. One of Coor's Swedish business units worked extra hard to reduce the number of chemicals, which resulted in a fantastic 39 per cent reduction over the year. Each country uses chemicals management systems that provide support and guidance on different products' environmental impact, safety data sheets and risk assessments.

Waste management

Since a number of years, Coor has been sorting waste at its main offices, and a large portion of all waste is recycled. Computers that are no longer used are handed to specialists, who ensure that they are reused or recycled in a responsible manner. For Coor, it also goes without saying that we should reduce the use of plastic products and replace single-use products with more eco-friendly options in our delivery.

For several years, Coor has been working actively to reduce food waste in both the preparation and serving stages. In 2019, the company assessed and implemented new digital tools that facilitate measurement and reporting, which has given us an even clearer picture of where our focus should be. Coor has noticed a high level of commitment and interest in this area among both employees and guests, and receives many inquiries about how we can change the way we do things to achieve our goal of continuing to reduce food waste. In 2018, one of Coor's staff restaurants won Q-mejerierna's Food Rescue Award. The award was given in recognition of the kitchen team's efforts to reduce food waste in all stages, which resulted in a near 50 per cent reduction. The award was handed out in 2019.

Food ingredients

Coor provides restaurant and café services at a large number of restaurants across the Nordic region and serves patient meals under the Signatur by Coor brand. This makes Coor a major buyer of food ingredients. For several years, Coor has been working actively to increase the share of organic and locally produced ingredients, but the company has also sought to make greater use of the ingredients, using parts that have not traditionally been used. Another initiative is aimed at improving animal welfare and minimising the number of animal transports. In 2019, Coor assessed the climate impact of all areas of the restaurant business, and over the coming years the company will work to reduce the climate impact of its activities, in line with its overall goals.

One issue that is close to Coor's heart is how to create new eating habits that result in an increased intake of plant-based and more sustainable foods while ensuring value creation in Nordic food production and helping to maintain thriving farms. The company addresses this issue from different angles and has implemented a number of initiatives, such as participating in "Matfloken," a Norwegian innovation project that brings together a number of major players from academia and business. Coor has also employed change leaders, who will address sustainability in food & beverages, which will improve our ability to take a more focused approach in this important area. The company is also working with chefs, suppliers and influencers to improve Coor's expertise and encourage greater interest in plant-based foods among diners and staff.

CHEMICALS MANAGEMENT	2019	2018
Number of products registered in the chemicals management system	3,686	4,068

THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders of Coor Service Management Holding AB, corp. ID no. 556742-0806

Engagement and division of responsibility

Responsibility for the Sustainability Report for 2019 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors. The Sustainability Report comprises pages 8–13, 30–35, 48–49, 95 and 108–119.

Scope and focus of review

Our review has been conducted in accordance with Recommendation RevR 12 The Auditor's Opinion on the Statutory Sustainability Report issued by FAR, the professional institute for accountants in Sweden. Our review of the Sustainability Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm, 19 March 2020

Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM

Authorised Public Accountant

GRI INDEX 2019

The purpose of this information is to describe at an overall level Coor's approach to sustainability using GRI terminology. References are made to further information in Coor's Annual Report 2019, which includes the company's Sustainability Report and Corporate Governance Report. The Sustainability Report has been prepared in accordance with the GRI standards (Global Reporting Initiative), GRI-referenced.

GENERAL DISCLOSURES

GRI STANDARDS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENT AND/OR BOUNDARY
GRI 102: General Disclosures (2017)				
	Organisational profile			
	102-1	Name of the organisation	Inside cover	
	102-2	Activities, brands, products and services	18–21	
	102-3	Location of headquarters	Back cover	
	102-4	Location of operations	41	
	102-5	Ownership and legal form	95	
	102-6	Markets served	14, 41	
	102-7	Scale of the company	2-3	
	103-9	Supply chain	112	
	102-10	Significant changes to the organisation and its supply chain	41	
	102-11	Precautionary Principle or approach	48-49	Coor's approach is based on the precautionary principle and continuous risk assessment.
	102-12	External initiatives	109	
	102-13	Membership of associations	109	
	Strategy and analysis			
	102-14	Statement from senior decision-maker	6–7	
	Ethics and integrity			
	102-16	Values, principles, standards, and norms of behaviour	8, 10–11, 33, 113	
	Governance			
	102-18	Governance structure	95, 108	
	Stakeholder engagement			
	102-40	List of stakeholder groups	110	
	102-41	Collective bargaining agreements		100 per cent in Sweden, Norway, Denmark, Finland and Belgium.
	102-42	Identifying and selecting stakeholders	109	
	102-43	Approach to stakeholder engagement	109	
	102-44	Key topics and concerns raised	109–110	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	86	
	102-46	Defining report content and topic Boundaries	8, 111	
	102-47	List of material topics	8, 111	
	102-48	Restatements of information		No material changes.
	102-49	Changes in reporting		No material changes.
	102-50	Reporting period	109	
	102-51	Date of most recent report		April 2019
	102-52	Reporting cycle	109	Annual
	102-53	Contact point for questions regarding the report		Maria Ekman, Sustainability Manager, maria.ekman@coor.com
	102-54	Claims of reporting in accordance with the GRI Standards	109	
	102-55	GRI content index	118–119	
	102-56	External assurance	117	

SPECIFIC DISCLOSURES

GRI STANDARDS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENT AND/OR BOUNDARY
GRI 200: Economic				
Economic performance				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 108, 111–112	
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	38, 111	
	201-2	Anti-corruption communication and training	112	
GRI 300: Environmental				
Emissions				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 34, 108, 115–116	
GRI 305: Emissions (2016)	305-3	Scope 3	115	
Waste				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 11, 35, 108, 116	
GRI 400: Social				
Employee health and safety				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 30, 33, 49, 108, 114	
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	30, 114	
	403-2	Hazard identification, risk assessment and incident investigation	30, 49, 114	
	403-3	Occupational health services	114	
	403-4	Worker participation, consultation, and communication on occupational health and safety		Integrated into day-to-day activities, for example, through safety inspections, performance reviews and information for visitors.
	403-5	Worker training on occupational health and safety	114	
	403-6	Promotion of worker health	114	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	114	
GRI 403: Occupational Health and Safety (2018)	403-9	Work-related injuries	114	
Employee training and development				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 30, 33, 108, 113	
GRI 404: Training and Education (2016)	404-2	Programmes for upgrading employee skills and transition assistance programmes	113	
	404-3	Percentage of employees receiving regular performance and career development reviews	113	
Diversity and equal opportunity				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 30-33, 108, 114	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	104–107, 114	Broken down by men/women, employment category and region
Supplier social assessment				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	8, 108, 112	
GRI 414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria		In 2019, Coor signed 84 new agreements with framework suppliers. All were screened using social criteria.

FIVE-YEAR SUMMARY, SELECTED KEY PERFORMANCE INDICATORS

SEK MILLION	2019	2018	2017	2016	2015
Net sales					
Net sales	10,313	9,489	7,722	7,272	7,086
Net sales growth, %	*8.7*	*22.9*	*6.2*	*2.6*	*10.3*
of which organic growth, %	*5.3*	*10.2*	*5.6*	*3.1*	*10.8*
of which acquired growth, %	*2.4*	*9.9*	*0.0*	*0.0*	*0.0*
of which FX effect, %	*1.0*	*2.8*	*0.6*	*-0.5*	*-0.5*
Earnings and margins					
Operating profit (EBIT)	299	219	268	242	71
EBIT margin, %	*2.9*	*2.3*	*3.5*	*3.3*	*1.0*
EBITA	484	394	438	418	248
EBITA margin, %	*4.7*	*4.2*	*5.7*	*5.8*	*3.5*
Adjusted EBITA	549	490	468	435	363
Adjusted EBITA margin, %	*5.3*	*5.2*	*6.1*	*6.0*	*5.1*
Adjusted EBITDA	749	558	517	476	404
Adjusted EBITDA margin, %	*7.3*	*5.9*	*6.7*	*6.5*	*5.7*
Profit/loss before tax	228	157	244	167	-44
Profit after tax	169	104	188	123	193
Adjusted net profit	355	280	358	300	370
Cash flow					
Operating cash flow	591	354	492	414	295
Cash conversion, %	*104*	*80*	*103*	*91*	*115*
Capital structure					
Net working capital	-774	-626	-630	-552	-503
Net working capital/Net sales, %	*-7.5*	*-6.6*	*-8.2*	*-6.5*	*-7.1*
Net debt	1,741	1,318	699	807	945
Leverage, times	2.3	2.4	1.4	1.7	2.3
Equity/assets ratio, %	*29*	*33*	*40*	*44*	*45*
Dividend, SEK	2.20[1)]	4.00	4.00	3.00	2.00
Other					
Number of employees (FTE) at year-end	9,296	9,082	6,695	6,108	6,142

[1)] Proposed dividend that is subject to adoption at the Annual General Meeting on 28 April 2020.

PURPOSE OF SELECTED KEY PERFORMANCE INDICACTORS

To give its investors and other stakeholders clearer information about the Group's operations and its underlying success factors, Coor has chosen to provide information about a number of key performance indicators. The purpose of these indicators is explained below. For definitions of terms and information on how the key performance indicators are calculated, see the section Definitions.

GROWTH

The Group considers that organic growth best reflects the underlying growth of the business, as this measure excludes the effect of acquisitions and fluctuations in exchange rates.

EARNINGS AND PROFITABILITY

To reflect the performance and profitability of the underlying business more accurately, the Group has defined key performance indicators in which earnings have been adjusted for items affecting comparability and for amortisation and impairment of goodwill, customer contracts and trademarks. The Group believes adjusted EBITA is the measure of operating profit that most clearly reflects the underlying profitability of the business. It is also on the basis of this earnings measure that the Group's segments are monitored and evaluated internally.

The earnings measure adjusted net profit excludes the non-cash items amortisation and impairment of goodwill, customer contracts and trademarks from consolidated net profit and is used as a basis for decisions on the payment of dividends to shareholders.

CASH FLOW AND WORKING CAPITAL

The Group continuously monitors operating cash flow, which includes operating profit (excluding non-cash items), net investments, changes in working capital and lease-related payments (even if the contracts are recognised in the balance sheet in accordance with IFRS 16). The Group has chosen to exclude cash flow related to financial transactions and income taxes from this measure in order to provide a clearer picture of the cash flow generated by the operations.

The Group's target is a cash conversion of at least 90 per cent on a rolling 12-month basis. To ensure that the measure provides a true and fair picture over time, the Group calculates cash conversion using measures of operating profit and operating cash flow which exclude items affecting comparability.

To achieve the defined target for cash conversion, strong emphasis is placed on minimising working capital and maintaining negative working capital. The Group therefore continuously monitors the size of working capital relative to net sales.

NET DEBT AND LEVERAGE

To ensure that the Group has an appropriate funding structure at all times and is able to fulfil its financial obligations under its loan agreement, it is relevant to analyse net debt and leverage (defined as net debt divided by adjusted EBITDA). The Group's objective is to maintain a leverage of less than 3.0 times.

RECONCILIATION OF SELECTED KEY PERFORMANCE INDICATORS, SEK MILLION	2019	2018	2017	2016	2015
EBIT	**299**	**219**	**268**	**242**	**71**
Amortisation and impairment of customer contracts and trademarks (*Note 10*).	186	176	170	176	177
EBITA	**484**	**394**	**438**	**418**	**248**
Items affecting comparability (*Note 4*)	65	95	29	17	115
ADJUSTED EBITA	**549**	**490**	**468**	**435**	**363**
Depreciation/amortisation	199	68	50	41	41
ADJUSTED EBITDA	**749**	**558**	**517**	**476**	**404**
Profit for the period, continuing operations	169	104	**188**	**123**	**193**
Amortisation and impairment of customer contracts and trademarks	186	176	170	176	177
ADJUSTED NET PROFIT	**355**	**280**	**358**	**300**	**370**
SPECIFICATION OF WORKING CAPITAL					
Inventories	16	14	12	11	17
Accounts receivable	1,310	1,343	1,159	1,080	1,069
Other receivables	21	123	18	12	15
Prepaid expenses and accrued income	401	352	374	395	368
Accounts payable	-978	-1,023	-944	-790	-835
Other liabilities	-242	-249	-189	-185	-182
Accrued expenses and deferred income	-1,303	-1,185	-1,059	-1,018	-893
Less discontinued operations	0	0	0	-52	-55
Less interest-bearing receivables/liabilities	0	-1	-1	-5	-9
NET WORKING CAPITAL	**-774**	**-626**	**-630**	**-552**	**-503**
SPECIFICATION OF NET NEBT					
Long-term borrowings	1,856	1,744	1,399	1,401	1,367
Short-term borrowings	12	4	3	7	12
Lease liabilities	381	0	0	0	0
Provisions for pensions	20	20	19	19	18
Cash and cash equivalents	-497	-435	-709	-603	-428
Interest-bearing financial assets	-31	-14	-12	-12	-15
Interest-bearing operating receivables	-1	-1	-1	-5	-9
NET DEBT	**1,741**	**1,318**	**699**	**807**	**945**

OPERATING CASH FLOW	2019	2018	2017	2016	2015
Operating profit (EBIT)	299	219	268	242	71
IPO-related expenses recognised in equity	0	0	0	0	-49
Depreciation, amortisation and impairment	385	244	219	217	218
Net investments	-63	-83	-74	-70	-46
Change in net working capital	101	-27	89	29	106
Lease-related payments [1]	-140	0	0	0	0
Non-cash items	10	2	-11	-4	-4
OPERATING CASH FLOW	**591**	**354**	**492**	**414**	**295**

1) Refers to nominal payments relating to leases that are recognised in the balance sheet in accordance with IFRS 16.

CASH CONVERSION	2019	2018	2017	2016	2015
Adjusted EBITDA	749	558	517	476	404
Change in net working capital	101	-27	89	29	106
Net investments	-63	-83	-74	-70	-46
Other	-5	-1	-2	-1	0
Cash flow for calculation of cash conversion	**781**	**447**	**531**	**434**	**463**
CASH CONVERSION, %	**104**	**80**	**103**	**91**	**115**

DEFINITIONS

FINANCIAL CONCEPTS AND KEY PERFORMANCE INDICATORS

Cost of services sold
Costs which are directly related to the performance of the invoiced services, depreciation and impairment of machinery and equipment, and amortization and impairment of goodwill, customer contracts and trademarks.

Items affecting comparability
Items affecting comparability mainly comprise costs for integration of contracts and acquisitions as well as more extensive restructuring programmes. Items affecting comparability are included either in cost of services sold or selling and administrative expenses.

EBITA
Operating profit before amortisation and impairment of goodwill, customer contracts and trademarks.

Adjusted EBITA
Operating profit before amortisation and impairment of goodwill, customer contracts and trademarks, excluding items affecting comparability.

Adjusted EBITDA
Operating profit before depreciation, amortisation and impairment of all property, plant and equipment and intangible assets, excluding items affecting comparability.

Adjusted net profit
Profit after tax excluding amortisation and impairment of goodwill, customer contracts and trademarks.

Operating cash flow
Cash flow from operating activities excluding interest income, interest expense and income tax paid, but including net investments in intangible assets and property, plant and equipment, and lease-related payments.

Net working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities at the balance sheet date.

CALCULATION OF KEY PERFORMANCE INDICATORS

Net sales growth
Change in net sales for the period as a percentage of net sales for the same period in the previous year.

Organic growth
Change in net sales for the period as a percentage of net sales for the previous year, excluding acquisitions and FX effects.

Acquired growth
Net sales for the period attributable to acquired businesses, excluding foreign exchange effects, as a percentage of net sales for the same period in the previous year.

Operating margin (EBIT margin)
Operating profit as a percentage of net sales.

EBITA margin
EBITA as a percentage of net sales.

Adjusted EBITA margin
Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of net sales.

Earnings per share
Profit for the period attributable to shareholders of the parent company divided by the average number of ordinary shares.

Equity per share
Equity at the end of the period attributable to shareholders of the parent company divided by the number of shares at the end of the period.

Cash conversion
Adjusted EBITDA less net investments and adjusted for changes in working capital, as a percentage of adjusted EBITDA.

Net working capital/net sales
Net working capital at the balance sheet date as a percentage of net sales (rolling 12 months).

Net debt
Non-current and current interest-bearing assets less non-current and current interest-bearing liabilities at the end of the period.

Leverage
Net debt at the end of the period divided by adjusted EBITDA.

Equity/assets ratio
Consolidated equity and reserves attributable to shareholders of the parent company, as a percentage of total assets at the end of the year.

GENERAL CONCEPTS

Workplace services
Can be divided into cleaning, food & beverages, security, etc. Examples of such services include the operation of staff restaurants, security guards and support services (including plant care and conference support).

Contractual loyalty (purchases)
Percentage of purchases from central and local framework suppliers.

The company
When Coor uses “the company,” this refers to Coor Service Management Holding AB and all companies in the Group, including subsidiaries.

Services provided in-house
Services provided by Coor staff rather than by subcontractors.

Property services
Both interior and exterior property services, such as maintenance, repairs and work on properties.

FM and the FM market
Services in and around a property, such as property maintenance, cleaning, food & beverages and security.

Full-time equivalents
Full-time employee equivalents, or FTE for short. The number of employees on a full-time equivalent basis.

HSEQ
Short for health, safety, environment and quality.

IFM
Integrated facility management, also called TFM (total facility management) and IFS (integrated facility services). Coordinated management and control of two or more facility management services.

Nordic region
Denmark, Finland, Norway and Sweden (Iceland excluded).

Service management
Service management is defined as coordinated control and management of a number of services. The idea is to manage one or several services in a more structured and coordinated way, and to deliver what has been agreed more efficiently using established processes, and at the agreed cost and quality.

SME
Small and medium-sized enterprises.

SPECIFIC SHAREHOLDER INFORMATION

2020 ANNUAL GENERAL MEETING

Participation in the AGM

Coor's Annual General Meeting will be held on 28 April 2020, at 3:00 p.m. at the Kista Entré conference hall, Knarrarnäsgatan 7, Kista. Shareholders who wish to participate in the AGM are required to register in advance. Information about how to register is provided in the notice of the AGM.

Notice and registration

The notice of the AGM will be published on 19 March 2020. The deadline to register for the AGM is 22 April 2020.

Record date

The record date for the AGM is 22 April 2020.

FINANCIAL CALENDAR 2020

28 April 2020	Interim report January–March 2020
28 April 2020	2020 Annual General Meeting
17 July 2020	Interim report January–June 2020
4 November 2020	Interim report January–September 2020
February 2021	Year-end report January–December 2020

A continuously updated calendar is available at coor.com/investors.

DISTRIBUTION POLICY

All financial reports are available in English and Swedish, and are published on Coor's website under the tab **coor.com/Investors**.
A printed version of Coor's annual report is distributed to investors who specifically request a copy by e-mail: **ir@coor.com**

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