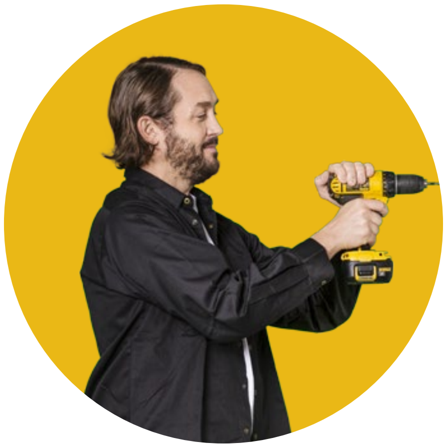
ANNUAL REPORT 2016

INCLUDING SUSTAINABILITY REPORT

Coor Service Management Holding AB






ONE OF THE NORDIC REGION'S LEADING FACILITY MANAGEMENT PROVIDERS

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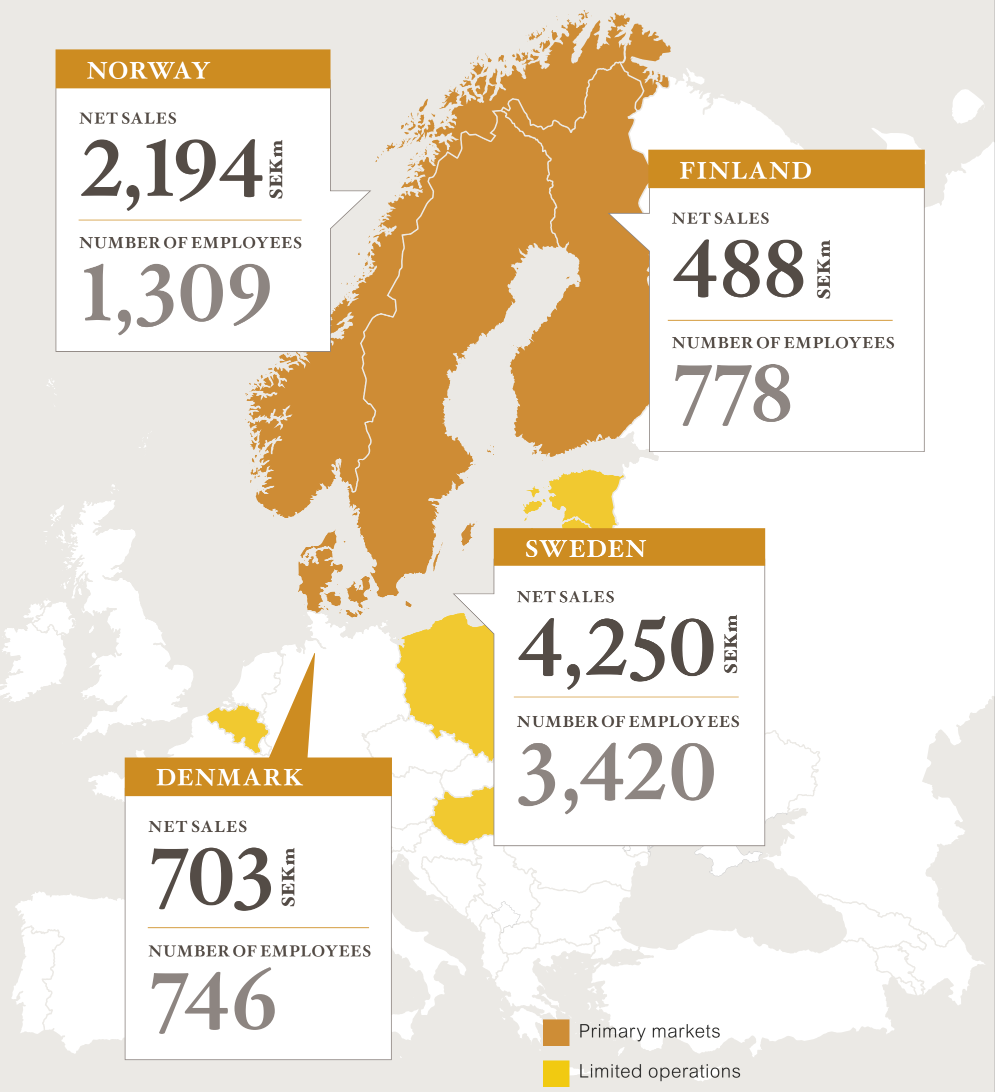


Coor is one of the Nordic region's leading facility management providers. Coor's customer base includes large and small companies in many sectors and regions – both private and public. As a part of the strategy, Coor also accompanies some large customers onto the European market, and some operations are therefore also conducted in Belgium, Hungary, Poland and Estonia.

This annual report concerns the business of Coor Service Management Holding AB, Corporate Identity No. 556742-0806

In a changing world, Coor offers unique, innovative and flexible solutions that generate value and commercial advantages for the company's customers. The ambition is to deliver the market's smartest and most developed service solutions – Service with IQ.

COORS OFFERINGS

Coor coordinates, executes and develops various services in and around a property. Coor has specialist expertise in more than 100 services that are divided into three service areas and provided as integrated facility management solutions (IFM), basic bundled solutions or single services.

WORKSPLACE SERVICES

Workplace services account for 63 per cent of consolidated sales. In this segment, cleaning services and food & beverage are the two largest services with 29 and 23 per cent of sales, respectively. Other service examples are workspace optimization and telephony/customer service.

PROPERTY SERVICES

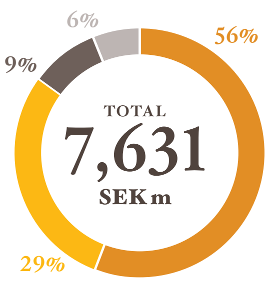
Property services account for 37 per cent of consolidated sales. The services include both basic assignments and complex efforts, such as energy optimization, security solutions and technical property systems.

STRATEGIC ADVISORY SERVICES

Strategic advisory services are not reported separately as a separate service, but rather are included in complex IFM assignments. Examples of activities are decision-support data, analyzes, KPI analysis, action plans and system design.

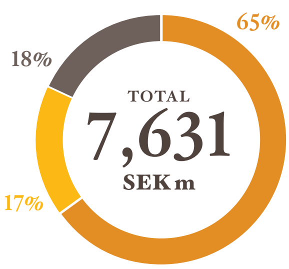
COOR IN FIGURES

NET SALES BY COUNTRY



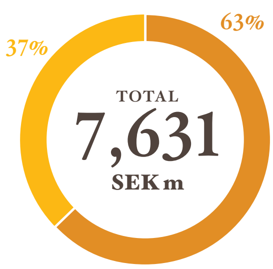
- Sweden
- Norway
- Denmark
- Finland

NET SALES BY TYPE OF CONTRACT



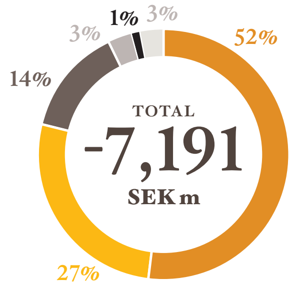
- Integrated FM (IFM)
- Bundled FM services
- Single services

NET SALES BY SERVICE CATEGORIES



- Workplace services
- Property services

OPERATING EXPENSES BY NATURE OF EXPENSE*



- Personnel expenses
- Subcontractors
- Material purchases
- External services
- Depreciation/amortisation
- Other

*Included in adjusted EBITA

HISTORY

1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016

- 1998: Construction Group Skanska launches FM
- 1998: Start-up in Sweden
- 2000: Large IFM contract, Ericsson
- 2001: Expansion to Denmark
- 2002: Expansion to Finland
- 2004: New owner and name change to Coor Service Management
- 2004: Expansion to Norway
- 2006: Aquisition of service company Celero in Sweden
- 2010: Large IFM contract, New Karolinska Solna
- 2013: Aquisition of service company Addici
- 2014: Large IFM contract, Statoil
- 2015: Listing on Nasdaq Stockholm

2016 – A YEAR OF STRONG EARNINGS IMPROVEMENT

- Net sales for full-year 2016 increased by 2 per cent to SEK 7,631 (7,482) million. Organic growth amounted to 3 per cent.
- Operating profit (adjusted EBITA) increased by 18 per cent to SEK 440 (374) million. Operating margin rose to 5.8 (5.0) per cent.
- EBIT was SEK 242 (82) million. Profit after tax was SEK 124 (201) million. Last year's profit after tax was affected by a large positive tax effect in the second quarter.
- Earnings per share were SEK 1.3 (-3.6).
- Operating cash flow was SEK 426 (274) million.
- Net debt at year-end was SEK 808 (947) million. Leverage was 1.7 (2.2).
- Number of employees at the end of the year (FTE) was 6,327 (6,381).
- The Board of Directors proposes a dividend for 2016 of SEK 3.00 (2.00) per share.

In 2016, we delivered the highest operating profit ever, a stable cash flow, and continued growth.

Mikael Stöhr,
President and CEO

GROUP FINANCIAL SUMMARY	2016	2015
Net sales, SEK m	7,631	7,482
Organic growth, %	3	10
Adjusted EBITA, SEK m	440	374
Adjusted EBITA-margin, %	5.8	5.0
EBIT, SEK m	242	82
Profit after tax, SEK m	124	201
Operating cash flow, SEK m	426	274
Earnings per share, SEK	1.3	–3.6
Adjusted earnings per share, SEK	1.3	2.7
Number of employees at the end of the year (FTE)	6,327	6,381
Dividend, SEK	3.00	2.00

For definitions and calculations of key performance indicators, see the *Definitions* section.

Q1

- Coor won two classes in the Swedish championships in telephony and customer service
- The results of Coor's annual environmental audit were published
- Group management was expanded with Erik Strümpel, General Counsel, and Åsvor Brynnel, Communications and Sustainability Director
- Extended and new contracts with SSAB, Gjensidige and DNV-GL

Q2

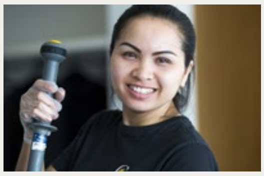
- The entire Board of Directors was re-elected, except Bernt Magnusson who had declined. Heidi Skaaret and Mats Granryd were elected as new members
- Coor SmartDrone was launched
- The Nordic region's first automatic cleaning robot was commissioned
- Coor changed logotype
- Climate-neutral conference possibilities were launched
- Coor in Sweden joined the 100-club government initiative
- New contracts with, among others, UCC and Tele2/Klövern

Q3

- A new "whistle-blower" system for employees, customers and suppliers was launched
- Coor Bike2Work was launched
- Chairman of the Board Anders Narvinger announced his withdrawal at the next AGM. The Nomination Committee proposed Mats Granryd as the new Chairman of the Board
- Coor extended contracts with the Swedish Transport Administration and Aibel

Q4

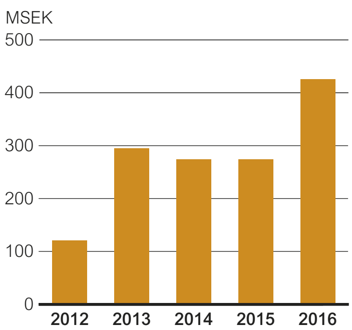
- Coor launched a Group-wide internal "operational excellence" initiative
- The new Karolinska Solna University Hospital was commissioned
- Extended or new contracts with OKG, Norwegian National Rail Administration, NCC, Hemsö and Tieto. Declarations of intent for extended contract with SAS and new contract with ABB



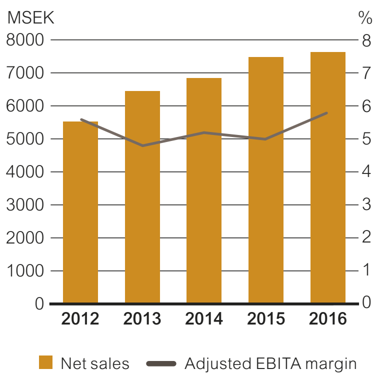
PROFIT GROWTH IN 2016, ADJUSTED EBITA

18%

OPERATING CASH FLOW



NET SALES AND ADJUSTED EBITA-DEVELOPMENT



WITH AN EYE ON THE HORIZON

In 2016 Coor delivered its highest operating profit ever. Our razor-sharp customer focus and dedicated employees provide a good platform for long-term sustainable growth in a stable market with great opportunities.

SMART SERVICE SOLUTIONS WITH THE CUSTOMER IN FOCUS

Everything starts and ends with our customers. Our success lies in our ability to create customer value – to develop FM solutions that increase our customers´ productivity, efficiency and sustainability, and are better, more effective and more innovative than others are able to achieve. In order to succeed we must of course have expertise in the FM services we offer. In addition, we need to have a cost-effective organization, which is good at utilising the local synergies that exist between various FM services and the economies of scale that are the result of us being a major FM operator.

Last but not least, we must also be good at continuously adapting and developing our services to the changing needs of our customers and the world around us. It is a matter of understanding the various challenges of the customers, but also that we have a systematic way of dealing with continuous improvements and innovations. This is Coor's core and DNA, and what distinguishes us from many other service companies. Our strong improvement culture has enabled us to increase our customer satisfaction index for the third year in a row, and is why our customers choose to continue their cooperation with Coor. We are proud that we during 2016 renewed several important customer agreements, including the agreements with Aibel, DNV-GL, Gjensidige, NCC, SAS, SSAB, Swedish Transport Administration and Tieto.

After a few years with many large procurements, 2016 was a year with relatively few closings of major IFM deals. The single largest new procurement was made by ABB, which chose a region-based IFM solution where Coor was given the responsibility for the entire Nordic region. As proud as we are of the ABB contract, we are just as proud of all smaller and larger agreements we signed with new customers during the year, among them Hemsö, Jernbaneverket, OKG, Tele2/Klövern and UCC. I would like to take this opportunity to extend a warm welcome to all new customers to Coor. Each renewed and new customer agreement is a great act of confidence and gives us a chance to exceed our customers' expectations.

DEDICATED EMPLOYEES AND A PERMISSIVE CORPORATE CULTURE

In order to do a good job for our customers we need capable, dedicated employees, and I must say that I am impressed by the competence and enthusiasm that can be found within Coor. I continuously move around Coor's operations throughout the Nordic region and meet colleagues everywhere who are passionate about their work, regardless of whether it concerns the latest cooking trend, chemical-efficient dispensers, well-conducted safety inspections, intelligent AGV robots, well-planned offices or smart service apps. I very much agree with Mona, who on page 25 draws attention to the commitment and drive that exists in Coor as one of our greatest strengths.

This commitment is no coincidence, but something that thrives in an inclusive improvement culture under a good leadership that gives individuals great responsibility and great opportunities for development. In Coor we have for many years had a strong focus on recruiting and developing the best managers in the market. That we have succeeded becomes clear especially when we see the quality of all the candidates for the internal awards "employee of the year" and "manager of the year", which we hand out every year. For me the award ceremony in "Coor Awards" is one of the most enjoyable things I do.

For us it is also important to create a corporate culture that is influenced by diversity and tolerance, a high level of risk awareness and concern for the environment and society. That is sustainability in practice and a requirement if our business is going to be to be justified also in the future. These issues are currently a natural part of our work in many areas of the business, but constantly need to be made visible and we will continue to work actively on these during 2017.

AN EVENTFUL YEAR WITH STRONG PROFIT GROWTH AND MARGIN FOR EXTRA DIVIDEND

In 2016 we managed to achieve a great deal. We initiated and implemented several internal improvement programs, for example improved purchasing procedures, efficiency improvements of our deliveries of property services, cleaning and food & beverage, mobile IT solutions for operational staff, CRM systems for more efficient processing of new customers as well as various web-based solutions that give customers more transparency in the service delivery and opens new avenues for additional sales.

The efficiency improvements have been crucial for the reported improvements in earnings and increased margins in all countries in 2016. The operating profit for the Group increased by nearly 20 per cent and the operating margin improved to 5.8 (5.0) per cent. Sales for

Our success lies in our ability to create customer value, to develop FM solutions that are better, more effective and more innovative than others are able to achieve.

the year increased by 3 per cent. On average over the last three years Coor has grown organically by over 6 per cent per year. Our third most important financial indicator, cash conversion, remained stable and landed at 93 per cent which exceeds the target of 90 per cent.

During the year we evaluated a few acquisition opportunities, but did not find anything that we considered would be sufficiently value-creating for Coor. This means that in accordance with our dividend policy, we have the opportunity to pass on the customer value we created during the year directly to our shareholders. For 2016 the Board of Directors therefore propose a total dividend of SEK 3.00 (2.00) per share.

WITH AN EYE ON THE HORIZON

Coor has a strong position in a market with stable growth. History has shown that the FM market is relatively insensitive to economic trends. An investment in Coor is an investment in a modern service company that distinguishes itself through structured development and innovation work and a strong customer focus. Our ambition is clear: with the help of the best employees and managers in the market we provide the best offer in the market, which creates favourable conditions for continued success.

When we raise our eyes and look ahead we see interesting business opportunities in the entire Nordic region, and it is our opinion that the prospects are good for long-term growth, profitability and cash flow in line with our objectives.

Stockholm, March 2017

Mikael Stöhr, President and CEO, Coor

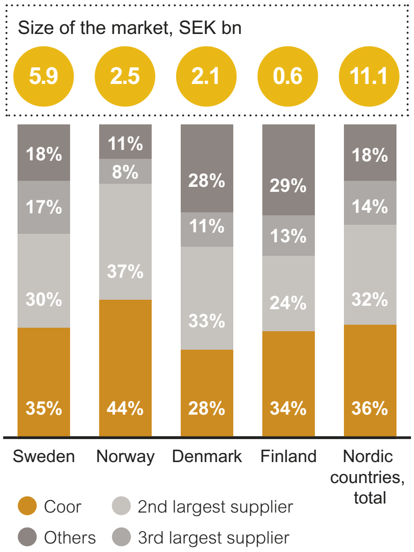
A STABLE MARKET WITH POTENTIAL

The Nordic FM market is relatively unaffected by the general economic climate and boasts good growth potential.

THIS IS FACILITY MANAGEMENT

Facility Management (FM) services are services undertaken both in and around a property. The services are often categorized as either hard FM (property services such as maintenance, repairs and operations) or soft FM (workplace-related services such as office services, cleaning services, food & beverages). Well-functioning FM operations contribute to creating attractive, cost-effective, secure and sustainable workplaces and properties that increase the satisfaction and productivity of those situated there.

COMPETITION SITUATION IN IFM[1)]



There are three major operators on the Nordic IFM market, Coor being the largest with a market share of approximately 36 per cent.

1) IFM segment size and IFM segment shares represent estimated figures 2014 based on company revenues. Source: Coor/International strategic consultancy firm.

FROM OUTSOURCING OF SINGLE SERVICES TO IFM

Today's FM suppliers have diverse backgrounds and focus areas. When the market for outsourced services first began, many companies chose to outsource single services to different suppliers specializing in different services or service groups.

The development has since moved towards companies buying bundled FM services from a single provider, or a large number of integrated FM services (IFM assignments). An IFM assignment also includes the management, governance and development of the services, allowing the customers to focus on the strategic issues for their company while the supplier is responsible for the operations. The major advantage of IFM solutions is that they utilize the considerable local synergies between the services at a workplace or property, which creates greater efficiency.

MARKET SIZE AND MARKET GROWTH

According to the International Facility Management Association (IFMA), the FM industry in the Western World currently amounts to between 3-6 per cent of GDP.

Given a lack of reliable independent information about the Nordic FM market's size, Coor regularly orders its own market reports from independent consultants. In the latest report from 2014, the total FM market in the Nordic region was estimated at around SEK 380 billion, of which around SEK 200 billion was outsourced to a third party. The annual growth was forecast at 2-3 per cent, mainly driven by a growing shift from own delivery to outsourced solutions.

The IFM segment, where Coor is the market leader, is growing faster than the total FM market. The anticipated growth in the IFM segment is at around 6 per cent per year.

Historically, the IFM market has been driven by providers and their individual large, high-profiled outsourcing contracts.

Growth in the IFM segment is expected to be driven in the future by more customers, in both the private and public sectors, realizing the benefits of one point of contact for all FM services, significant cost savings achieved through local service synergies, decreased complexity and improved quality.

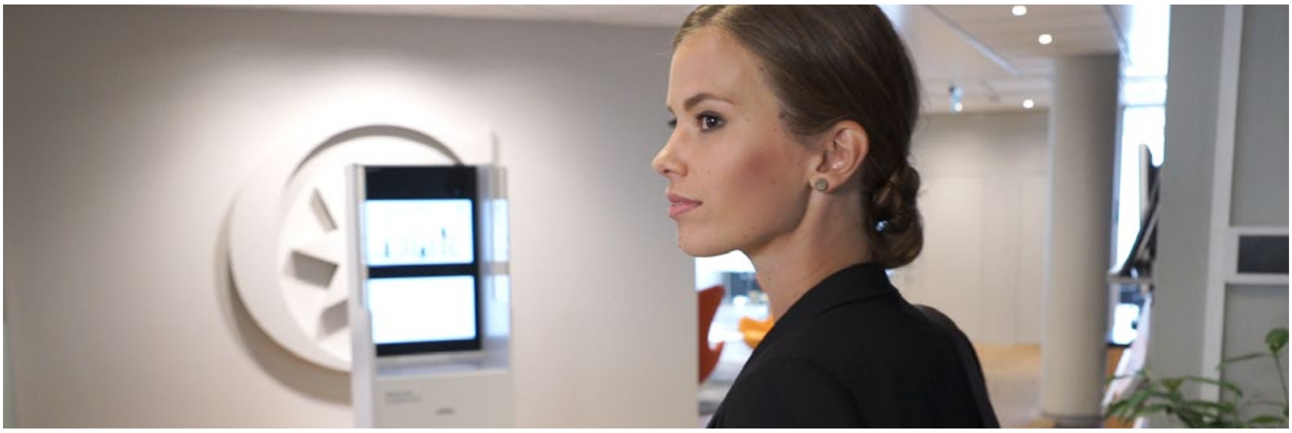
COOR'S MARKET POSITION

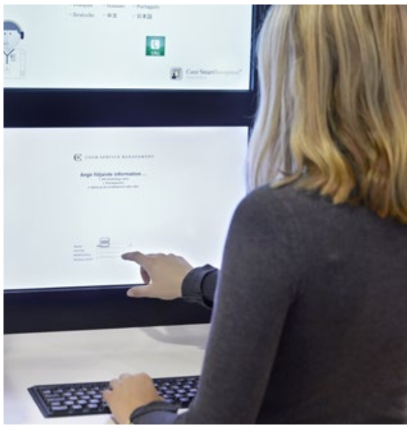
Since beginning its operations in 1998, Coor has specialized in providing IFM solutions to larger customers with complex requirements, in both the private and public sectors, while also fulfilling smaller assignments and single services.

The outsourced Nordic FM market is fragmented, and the ten largest FM providers comprise around 30 per cent of the markets. Competition in the Nordic IFM segment is limited to a small number of providers. Coor has a market-leading position, with a market share of approximately 36 per cent. In the market for single services, there are significantly more providers, and here, Coor's market share is around 3 per cent, which means good growth potential.

DEVELOPMENT AND TRENDS IN 2016

In general, the Nordic FM market was stable in 2016 even if the level of activity compared with the past three years' very high activity was somewhat lower. A relatively large part of the procurements related to single services and medium-sized IFM contracts. For example, Danish UCC procured a catering solution while Swedish Tele2 consolidated its service need in one IFM solution.





Within the public sector, a number of procurements were carried out with an emphasis on one or a few services. The Norwegian Armed Forces procured cleaning services, as did several Swedish regions. In Finland, there were fewer large procurements. There, several minor procurement contracts were instead awarded by municipalities.

In recent years, customers in the oil and gas industry in Norway, such as Aker Solutions and Statoil, transitioned to IFM solutions. In 2016, the IFM activity was lower in Norway. In the rest of the Nordic region, there were also fewer large IFM procurements. Also, some existing major IFM contracts were re-procured such as ICA and Uniper's operations at the Oskarshamn nuclear power plant.

INNOVATIONS AND DIGITIZATION DOMINANT TRENDS

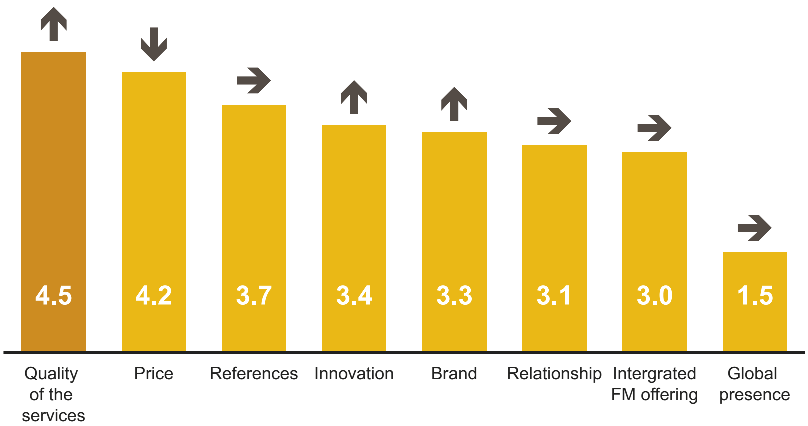
According to the industry association IFMA in Sweden, the two dominant trends on the FM market right now are increased digitization, with broad use of IT-based solutions, and development of smart, activity-based workplaces. The rate of innovation remains high throughout the Nordic region. Increasing numbers of processes are being automated and connected together, which is increasing operational efficiency and quality. During the year, sensors, drones and AGV robots have begun to be used to a greater extent at the large service providers. In May, Coor launched the Nordic region's first automatic combined cleaning robot.

QUALITY, INNOVATION AND BRAND ARE BECOMING EVER MORE IMPORTANT

When selecting an FM provider, there are a number of criteria that are crucial for the customers. In recent years, factors like quality, innovative capacity and brand have become increasingly important. The price is still an important aspect, but is not as decisive as was previously the case.

CUSTOMER KEY PURCHASING CRITERIA

The diagram shows the purchasing criteria that determine the customers' choice of FM provider and how they changed from 2010 to 2014.



Source: Coor/International strategic consultancy firm.

FUTURE SERVICES
for
SMART
PROPERTIES AND
WORKPLACES

Coor offers intelligent services that support the customers' core business optimally, and continuously develops and adapts these services to the customer's changing requirements and challenges. To be on the forefront, the services must also be adapted to the new needs that arise in a connected society with an agile approach and new consumption patterns. Examples of new solutions launched in 2016 were the Nordic region's first automatic cleaning robot, a smart use of drones in property services and more AGV robots in the logistics chain.

On Coor's website *www.coor.com*, there is more information on the services and smart FM solutions that Coor has developed. The campaign site, *www.smartoffice.coor.com*, describes the company's interpretation of the modern office.

SERVICE *with* IQ

THE INDUSTRY'S SMARTEST SERVICE SOLUTIONS

By combining specialist expertise and customization with a clear focus on development and innovation, Coor can continuously adapt and improve its delivery. The objective is to create smart and flexible solutions that increase the customer's productivity, efficiency and sustainability.

A BROAD OFFERING

Coor has in-depth expertise in more than 100 services that are divided into three service areas: workplace services, property services and strategic advisory services. Some services are more qualified, such as workplace optimization, operational optimization, technical project management and security advisory services. The largest services groups are cleaning services, food & beverages and property services. In these areas, Coor has market-leading expertise with unique concepts and solutions. By combining one or more services, service solutions are customized to every customer.

INNOVATION AND IMPROVEMENT WORK

What distinguishes Coor from other service companies is a strong drive to constantly develop the business. All employees at Coor can make improvement suggestions that are registered in a special system. The number of improvement suggestions is regularly followed up at various levels. In 2016, 10,222 (10,295) improvement suggestions were registered in the system, of which 8,103 (6,936) were carried out at the company's customers.

Coor also conducts structured innovation efforts that primarily focus on the use of new technology. The technology driven innovations deemed to have the greatest customer value have been launched in a special series, Coor Smart Solutions. Coor's innovation efforts take place in close cooperation with the company's customers, suppliers and other experts in the scope of Coor's innovation ecosystem.

COOR SMART SOLUTIONS

Read more at *www.coor.com* or *www.smartoffice.coor.com*

Coor SmartUtilization
Smart sensors and analyzes for optimal use of workspaces.

Coor SmartResponse
Simple fault and case management through specific QR codes.

Coor SmartFlow
Effective digital post management system for mobile personnel.

Coor SmartID
An efficient management system for ID cards and authorizations.

Coor SmartMove
Cloud-based system that administers easy moves of people and things.

Coor SmartMeetings
Smart virtual meeting solutions that supplement existing equipment.

ENVIRONMENTALLY FRIENDLY SOLUTIONS

To be a good collaborative partner to customers with high environmental ambitions, Coor has developed its own environmental tool, Coor Green Services. Using this tool, Coor can proactively propose concrete environmental improvement measures in a large number of services.

EXAMPLES OF SERVICES

WORKPLACE SERVICES

- Reception
- Telephony and customer service
- Mail and freight
- Cleaning
- Office machinery
- Office supplies
- Conference services
- Documentation, printing/copying
- Restaurant

PROPERTY SERVICES

- Property maintenance
- Technical maintenance
- Energy optimization
- Energy efficiency projects
- Outdoor environment
- Decontamination and reconstruction
- On-call service
- Financial management
- Premises leasing

STRATEGIC ADVISORY SERVICES

- Analyzes
- Action plans
- Change management
- Management resources
- Reports
- Decision-support data
- Business cases
- Strategy
- Process/system design
- Innovation
- Project management

FLEXIBLE CONTRACTS AND STRONG CUSTOMER LOYALTY

Coor's customers are a mix of large and small operations in the public and private sectors throughout the Nordic region.

A WELL-COMPOSED CUSTOMER PORTFOLIO

Coor's customer portfolio has customers in every industry. For the Group as a whole, the oil and gas sector, the IT/telecom sector, the manufacturing industry and the public sector are the most important industries.

In 2016, Coor had 23 (27) customers who accounted for annual net sales in excess of SEK 50 million. For the 2016 financial year, the ten largest customers accounted for 53 (50) per cent of the Group's sales, and the five largest customers accounted for 40 (37) per cent.

CUSTOMIZED AND CLEAR CUSTOMER CONTRACTS

Clear contracts are fundamental to well-functioning collaborative relationships. Coor therefore places extensive emphasis on contract formulation, especially for the large, complex IFM assignments. For smaller assignments with fewer services, more standardized contracts are used.

The IFM agreements most often consist of a basic subscription that contains a number of basic services that are provided against a fixed cost per month, and variable assignment or project volumes. The IFM contracts normally run between three and five years, while contracts for bundled or single services are generally somewhat shorter.

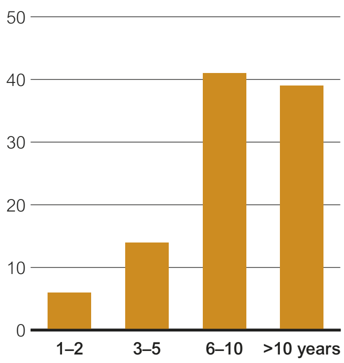
SATISFIED CUSTOMERS ARE LOYAL CUSTOMERS

Historically, customers have chosen to extend their relationships with Coor to a high degree. As a result of the very large volumes that were renegotiated in 2015 (around SEK 3 billion), the renegotiated volume in 2016 was more limited (around SEK 1 billion), of which around 80 per cent was extended. The majority of the volume not extended was comprised of a concluded contract with a Swedish customer. Over the past three years, the total retention rate was 86 per cent.

Since there is a strong link between customer loyalty and customer satisfaction, Coor continuously works to capture views on the delivery, and then make the changes necessary. To be able to conduct a qualified discussion about

delivery improvements, a well-structured customer dialogue and a regular delivery follow-up are done based on jointly key performance indicators. Coor also conducts an annual, Group-wide customer survey to measure the customer satisfaction. The survey is done by an external market research company. In 2016, customer satisfaction increased for the third consecutive year and amounted to an index of 68 (66).

LONG-TERM CUSTOMER RELATIONSHIPS, %



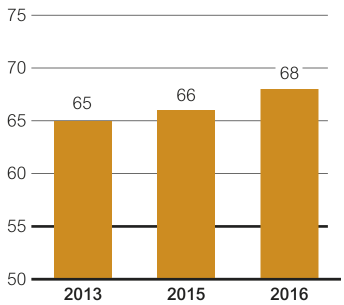
At year-end, around 80 per cent of the company's customers have maintained a business relationship with Coor for 6 years or longer.

NEW AND COMPLETED CONTRACTS DURING THE PERIOD [1)]

	Number	Annual Sales
New contracts during the period	12	820 SEK m
Completed contracts during the period	6	365 SEK m
Net change in the contract portfolio	6	455 SEK m

[1)] Both the retention rate and changes to the contract portfolio pertain to contracts with over SEK 10 million in contracted or assessed annual sales. For concluded contracts, sales for the last 12-month period are stated with full delivery. For details on what contracts are included, please refer to the *Administration Report*.

INCREASED CUSTOMER SATISFACTION, 2013-2016



In 2014, no measurement was done.

We have strong cooperation and extensive trust in each other. I also feel that Coor listens to my opinions and acts on them.

Patrick Mumba,
Facility Manager
at SAS in Denmark

"HOW WELL THEY LISTEN IS UNIQUE"

Nearly ten years ago, SAS established a new strategy plan for the Group where the keywords were simplification and focus. The strategy was based on focusing on their own core business and outsourcing other operations, including facility management – an assignment that went to Coor.

The collaboration began in 2008 and today, comprises 40 SAS sites in Denmark, Sweden and Norway. A total of nearly 500,000 square metres of offices, workshops, warehouses and hangars are involved, where Coor provides a number of different services. The contract comprises property, production and workplace services, such as building maintenance, conference service, reception, energy and postal handling. Administration and uniform management for the many uniformed employees in SAS are also included.

Patrick Mumba is the Facility Manager at SAS, with extensive experience from similar services. Since he took his position almost a year ago, he has been in charge of SAS Denmark's collaboration with Coor.

How do you feel about the relationship with Coor?

– We have a good cooperation and a large amount of trust in each other. I also feel like Coor listens to my opinions and acts on them, regardless of whether they are positive or negative, and regardless of whether I am talking to a senior manager or an individual employee.

What distinguishes Coor from the competitors?

– I would probably say that it is the very fact that they listen and respond. It's hard to stand out as a service provider when standard services are involved, but the fact that I have access to Coor's entire organization is something I find completely unique.

How do you view the future cooperation?

– Positively, I think there is room to deepen and develop our collaboration further. It will be exciting to evaluate some of the innovations that Coor has contributed, like the digital solution introduced to make fault reporting easier.

HOW COOR CREATES VALUE

RESOURCE NEED

FINANCIAL CAPITAL

- Equity
- Loans

Read more on page 54

INTELLECTUAL CAPITAL

- Product brands (FOOD by Coor, Addici)
- Service concept and innovations
- Joint management system

Read more on page 9 and 22

HUMAN CAPITAL

- Committed, responsive and creative employees

Read more on page 24 – 25

RELATIONSHIP CAPITAL

- Relationships with customers, partners and suppliers

Read more on page 30

NATURAL RAW MATERIALS, INPUT GOODS AND PRODUCED CAPITAL

- Cars
- Energy
- Food and beverages
- Building materials
- Water

Read more on page 42 – 43

OPERATION

VISION

Coor's vision is to be the leading supplier of facility management in the Nordics. Coor will be the customers', employees' and investors' first choice when selecting a supplier, employer or making an investment in the service sector.

CORPORATE GOVERNANCE

BUSINESS MODEL

Winning and signing contracts → Start-up and development of new contracts → Service delivery → Follow-up and control

Read more on page 22, 90 – 98

Being able to conduct Coor's business requires resources, which are then coordinated and packaged in a regulated manner. The results are well-developed service solutions that are delivered to the company's customers with a limited environmental impact. The service deliveries create value for the company's customers, employees and owners, as well as society in general.

OUTPUT

SERVICES FOR THE PUBLIC AND PRIVATE SECTOR

Smart, customized and constantly improved service solutions. The services are provided as integrated or bundled solutions, or as single services.

- INTEGRATED SOLUTIONS
- BUNDLED SOLUTIONS
- SINGLE SERVICES

Workplace services | Property services | Strategic advisory services

Read more on page 9

LIMITED ENVIRONMENTAL IMPACT

- CO_2 emissions from company vehicles and business travel
- Energy from heating, company offices
- Limited water use
- Some use of controlled chemicals

Read more on page 42–43

VALUE CREATION

...FOR CUSTOMERS

Read more on page 10

Through service solutions that contribute to increasing the customers' productivity, efficiency and sustainability.

Productivity growth

68/100
Customer satisfaction

...FOR EMPLOYEES

Read more on page 38–41

By being a stimulating employer that offers a good, safe and non-discriminatory working environment.

69/100
Employee satisfaction

A stimulating workplace

...FOR INVESTORS

Read more on page 110–112

Being able to deliver stable profits and keep capital tied up at a minimum, in tandem with a generous dividend policy, through a strong position on a market with good growth, which is relatively unaffected by the general economic climate.

5.8%
EBITA

SEK 3
Dividend per share

...FOR SOCIETY

Read more on page 28 – 45

Coor generates many jobs, makes large tax payments in the countries the company is active in and participates in various local public-benefit projects.

SEK 2.3 bn
Tax payments, total

6,850
Job, total

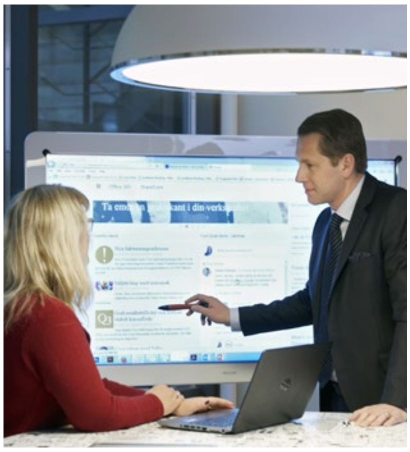
CLEAR GOALS FOR STRONG GOVERNANCE

To govern the business, Coor has defined long-term ambitions, which are annually specified in short-term internal objectives, and financially quantitative targets.

LONG-TERM AMBITIONS AND ANNUAL OPERATING TARGETS

Coor's ambition is to operate with responsibility and long-term sustainability, creating not only financial value, but also environmental and social value. In these three sustainability dimensions, Coor has expressed overall, long-term ambitions.

In order to effectively govern the business and allocate the resources optimally, Coor's management sets internal operating objectivs annually that indicate what the organization should focus on in the short term. The operating objectives are also set in the three dimensions of sustainability, and are a very important management tool for Coor. The internal objectives are first set for the whole Group, and then broken down in each country, business unit and contract or region. Action plans for achieving the broken down objectives are initiated locally and are then followed up at the country and Group management level three times per year. In that all employees are involved in drafting the action plans, all employees become involved in the Group's development.



LONG-TERM AMBITIONS

Coor has defined overall qualitative objectives that describe what Coor wants to achieve on the long term. Coor's work within these sustainability areas is reported in the *Sustainability report*.

BUSINESS SUSTAINABILITY

Coor will achieve long-term business sustainability through stable, profitable financial development, while upholding strong business ethics.

SOCIAL SUSTAINABILITY

Coor contributes to a better society by acting as a responsible and stimulating employer, and by contributing to a positive social development in the areas in which Coor operates.

ENVIRONMENTAL SUSTAINABILITY

Coor contributes to a better environment by actively reducing the environmental impact and resource utilization that the company and its customers give rise to.

FINANCIAL TARGETS AND OUTCOMES 2014-2016

Target	Description	2016	2015	2014
ORGANIC GROWTH 4–5 %	Over a business cycle, Coor should grow organically by 4-5 per cent annually. The growth rate may vary from year to year depending on changes in the contract portfolio. The organic growth can also be supplemented with acquisitions, which can be motivated by the need to reinforce competence or to achieve a more rapid expansion within a geographic area or service/customer category.	3%	10%	6%
ADJUSTED EBITA-MARGIN ~5.5 %	In the medium term, Coor will deliver an adjusted EBITA-margin of around 5.5 per cent.	5.8%	5.0%	5.2%
CASH CONVERSION >90%	Coor's medium-term target is cash conversion in excess of 90 per cent.	93%	104%	108%
CAPITAL STRUCTURE <3.0	The medium-term target is that Coor's net debt will be less than 3 times adjusted EBITDA (in the past 12 months).	1.7	2.2	6.6
DIVIDEND POLICY ~50%	The target is that approximately 50 per cent of the company's adjusted net profit for the period (before amortisation and impairment of intangible assets) will be distributed to the shareholders.	96%	52%	-

OUR STRATEGIES

Coor has defined five overall strategies that should contribute to creating growth and profitability. Altogether, these strategic areas set out a clear direction towards Coor's vision – to become a leading facility management provider in the Nordic region.

GROWTH WITHIN IFM

Coor is the market leader in integrated FM services to larger organizations with complex requirements. In order to retain this position and continue to grow in the IFM segment, it is important that Coor can offer the market's best solutions. This is done through extensive customer focus and continuous work on value-added improvements and innovations.

GROWTH WITHIN SINGLE SERVICES

Within Coor, there is extensive competence and leading expertise in many service areas, which can be used for an expansion in individual service segments, mainly cleaning, food & beverages and property service. In addition, Coor offers package solutions of bundled FM services to customers which do not require a customized solution.

CUSTOMIZED AND FLEXIBLE DELIVERY MODEL

Coor applies a customized and flexible delivery model, in which elements of the service delivery are undertaken in conjunction with subcontractors. However, in recent years Coor has chosen to perform more services itself, mainly in cleaning, food & beverages and property services.

FOCUS ON OPERATIONAL EFFICIENCY

Over the years, Coor has focused strongly on profitability. The margin in the contracts varies, but Coor has generally succeeded in increasing margins over the tenure of contracts through implementing continuous efficiency improvements. In addition, Coor continuously tries to improve profitability through more efficient and suitable processes, decreased administrative resources and by spreading best practices in the organization.

NORDIC FOCUS, BUT SOME FLEXIBILITY OUT IN EUROPE

Coor's home market is the Nordics, but Coor has also chosen to follow major customers into new European markets, including Belgium, Hungary, Poland and Estonia. When Coor evaluates new markets, the possibilities are assessed of driving the local volumes up to profitable profit margins.

COOR IN SWEDEN

56 per cent of consolidated sales come from the Swedish operations. The contract portfolio in Sweden is characterized by a high per centage of IFM assignments and a broad customer base.

HISTORY AND GEOGRAPHICAL COVERAGE

Coor's business began in Sweden in 1998. Two years later, major cooperation was begun with Ericsson, and Coor has since been the leading IFM player in Sweden and now in the Nordic region. Today, Coor conducts business throughout Sweden, but mainly in the central and southern regions.

NEW AND EXTENDED CONTRACTS

New customers that were added during the year include, for example, Klövern, Tele2, Uniper, Lidl, and Academedia. A number of customer contracts were extended or expanded, for instance the contracts with Borealis, Orkla, SSAB, Nokia and the Swedish Transport Administration.

Over the whole year, preparations have been made for the start of operations at the new University Hospital Karolinska Solna, which becomes one of the world's most modern emergency hospitals. The hospital buildings have been gradually commissioned, and as of November 2016, patients are cared for in most of the hospital.

2016 IN BRIEF

At the beginning of the year, AnnaCarin Grandin began as the new CEO and Klas Elmberg as the Deputy CEO. The new management has focused strongly on quality and operational efficiency in the existing deliveries. A new programme with a focus on diversity and inclusion was rolled out.

During the year, Coor in Sweden joined the 100-club government initiative, which means that companies commit to take in at least 100 newly arrived immigrants as trainees over a three-year period.

Coor's smart solutions were implemented at several customers. The company's own development initiatives include the possibility to choose climate compensated conferences in the external conference facilities in Stockholm and Gothenburg.

To promote active environmental efforts, Coor in Sweden has established the award Environmental Star of the Year. The prize is awarded to the customer that distinguishes itself especially in the area of sustainability. The 2016 Environmental Star of the Year went to Länsförsäkringar.

During the year, Coor in Sweden was awarded prizes in two categories of the "Swedish Championship in telephony and customer service": one was the class "More than 5,000 connections" and the other was the class "Fewer than 2,000 connections".

The work on the endeavour in cleaning, food & beverages and property service continued in 2016.

SWEDEN

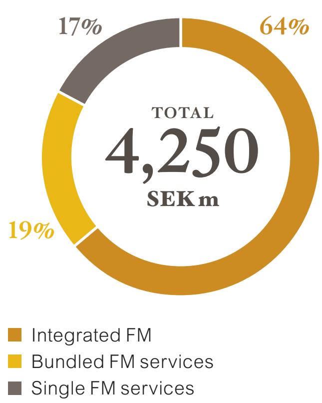
KEY PERFORMANCE INDICATORS	2016	2015
Net sales, SEK m	4,250	4,010
Organic growth, %	6	2
Adjusted EBITA, SEK m	423	347
Adjusted EBITA-margin, %	9.9	8.7
Number of employees, FTE	3,420	3,294

TOP FIVE CUSTOMERS

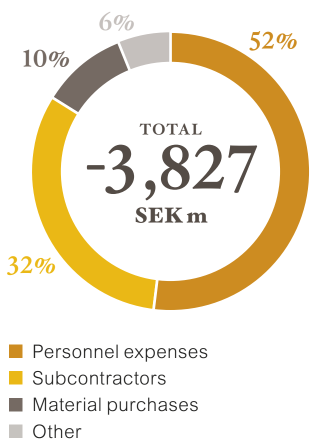
- AB Volvo
- Ericsson
- SAAB
- New Karolinska Solna University Hospital
- Volvo Cars

56%
Share of group sales

NET SALES BY TYPE OF CONTRACT



OPERATING EXPENSES BY NATURE OF EXPENSE



COOR IN NORWAY

Coor's Norwegian operations accounted for 29 per cent of consolidated sales in 2016. A large per centage of Coor's customers in Norway come from the oil and gas industry

HISTORY AND GEOGRAPHICAL COVERAGE

Coor's Norwegian operations were established in 2004. In connection with a major assignment for Det Norske Veritas in 2005, the business grew substantially, but the largest volume increase arose in connection with a large IFM contract with Statoil in 2014. Today, Coor is one of the leading IFM operators in Norway, with operations throughout the country.

NEW AND EXTENDED CONTRACTS

In the previous year, several assignments began for new customers, including additional contracts with Statoil and Aibel. In 2016, these customer deliveries shifted to normal operation. More new customers that were added during the year include the Red Cross, Veidekke and Akastor.

In 2016, the Norwegian operations also extended customer contracts with GE Oil & Gas, ABB and DNV-GL, to name a few. In addition to this, Aker Solutions and Gjensidige not only extended, but also expanded their collaboration with Coor.

2016 IN BRIEF

Coor's Norwegian operations are very advanced in terms of health and safety. In 2016, additional activities were carried out in this area, not least in the food & beverage business.

The initiative in cleaning and food & beverages that began in 2015 continued in 2016 as well.

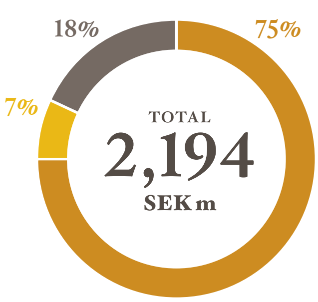
NORWAY

KEY PERFORMANCE INDICATORS	2016	2015
Net sales, SEK m	2,194	2,103
Organic growth, %	7	36
Adjusted EBITA, SEK m	133	124
Adjusted EBITA-margin, %	6.1	5.9
Number of employees, FTE	1,309	1,384

TOP FIVE CUSTOMERS

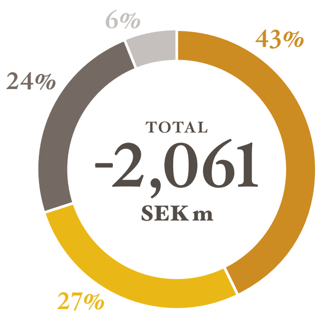
- Aibel
- Aker Solutions
- DNV
- SAS
- Statoil

NET SALES BY TYPE OF CONTRACT



- Integrated FM
- Bundled FM services
- Single FM services

OPERATING EXPENSES BY NATURE OF EXPENSE



- Personnel expenses
- Subcontractors
- Material purchases
- Other

COOR IN DENMARK

Coor's Danish operations accounted for approximately 9 per cent of consolidated sales. About 50 per cent of the customers are in the public sector, which is well above the average for the Coor Group as a whole.

HISTORY AND GEOGRAPHICAL COVERAGE

Coor's Danish operations began in 2001, three years after those in Sweden. Coor is currently one of the four leading FM providers in the Danish market with operations throughout the country.

NEW AND EXTENDED CONTRACTS

Notable among the contracts signed during the year are Aviator, Edlund, Haldor Topsøe, UCC and CABINN. Through CABINN, Denmark has taken the first cleaning services contract for hotels in the Coor Group. Included among the extended contracts are GN Store Nord, Nokia and Samsung.

2016 IN BRIEF

Even though sales in the Coor's Danish operations decreased during the year, the margin increased. In 2016, extra investments were made in sales resources in the Danish business.

Interest among Danish customers increased in Coor Green Services during the year. The Danish operations also increased focus on safety in the working environment. Focus was on increasing risk awareness and improving reporting, which at the end of the year resulted in more risk observations.

In addition to traditional FM services, Coor in Denmark also provides special services, such as printing, a lost and found service and the operation/maintenance of vehicle fleets. There is extensive interest in Coors' proprietary "Smart Solutions". Through these solutions, Coor is able to demonstrate clear added value to its customers.

In 2016, a special organization was established for property services. The initiative in food & beverages and cleaning services continued. Coor in Denmark is an authorised service provider according to the SBA Service norm.

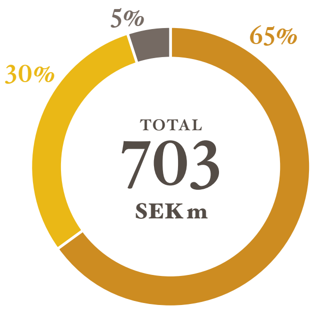
DENMARK

KEY PERFORMANCE INDICATORS	2016	2015
Net sales, SEK m	703	868
Organic growth, %	-20	8
Adjusted EBITA, SEK m	27	31
Adjusted EBITA-margin, %	3.8	3.6
Number of employees, FTE	746	821

TOP FIVE CUSTOMERS

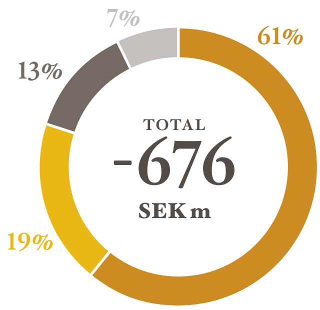
- Danish Police
- GN Store Nord
- SAS
- SDC
- Velux

NET SALES BY TYPE OF CONTRACT



- Integrated FM
- Bundled FM services
- Single FM services

OPERATING EXPENSES BY NATURE OF EXPENSE



- Personnel expenses
- Subcontractors
- Material purchases
- Other

COOR IN FINLAND

Coor's Finnish operations represent 6 per cent of consolidated sales. The operations consist of a large number of minor customers. 42 per cent of the deliveries are single services, which reflect the Finnish market where outsourcing of single services is dominant.

HISTORY AND GEOGRAPHICAL COVERAGE

Coor's operations in Finland began in 2002 and were doubled through an acquisition in 2011. Coor in Finland is active in the largest Finnish cities and the Helsinki region.

NEW AND EXTENDED CONTRACTS

A number of new, minor contracts were signed, including with Deloitte, Attendo Care and MTV. No major customer contracts were renegotiated during the year, but OSEKK chose to exercise its extension option.

2016 IN BRIEF

The Finnish market differs from the other Nordic countries with a lower GDP growth and that it is mainly single services that are procured. This means that there are not as large IFM contracts in the Finnish market as in the other Nordic countries.

During the year, Coor in Finland streamlined its operations through a reorganization, which had a positive effect.

The sales promotion effort continued. Since 2010, Coor in Finland has had increasing customer satisfaction, which was strengthened in 2016.

The operations added resources in the HSEQ area, and took several steps to increase risk awareness among managers and employees.

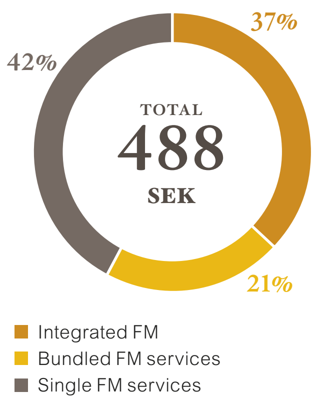
FINLAND

KEY PERFORMANCE INDICATORS	2016	2015
Net sales, SEK m	488	509
Organic growth, %	-5	-6
Adjusted EBITA, SEK m	9	5
Adjusted EBITA-margin, %	1.9	0.9
Number of employees, FTE	778	807

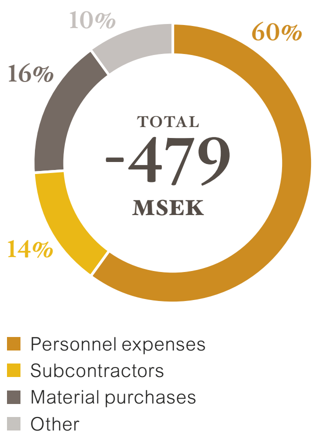
TOP FIVE CUSTOMERS

- Ericsson
- Fortum
- Sulzer
- Telia Company
- Varma

NET SALES BY TYPE OF CONTRACT



OPERATING EXPENSES BY NATURE OF EXPENSE



WELL-TRIED METHODS PROVIDE EFFICIENCY AND QUALITY

For nearly 20 years, Coor has developed methods and working procedures that ensure a safe, professional and cost-effective service delivery.

START OF A NEW CONTRACT

Coor has extensive experience of starting new contracts. All start-ups take place according to a standardized integration/start-up process. In most cases, important milestones and the division of responsibility are specified in an appendix to the customer contract. For large new assignments, which include many services with delivery at several locations, a special project organization is appointed that is led by a specialized project manager.

Every start-up is followed up with the customer. In 2016, several new contract starts were carried out with good results.

DELIVERY ORGANIZATION AND CONTRACT MANAGEMENT

All customers have a dedicated contract manager or customer account manager at Coor, who are responsible for ensuring that the delivery works in accordance to the contract. The management of the contract takes place according to a defined process that was further developed and improved in 2016. There are practical templates, tools and systems that are used to ensure that the delivery's structure, follow-up and customer dialogue takes place in a good way.

A STANDARDIZED BUT FLEXIBLE SERVICE-DELIVERY PROCESS

In 2016, an overview was also begun of the recommended approaches, methods and concepts that are used to ensure a professional performance of Coor's services. They are gathered in a new Group-wide service-delivery framework. The same common framework forms the basis of a professional and quality-assured delivery and at the same time enables adaptation to customer-specific requirements.

PROCUREMENT

Coor is a large-scale purchaser of services and products, and works in a structured manner with procurement and supplier management according to a common purchasing process. Before a large agreement is signed, the supplier is evaluated thoroughly, which is described in the section *Business sustainability*. The supplier must also be able to verify that its operations comply with Coor's Code of Conduct. In 2016, a number of major procurements were carried out with very good results. During the year, a major transformation project was also carried out with the aim of creating a more value-creating procurement organization with an updated procurement strategy and clarification of roles and responsibilities.

PURCHASING VOLUME, SEK bn

3.2

3.5 (2015)

CONTRACT LOYALTY, ANNUAL AVERAGE

80%

75% (2015)

EFFICIENCY AND QUALITY WITH HELP OF NEW TECHNOLOGY

A prerequisite for a good delivery is that the operation is supported by a safe, stable and scalable IT platform and suitable systems. In recent years, Coor has conducted several efforts to automate the flows through the entire service delivery process with the help of various applications and platform improvements. Notable among the development projects in 2016 is an update of large parts of the IT platform and an upgraded core system for the operations' contract and order management.

CERTIFICATES AND AUTHORIZATIONS

Coor's operations are environmentally and quality certified according to the international ISO standard. In 2016, Coor was one of the first major companies in the Nordic region to adopt the new standards ISO 9001:2015 and ISO 14001:2015. Coor has a global certification that comprises all operations in Coor as of 2016. In addition, Coor's structured work environment efforts take place in line with the work environment standard OSHAS 18001.

In addition to these certificates, Coor also meets the requirements of relevant authorizations for several important service and product areas, for example:

- Authorised cleaning provider in Sweden according to the employers' association Almega.
- C1022 Category 1 certification (Cooling).
- A number of eco-labelled restaurants in Sweden according to "KRAV".
- Environmentally certified cleaning operations in Sweden according to the Swan eco-label.
- Quality certified telephony services in Sweden according to Kontakta's "Secure customer contact" label.
- All restaurants in Denmark meet the requirements according to the Danish authority label "Smiley".
- Authorised service provider in Denmark according to the employers' association SBA's "Service norm".

COMMITTED, ATTENTIVE AND COMPETENT EMPLOYEES

Committed and responsible employees with a good understanding of Coor's and its customers' operations are crucial to a good delivery. Coor's goal is to be the market's most attractive service provider, and therefore actively works with such issues as development, work environment, health and diversity.

COOR'S GUIDING STARS

The basis of Coor's corporate culture is the company's values, which are expressed as three guiding stars. They are based on Coor's perception of what distinguishes a professional service delivery. The guiding stars guide all of the employees in their daily work.

We see further

We listen

We create success

A STRONG, IMPROVEMENT-ORIENTED SERVICE CULTURE

To create a professional and service-oriented corporate culture, there is a set of common values that are expressed as three guiding stars, and common ethical guidelines. Within the company, there are also common goals, processes, regulations and systems, that together with the company's training and internal communication channels are important tools in the corporate culture work.

There is a strong conviction at Coor that responsibility breeds commitment. All employees have the possibility of contributing to the company's development by making improvement suggestions. They are registered in a special system and then presented to the customers. The number of improvement suggestions per employee are followed up in each work group, contract and at the country level.

DEVELOPMENT FOR ALL EMPLOYEES

With the aim of providing all employees and managers greater insight into issues that are crucial to the company's success, Coor has drafted special training programmes, the Coor Service School and the Coor Business School. These programmes offer both basic courses and specialist courses. In 2016, the training programme was supplemented with a special cleaning initiative, the Coor Cleaning Academy.

All employees are also offered performance reviews once a year, which results in an individual development plan.

THE MARKET'S BEST MANAGERS CONTRIBUTE TO EMPLOYEE COMMITMENT

In an employee-intensive operation, the managers' ability to engage and motivate their employees is crucial. At Coor,

COOR'S MANAGEMENT MODEL

Coor's management model describes what distinguishes a good manager at Coor. The model forms the basis of the common tools, courses and evaluations held at Coor

HR PROCESS AT COOR

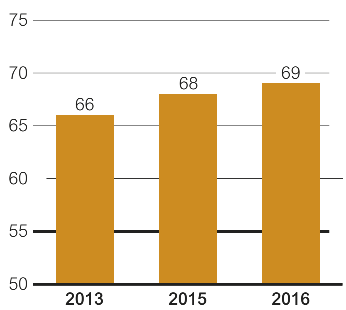
Coor's HR work is conducted according to a well-tried process, where common approaches, tools and guidelines are in place for every step.

ATTRACT	RECRUIT	INTEGRATE	FOLLOW UP / MOTIVATE / DEVELOP	TERMINATE
To attract the right employees.	To secure an effective employment process.	To quickly integrate new employees into their roles at Coor.	Continuous information, honest feedback, development opportunities, involvement, etc.	Professional handling of the finalizing matters.

extensive emphasis is therefore placed on recruitment, development and follow-up by the company's managers. This is done according to a clear management model that describes what distinguishes a good manager at Coor.

In 2016, a corresponding model was also developed for employees at Coor. In the employee survey conducted every year, Coor's managers are given high marks compared with other companies. In 2016, the management index increased to 74 (73). This increase is a contributing explanation for why employee satisfaction also increased during the financial year.

EMPLOYEE SATISFACTION, 2013-2016



In 2014, no measurement was done.

More information on Coor's employees and how Coor takes its employer responsibility is described in the section *Social sustainability.*

I feel like I'm seen.

Mona Heidemann,
employee at Coor in Danmark

EMPLOYEE OF THE YEAR 2016

For the past two years, Mona Heidemann has worked as the sous-chef at Coor's restaurant at Velux in Hørsholm, Denmark.

At the Coor Awards, she was named the Employee of the Year with the motivation that "Mona provides first class service and her creative approach drives innovation in the kitchen.

What spurs you on in your work?

– I look forward to going to work every day. Above all, this is because of our guests in the restaurant, who are very good at giving feedback, and my fantastic colleagues.

What do your colleagues mean to you?

– My team is very inspiring, we encourage each other and share thoughts and ideas. We are always there for each other, if somebody has a bad day or just need a hug. And we have fun together!

How is Coor as an employer?

– I feel like I'm seen and that the management listens to me. It's also a positive factor that managers and employees at Coor's different sites work together. I wish that activities were arranged more often where employees at different customers and in different locations are given the opportunity to meet each other. The atmosphere between the colleagues at Coor is so good that I would like to meet even more of them.

STRUCTURED RISK WORK

The FM industry is generally perceived as an industry of relatively low risks. In order to minimize the risks that nonetheless exist, Coor conducts structured risk work based on mapping, analysis and control.

OPERATIONAL RISKS

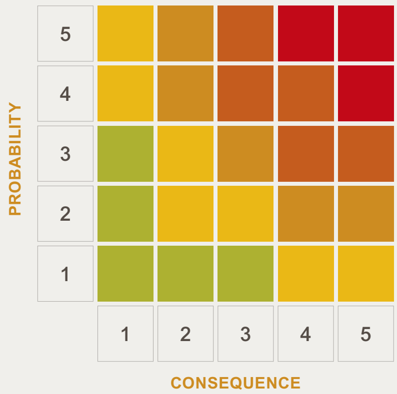
Coor's operations are exposed to a number of strategic, operational, financial and legal risks. The most significant risks identified by Coor, how such risks are handled and a brief overview of development in 2016 are presented in the table on the following page.

A WELL-DEVELOPED RISK PROCESS

The objective of Coor's risk work is to secure the Group's long-term earning development and goal attainment. The Group´s Board of Directors and management bear ultimate responsibility for the company's risk management. The cornerstone of this work is a Group-wide risk policy and risk-management process that was updated in 2016. The risk work is based on an annual risk mapping that is carried out throughout the entire operation. The past year's risk work is summarized and discussed in Excecutive Management Team and presented to the company's Board.

RISK MAPPING AT COOR

The risk analysis consists of an annual inventory where the most important risks are identified. At the same time, the probability of them occurring is assessed, as are their consequences. In the analysis, an assessment is also made of how effective the existing controls and measures are to reducing and managing the risks. The results are summarized in a risk map by operating unit, which is then aggregated upwards in the Group.



Critical	• Shall be reduced/measures shall be implemented • An organizational level above the one where the risk was identified shall be notified • An organizational level above the one where the risk was identified shall determine how further information, handling and approval should be handled
Very serious	• Shall be reduced/measures shall be implemented • Normally handled and approved at the organizational level where it has been identified • The need to notify the next organizational level shall be considered • The need for a continuity plan shall be assessed
Serious	• Shall be reduced/measures shall be implemented • Handled and approved at the organizational level where it has been identified • The need for a continuity plan shall be assessed
Less serious	• The need to reduce the risk should be considered • Handled and approved at the organizational level where it has been identified
Not serious	• Normally, no measures are required • Handled and approved at the organizational level where it has been identified

OPERATIONAL RISKS

TYPE OF RISK	DESCRIPTION	HANDLING	DEVELOPMENT 2016
STRATEGIC AND OPERATIONAL RISKS			
Quality deficiencies in the delivery	If the delivery deviates from the agreed services or agreed quality, it can lead to lost revenues or lost contracts.	• Delivery in accordance with contract • Follow-up through continuous customer dialogue • Structured follow-up with customer at a strategic level	Coor has introduced strategic development plans in most of the large contracts.
Delivery disruptions and interruptions in the delivery	Strike, fire, electrical outage and similar (non-IT related) events can lead to disruptions or interruptions in Coor's delivery.	• A clearly communicated plan and strict procedures during outages and interruptions • Preparedness through continuity planning and backup plans	Continuity planning has been done in several areas. No major delivery disruptions occurred in 2016.
Outages in IT systems and infrastructure	Coor's operations are dependent on access to advanced IT systems and a secure IT environment. IT availability and reliability on these are therefore critical to a disruption-free business operation.	• A clearly communicated plan and strict procedures during in the event of IT outages • Effective firewalls and virus protection, as well as regular technical upgrades of software and redundant data centers minimize interruptions in the operations due to technical problems	Coor updated its IT Process Manual, which among other things includes procedures in the event of incidents and outages and the maintenance of IT environments.
Classification of information	Deficient classification of information can lead to uncertainty about how the information should be protected and to leaks of information.	• Classify information • Use IT support to protect the information • Inform and train the organization	Expanded functions for the protection of documentation through upgrading and supplementing functionality in the IT platform and Office 365.
Employees	The ability to recruit and to retain qualified employees is a prerequisite for a good delivery. A shortage of the right expertise can affect customer satisfaction and thereby customer loyalty.	• Active work on health and safety, equal rights, skills development and a healthy corporate culture are what make Coor an attractive employer. • Implementation of recruitment efforts towards professional groups • Analysis of annual employee surveys • Clear succession planning	Employee satisfaction increased for the third consecutive year to reach 69 (68). Personnel turnover increased somewhat during the year and amounted to 12.3 per cent, see the section *Social sustainability*.
Work environment	A bad work environment can lead to mental and physical illness among employees or third parties.	• Systematic reporting, monitoring and follow-up	The number of observed risks increased, which indicates a greater risk awareness. At the same time, the number of reported accidents increased.
Assignments	The risk that assignments are not appraised, documented or handled in a good way can lead to lost revenues and dissatisfied customers or suppliers.	• Quality assurance with the support of a Group management system • Assignment contracts that specify the delivery's scope, terms of payment and responsibilities	Internal supervision of processes, system support and expertise has been initiated.
Subcontractors	Coor sometimes engages subcontractors for services which the company is responsible. Deficiencies in their operations and work can affect customer satisfaction and thereby customer loyalty.	• An extensive purchasing process and supplier governance ensures collaboration with qualified and serious suppliers • Insurance policies taken out cover discrepancies in the liability Coor has assumed towards the customer and the subcontractor's commitment to Coor	In 2016, 27 per cent of Coor's costs were attributable purchases by subcontractors. During the year, Coor has not had any significant problems with any subcontractor.
FINANCIAL AND LEGAL RISKS			
Interest, currency and liquidity risks	Changes in interest rates, exchange rates and the market prices of financial instruments can have an impact on Coor's income statement and balance sheet, and on cash flow.	• The company works according to a financial policy that clearly sets the guidelines for financial risk management. A more detailed description of the company's financial risks is found in *Note 16* in the section entitled *Legal annual report*	No new risks have arisen during the financial year.
Risk regarding financial reporting	Risks of misstatements arising and the reporting not being prepared in accordance with law, requirements on listed companies and applicable accounting rules.	• The company has a clear process for managing the risk of misstatements ocurring in the financial reporting. This is described in greater detail in the company's *Corporate governance report*	In 2016, the company distributed quarterly reports and an annual report. One quarterly report and the annual report were audited by the company's external auditors without remark.
Credit risk	Risk of loss if the customers do not meet their payment obligations.	• Coor's credit instructions set out, among other things, the requirements on credit assessment and credit monitoring. • The company has a structured follow-up of accounts receivable For more information, see *Notes 13* and *16* in the *Consolidated accounts*.	Historically, Coor had very limited customer bad debts, which is also true of 2016.
Environmental risks	The risk that damage is caused to the environment.	• The company's environmental work is certified in accordance with ISO 14001. • The Group's Sustainability Policy also comprises environmental issues. More about the environmental efforts can be found in the company's *Sustainability Report* in the section entitled *Environmental sustainability*.	Coor's environmental risk is very limited. Operations requiring permits are in Kotka, Finland concerning the impact on waste water.
Political decisions and laws	Political/legal changes that can give rise to changed conditions for the business.	• Continuous external monitoring • Cooperation with various national and international specialist and trade bodies to affect political decisions	New rules on sustainability reporting, diversity policy, market abuse rules and energy mapping.

SUSTAINABILITY REPORT 2016

The Sustainability Report for Coor Service Management Holding AB (corp. ID no. 556742-0806) refers to the financial year 2016.

CONTENTS

This sustainability report is part of Coor's annual report 2016, which explains why the report starts on page 29. The Sustainability report can be read on its own, but it contains some references to other parts of the annual report. The annual report in its entirety can be found on the company's website.

ABOUT COOR'S SUSTAINABILITY REPORT

Coor publishes a sustainability report annually, that describes the business operations from a sustainability perspective. This report refers to the 2016 financial year. The data that is reported follows the relevant reporting and consolidating principles as the financial reporting.

The sustainability report essentially follows the international sustainability reporting standard GRI (Global Reporting Initiative) G4, which means that the content of the report reflects the issues considered most important to the company and its stakeholders. In a separate GRI report, which will be available on the company's website from April 2017, we have commented on all of the GRI indicators with references or, in a few cases, the reasons for deviations.

The content of the sustainability report has not been certified by an external auditor.

STABLE DEVELOPMENT WITH RESPECT FOR PEOPLE AND THE ENVIRONMENT

A sustainable enterprise is ultimately about assuming long-term responsibility for the activities conducted and the products or services offered, and for how they affect the environment and society in general.

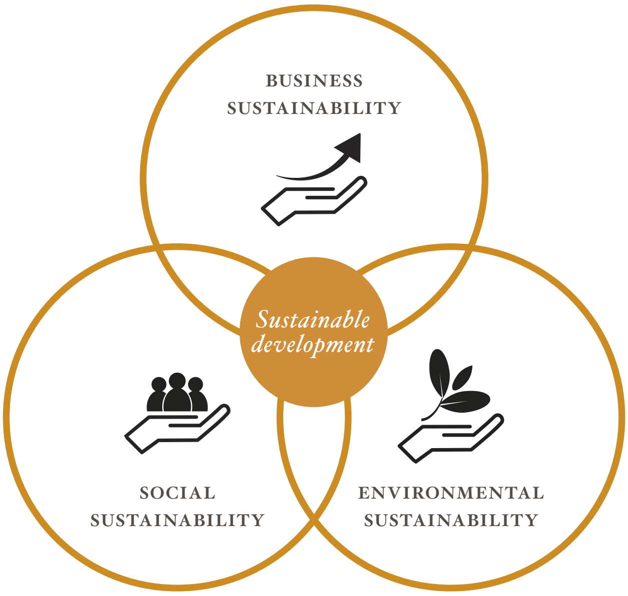
A SUSTAINABLE PERSPECTIVE

Coor's operations impact and are impacted by its surrounding world in a number of ways, both economically and environmentally and socially. The natural starting point is that the business should thrive and generate maximum economic return, but with care and respect for people and the environment.

COOR'S LONG-TERM SUSTAINABILITY AMBITIONS

A sustainability perspective means that all of the consequences of the decisions made, in both the short and long-term, are taken into account. The challenge is to run a sound and profitable business today, without compromising on the possibility of doing so in the future.

Coor's sustainability work includes business, social and environmental aspects. Within these dimensions, Coor has formulated overall ambitions, as well as fundamental standpoints. These principles are presented further on in this report, under the description of the sustainability work completed in 2016 for each sustainability dimension.



BUSINESS SUSTAINABILITY

Coor's overall ambition is to strive for a stable and profitable development over time, while applying good business practises.

This will be achieved by offering a competitive, professional and value-added service delivery based on contiuously improved operations. This is crucial to ensuring a stable demand and long-term customer partnerships. It is also important to have a strong focus on results, while complying with laws and good business practices. This also applies to all of the company's suppliers.

SOCIAL SUSTAINABILITY

Coor's overall ambition is to act as a responsible employer and contribute to positive social development in the areas where it operates.

This is achieved by applying the principle that all people have equal worth and rights, and by offering a healthy and safe work environment and a fair, non-discriminatory and stimulating workplace. In addition, Coor contributes to social sustainability through involvement in local community initiatives

ENVIRONMENTAL SUSTAINABILITY

Coor's overall ambition is to actively reduce its own and its customers' environmental impact, and to actively optimize the use of the resources required for its activities

To achieve this aim, Coor strives to improve environmental performance, both by acting as a green advisor and helping the company's customers, as well as by actively reducing its own environmental impact, mainly in terms of energy, waste management, chemical use and emissions from transport.

ACTIVE STAKEHOLDER DIALOGUE

The key to sustainable development in the long term lies in the ability to interpret and understand business opportunities and risks in a changing world. In order to adopt a position for future needs and wishes, structured monitoring of the surrounding world and an active stakeholder dialogue are necessary.

Coor's most important stakeholders are its customers, employees and shareholders. Other important stakeholder groups include suppliers, trade union partners, the media, interest groups and authorities. Continuously identifying which issues are of greatest importance to them is crucial to ensuring that the company adopts the right priorities and positions.

A STRUCTURED STAKEHOLDER DIALOGUE

Face to face meetings are central to dialogues with stakeholders. For increased efficiency, direct dialogue is supplemented with other channels and regular measurements, the largest of which is Coor's regular customer and employee survey.

Responsibility for the direct dialogue and communication to a specific target group is decentralised to the manager who is most aware fo the target group, which is clearly defined in the company's communication policy.

STAKEHOLDER DIALOGUE

STAKEHOLDER GROUP	MAIN AREAS OF INTEREST	COMMON TOOLS IN DISCUSSIONS
Customers	Customer insight Delivery monitoring Innovation/improvements Green advice, Energy issues Life cycle perspective Health and safety Efficiency	Ongoing customer dialogue through customary channels (established for each customer) Operational, tactical and strategic meetings, based on a specific meeting structure Delivery monitoring (digital or hard copy format) Customer and market research Other customer relationship promoting activities
Employees	Commitment and satisfaction Development opportunities Fair remuneration Corporate culture and ethics Health and safety Equal treatment – diversity and security	Regular workplace meetings Performance appraisals Management Review Salary revisions Employee survey Training
Investors and analysts	Financial performance Risk management Corporate governance Dividend policy Information security and transparency	AGM Financial reports Open analyst meetings in conjunction with the quarterly reports Meetings with analysts in smaller forums
Suppliers	Supplier management Business ethics Innovations/improvements Work environment, health and safety	Ongoing supplier dialogue Supplier monitoring Digital platforms Supplier checks
Trade unions	Labour issues according to MBL (and its equivalent in other countries) Work environment, health and safety	Major trade union associations have Board representation Meetings with larger associations centrally Meetings with local associations at a local level
Authorities	Laws, regulations, and rules	Structured monitoring Specialist networks
Interest groups and specialist networks, for example, IFMA, Vinnova, NMC	Relevant special issues	Active membership/Board participation

MATERIAL ASPECTS AND FOCUS AREAS IN 2016

All sustainability areas are important, but to make a difference, it is important to prioritize.

IMPORTANT ASPECTS

In 2016 the sustainability committee completed a workshop, where the most important sustainability aspects were discussed and adopted. During the work, different environmental trends (global, regional and local) were evaluated, as well as internal and external factors from the perspective of different stakeholders. In order to capture stakeholder perspectives, the results of the Group's existing audience surveys and observations that were gathered in the structured dialogue with stakeholders was used as a starting point.

The essential aspects of sustainability were later determined by the Executive Management Team.

PRIORITIES AND FOCUS AREAS 2016

Each year, the Executive Management Team determine internal operational objectives, which indicate what the organization will focus on in the short-term. Targets are set based on an overall assessment of the company's business intelligence, dialogue with stakeholders, and statements from the auditors on the one hand, and its own view on progress in various matters on the other. The internal objective areas for 2016 were:

- Concerning business sustainability: increased customer satisfaction, increased sales, improved results, better cash flow.
- Concerning social sustainability: improved employee satisfaction, fewer workplace accidents, more female managers.
- Concerning environmental sustainability: reduced carbon dioxide emissions from Coor's own fleet of vehicles.

The internal objectives are continuously monitored in line with Coor's management by objectives process. Pages 35–43 describe what Coor has accomplished in the various areas of sustainability during the financial year. At the end of the sustainability report the key indicators that Coor continuously reports externally are also presented. These key indicators were revised during 2016.

MATERIAL SUSTAINABILITY ASPECTS

BUSINESS SUSTAINABILITY

- Business ethics (including anti-corruption)
- Corporate governance
- Customer satisfaction and customer loyalty
- Financial development
- Innovations/continuous improvement work
- Risk management
- Supplier management
- Transparency

SOCIAL SUSTAINABILITY

- Continuity planning
- Diversity (including equality)
- Employment conditions and remuneration
- Employee development and commitment
- Health and safety
- Human rights and freedoms (including non-discrimination)
- Local community involvement

ENVIRONMENTAL SUSTAINABILITY

- Energy use in Coor's own offices
- Emissions from transport and business travel
- Green advice
- Raw produce/resource efficiency, mainly in restaurants
- Waste disposal

PRIORITIES FROM A GLOBAL PERSPECTIVE

The broad and long-term nature of sustainability issues means that sustainability work has to be set in a global context.

There are a number of external trends and challenges, on a global, regional and national level, which affect the conditions for all activities. In 2015, the UN decided on seventeen global sustainability goals for 2030, which address the biggest challenges of our time. Of these seventeen goals there are four that deemed to be the most relevant based on Coor's business and geographical concentration, and these are described below. Issues such as child labour, anti-corruption, basic human rights and freedoms and freedom of association are regulated by law in the countries in which Coor operates.

COOR'S POSITIONING ON INTERNATIONAL AGREEMENTS

Coor follows the principles set out in the UN's Global Compact, the UN's Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work (1998), and the OECD's Anti-Bribery Convention. Coor also completely follows the principles of the Swedish Code for Corporate Governance, including the equality principles outlined there.

RISKS FROM A SUSTAINABILITY PERSPECTIVE

From a sustainability perspective, the FM industry in the Nordic countries is perceived as an industry with a relatively low risk profile as the legislation and regulations in the Nordic countries are relatively extensive and similar, and the nature of the work duties is for the most part, not associated with any major risks. A description of the company's overall risks is included in the section of the annual report entitled *Risks and risk management*.At present, Coor only holds one environmental permit for its operations, a permit for process cooling at a smaller facility in Kotka (Finland). In other respects, Coor's personnel has individual authorisations for carrying out its work in a correct and safe manner.

THE MOST RELEVANT OF THE UN'S GLOBAL SUSTAINABILITY GOALS FROM COOR'S PERSPECTIVE

THE UN'S GOALS	THE UN'S DEFINITION	COOR'S WORK TO CONTRIBUTE TO THE GOALS IN 2016
GOAL 3 GOOD HEALTH AND WELLBEING	Ensure healthy lives and promote wellbeing for all at all ages.	During the year, Coor has focused heavily on the working environment and safety, and has also improved the internal training program. Employee satisfaction is generally high, and has increased compared to 2015. More information can be found in the section entitled *Social sustainability*.
GOAL 5 GENDER EQUALITY	Achieve gender equality and empower all women and girls.	Coor has been working actively to increase the proportion of female managers within the group for some years, which is beginning to produce results. Read more about this in the section entitled *Social sustainability*. In accordance with Swedish law, an annual salary survey from a gender perspective is also implemented.
GOAL 8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Coor applies a fair pay policy adjusted to market conditions, and aims to offer all employees a safe, non-discriminatory and stimulating workplace. Coor's employees are characterised by a great diversity in many aspects. Some professions are suitable for entry-level jobs, both for the young and for recent arrivals in the country. An inclusive approach is therefore natural at Coor. Read more about this under *Social sustainability*. Good economic growth and stable results are central to Coor, which has grown steadily since the company was established in 1998. Read more about economic growth under *Business sustainability*.
GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns.	Coor continuously takes measures to minimize its environmental impact, and also provides green advice to help improve its customers' environmental performance. Read more about this under *Environmental sustainability*.

CONTROL AND MONITORING OF SUSTAINABILITY WORK

At Coor, there is a special sustainability committee whose task is specifically to keep an eye on the business from a sustainability perspective, to develop proposals on common principles and to coordinate major joint sustainability initiatives.

GENERAL INFORMATION ON SUSTAINABILITY MONITORING AT COOR

The external and internal regulatory framework for monitoring and control at Coor is described in detail in the *Corporate Governance Report*. Within the area of sustainability the main internal framework makes up the Group's sustainability policy, code of conduct and shared values. All of these control tools are available on the company's intranet and external website (under the About Coor/Sustainability tab). In 2016, Coor's sustainability policy was updated.

RESPONSIBILITY AND ORGANIZATION

Coor compiles a sustainability report annually, that is essentially prepared according to the international sustainability reporting standard GRI (Global Reporting Initiative) G4. A GRI supplement to this sustainability report will be available on the company's website under About Coor/Sustainability from the end of April.

RESPONSIBILITY AND ORGANIZATION

Under the Board's delegation, Coor's CEO and Executive Management Team have general responsibility for Coor's sustainability work.

In order to ensure necessary coordination and control, a Sustainability Committee is appointed to report directly to the Executive Management Team. The Sustainability Committee consists of directors with responsibility for specialist functions with a considerable impact on sustainability, and is led by the group's Communication and Sustainability Director.

BASIC DESCRIPTION OF SUSTAINABILITY MANAGEMENT AT COOR

The Sustainability Committee consists of managers with responsibility for issues that are especially important from a sustainability point of view. The Sustainability Committee also works with the group's network for work environment, environmental and quality and social issues (part of the Nordic HR network).

*HSEQ stands for Health, Safety, Environment and Quality.

The Sustainability Committee prepares proposals for policies, overall objectives and principles of sustainability governance for the entire group. The Sustainability Committee is also tasked with ensuring that a sustainability perspective is taken into account, as well as to set and monitor sustainability indicators and to continuously propose specific measures in the area of sustainability on an annual basis, using the stakeholders' perspectives and business intelligence.

As environmental and work environment issues are national and sometimes differ between countries, with varying regulations and practices, the responsibility for sustainability work lies with the respective countries. A number of networks perform cross-functional work between the group's operating units to ensure that the work is consistent, and to spread good ideas.

To promote its sustainability efforts, Coor also utilises a number of control and support systems, such as the monitoring of changes to laws and regulations and for handling chemicals.

The Sustainability Committee usually meets twice a year, or when the need arises. The issues discussed include recent developments in law and practice, monitoring of different sustainability issues and initiatives and prioritization discussions. In 2016, the Committee convened five times because sustainability platform (the policy, indicators and essential sustainability aspects) was revised.

BUSINESS SUSTAINABILITY WORK

At Coor, business sustainability means an ethically justifiable and profitable development over time, which is achieved through focus on performance, growth, quality and development.

STABLE AND STRONG FINANCIAL PERFORMANCE

All the company's stakeholders, especially customers, employees, shareholders and suppliers, need to be able to trust that Coor will develop positively and profitably over time. The ability to attract new customers, sign good agreements and systematically follow up on the ongoing development is central to this work. Each year a budget is established which is monitored regularly, and if required, the necessary measures to meet the changes that may occur are taken. More on how the company's operations are managed and monitored can be read in the *Corporate Governance Report*.

In 2016 Coor reported improved results and strong cash flow. Sales grew by 2 per cent to SEK 7,631 (7,482) million and operating earnings (adjusted EBITA) rose to SEK 440 (374) million. Operating cash flow was SEK 426 (274) million. Read more about the company's financial performance in the section entitled *Administration report*.

As a responsible corporate citizen, Coor handles tax issues in line with applicable legislation and practices in all countries.

SATISFIED CUSTOMERS THROUGH A VALUE-ADDED DELIVERY

A condition for a stable and profitable performance over time is long-term customer relationships with satisfied customers. Through regular dialogue with its customers, Coor gathers their views continuously. Coor also carries out various surveys, both at local level and centrally through a comprehensive annual customer survey. Approximately 1,200 respondents from almost 300 companies where Coor has operations took part. The response rate reached 57 per cent. The level of customer satisfaction increased on aggregate for the third year in a row, and the result was 68 (66) in total.

One important explanation behind customer satisfaction is that Coor delivers safe and good services, tailored to customers' changing needs, and that Coor proactively suggests improvements. Coor is therefore pursuing a program of structured improvement and innovation.

Equally important is that Coor delivers its services in a safe and professional manner. In order to ensure an efficient and qualitative delivery, Coor has chosen to assure the quality of all activities in accordance with ISO 9001:2015, therefore such actvities are regularly monitored through internal and external audits.

MAIN COMMITMENTS

- Coor will conduct a professional business and deliver value-added and innovative solutions based on customer requirements on functionality, effectiveness and safety.
- Coor will develop in a stable and profitable manner from an ethical and morally defensible approach.
- Coor will provide reliable and relevant information in a secure manner.

INCREASED CUSTOMER SATISFACTION

In this year's customer survey, customer satisfaction increased for the third year in a row. Customer satisfaction is highest in Finland and Sweden, but the greatest improvement in 2016 was in Denmark.

The customer survey is an important tool in Coor's development work. The results give valuable information on how customer's see Coor, what they think Coor is good at and what can be improved. Areas that Coor's customers highlight as strengths include the well adapted range of services as well as the employees' attitudes and high service awareness. A general area for improvement is the ability to ensure consistent and good delivery. To this end, Coor has established central service forums for the main services during the year. These forums serve to develop common service standards, which aim to ensure a good and efficient delivery.

The external audit of quality work is performed by Det Norske Veritas. In connection with the 2016 external audit Coor's risk management work received particular attention, and was considered to be well established at various levels in the company. No serious discrepancies were reported.

SOUND ETHICS AND MORALS

Coor has compiled the business ethics that apply to their activities into a joint Code of Conduct. The principles should guide daily tasks and decisions. In order to ensure compliance with the code, Coor established a whistle-blower service, which is described in more detail in the box below.

The Code of Conduct is available on the company's website, and is also a part of the employment terms and conditions at Coor. The content of the Code is discussed at the annual performance appraisal which is offered to all employees. On this occasion, employees must confirm in writing that they have read, understood and agree to abide by the principles in the Code.

BLOW THE WHISTLE

All those who are involved in Coor's business should be well treated and feel safe and secure. That is why Coor has a whistle-blower service, which makes it possible for employees, suppliers and customers to report suspected abuses anonymously. Of course, employees can always turn to a manager with their suspicions, but if for any reason this is not possible, complaints can be made within Coor's whistle-blower service on the intranet and online.

To ensure anonymity, the service has been managed by an external party since 2016, and all the reports are treated confidentially. The system is available in all of the Nordic languages, as well as in English, Estonian, French, Hungarian, Dutch and Polish. All reported cases are thoroughly investigated, and if a crime is found to be committed, it may result in termination of employment or contract, and/or reporting the matter to the police.

MANAGEMENT OF MAJOR SUPPLIERS

At the beginning of the year, Coor had approximately 200 major framework suppliers. Before a major supplier agreement can be signed, the supplier is evaluated based on general delivery capability, quality, finance, working environment, environmental work etc. The supplier must also verify that the business meets the requirements of Coor's ethical guidelines for suppliers. A breach of these guidelines is treated as a contractual breach and could lead to the collaboration being terminated. During the terms of the contract, Coor monitors both the delivery and the supplier to ensure that the agreements in contracts are enforced as far as possible. Digital tools are used as support for the ongoing supplier monitoring, where the supplier provides information on its activities from different aspects of sustainability.

Supplier monitoring takes place regularly both locally and centrally. In 2016 around 50 central supplier evaluations/monitoring were carried out on major framework suppliers.

For Coor's suppliers, there is a specific code of conduct which is part of Coor's general purchasing terms.

GOOD COMMUNICATION AND REPORTING

Coor's communication policy states that communication work should be conducted in a way that is structured and active, and is characterised by long-term perspective, clarity, objectivity and transparency. The goal is to lay the foundation for healthy, trusting relationships with its stakeholders. In terms of financial accounting and reporting, the generally accepted principles and standards should be applied.

Coor's external financial reporting complies with the international reporting standard IFRS, International Financial Reporting Standards. The external reporting is reviewed by the accounting firm PwC.

SUPPLIER MANAGEMENT

Coor is, overall, a major purchaser of goods and services, which means that procurement issues and supplier management are central. It is important for Coor to choose responsible business partners that collaborate with Coor in finding innovative, sustainable solutions.

There is a joint purchasing process within the entire company, describing how purchasing work is to be conducted. Because Coor has a large number of services that are delivered in many places, the number of suppliers is relatively large. Suppliers are classified as "major" or "less significant" based on contract value and/or potential risk.

Coor's suppliers are also divided into different categories (by type of product/service). In 2016, a review was conducted of the category work, and many purchase agreements were renegotiated.Since 2015, great efforts have been made to increase contract loyalty, which shows the proportion of purchases from central and local suppliers with contracts. In 2015, contract loyalty grew from 62 to 75 per cent, and in 2016 it increased even further to 80 per cent.

SOCIAL SUSTAINABILITY WORK

To Coor, social sustainability means great responsibility as an employer, but also local social community involvement.

OCCUPATIONAL HEALTH AND SAFETY

Coor's goal is to offer all employees a good and safe working environment. As Coor offers a wide range of services with varying risks to customers in a number of environments, safety work needs to be adapted to suit local conditions. However, there is a clear zero vision relating to work-related accidents for the entire group with a common platform and a unified safety approach in the work environment.

In 2016, several country-specific initiatives to raise awareness and reduce the number of accidents were carried out. An important symbolic act was the participation of top management in safety rounds in various parts of the operation, which was perceived as positive. Coor's occupational and safety work is driven in accordance with the OHSAS 18001 international work safety standard. During the first half of 2017, Coor will conduct a gap analyzis of the business based on the new requirements set out in ISO 45001:2016, and then decide when and how certification to the new ISO standard can be implemented.

At Coor there is a Group-wide system for the reporting of incidents and accidents. In 2016, 1,168 (433) risk observations were reported, 710 (332) incidents and 287 (203) accidents. The most common accidents were minor cuts, slips and falls. No fatal work-related accident occurred. The reason for the increased number of accidents is partly due to a

MAIN COMMITMENTS

- Coor will actively work for the well-being of its employees and a safe working environment.
- Coor cares about diversity, equality and the advancement of the company's employees.
- Coor will contribute to social development through local community improvement initiatives.

larger part of the business now using the system to report accidents (for example, the Belgian operations and more restaurants), but also because the accidents actually increased. Reducing the number of accidents is a priority for Coor in 2017, and several actions are planned.

HEALTH-PROMOTION WORK

Coor's health promotion work focuses on preventive health measures and on reducing absenteeism. Absenteeism is measured systematically on a country level. Total absenteeism in 2016 increased to 6.2 (5.9) per cent, which is low in comparison with other service companies, but the differences between countries and units is great. In some occupations, such as cleaning services, absenteeism is higher.

Absenteeism is monitored and analyzed in each country, which also implements various measures to reduce absenteeism in occupations and units with high absenteeism. Health promotion activities and programmes are also conducted in each country, as well as at local level.

EMPLOYEE SATISFACTION AND COMMITMENT

Coor conducts a comprehensive annual employee survey with the help of an external survey company. The survey gives employees the opportunity anonymously to express their opinion on what it is like to work for Coor. Almost 6,400 employees were invited to participate in the survey in 2016, and the response rate was 66 per cent, which is lower than last year. A special working group has been appointed to investigate the cause and take measures to increase the response rate in the next survey.

The 2016 survey gave an improved result in many areas. Compared to 2015, the total index increased from 68 to 69. The results vary significantly between different organizational units, and are followed up locally through workshops and action plans.

Staff turnover (excluding retirements) increased over the year from 9.2 to 12.3 per cent, which is relatively low compared with other service companies.

The increase compared with the previous year is explained almost entirely by an unusually high turnover in the Norwegian damage service business. Another occupational group with a relatively high staff turnover is cleaning services. In 2016, Coor has intensified its efforts to decrease staff turnover.

DEVELOPMENT OF MANAGERS AND EMPLOYEES

Coor's ambition is to be the most attractive employer in the Nordic FM sector. A condition for this is that employees be offered development opportunities, and Coor is therefore working with education programmes and other development initiatives.

The individual appraisal forms an important basis for the employee's development plan. The appraisals are conducted annually and result in an individual development plan. 96 per cent of respondents to the anonymous employee survey conducted in 2016 indicated that they were satisfied with the performance appraisal.

Coor also offers specially designed training packages for all employees (Coor Service School) and managers (Coor Business School). The aim is to explain basic and critical business issues pertinent to Coor's activities. The training package contains mandatory basic training and additional voluntary advanced programmes. An example of an immersion programme is "Star quality services", which is a very popular course on service skills and customer approach. In 2016, 270 people participated in "Coor Service School", and 67 people in "Coor Business School". 651 people participated in "Star quality services".

In 2016, a new training programme for Coor's cleaning staff, "Coor Cleaning Academy", was created.

In addition to the centralised, broad development programs, service-specific training is also implemented locally.

COOR CLEANING ACADEMY

INVESTMENT IN TRAINING FOR COOR'S CLEANING STAFF

Employee development is a priority issue for Coor, so Coor provides various types of training. In 2016, a new cleaning course was developed, called Coor Cleaning Academy, which is a programme with a wide range of courses provided both internally and externally. All of the cleaning staff will undergo the basic training, Cleaning the Coor way, to ensure that they have the knowledge necessary to be able to clean in a safe, sustainable and professional manner.

SATISFIED EMPLOYEES

Employee satisfaction at Coor increased in 2016. Employees who are part of group staff and in the Danish operations are the most satisfied. Generally, Coor as an employer enjoys high ratings when it comes to the capability of employees to perform their work tasks.

Having satisfied and committed employees is crucial for a good delivery to Coor's customers. The result of the survey is therefore a very important tool in the work to develop the business. The areas Coor's employees are most satisfied with were the questions about if Coor as an employer corresponds to the employees' expectations, and cooperation in the local working group.

Leadership at Coor also got a high score. Areas that employees believe that Coor can improve regard mainly their own work situation and work environment.

In a fully anonymous way, the system displays the people that match the profile best”

Åse Miljateig, Recruitment and Onboarding Manager

“NON-DISCRIMINATORY RECRUITMENT IS THE FUTURE”

One employee every other day. This is how many new employees Coor recruited in 2016 on average for the service assignment at the new Karolinska Solna University Hospital (NKS), where Åse Miljateig is the recruitment and onboarding manager. To be able to find the right candidate for the right job rapidly, Coor, along with the Happyr recruitment company, developed a non-discriminatory recruitment process. It is not only effective but also manages to get around the prejudices that often come into play when companies choose new employees.

How is unprejudiced recruitment done in practice?

– When we recruit, whether it is for a system integrator, a locksmith or a cleaner, we will develop a job specification that includes tasks, formal requirements, critical success factors and characteristics that are important for the role. The requirement profile and ad copy are fed into a special recruitment tool and matched with the candidates seeking a job. In a fully anonymous way, the system finds the people that match the requirements profile best, and does not take age, gender or other personal information into account. It's all about finding the best people for the role.

Do you think the recruitment process influences who you hire?

– Definitely, I am convinced that our preconceptions affect our decisions during the recruitment process, whether consciously or unconsciously. People simply favor people who are similar to themselves or remind them of someone they like.

What is the result?

– Today, most people recognize that diversity is an asset. Differences generate creativity and progress, and inclusion leads to growth. Through our work with non-discriminatory recruitment, we see that diversity occurs automatically.

MONITORING AND RECRUITMENT OF MANAGERS

There are great advantages to recruiting managers internally, and Coor always tries to find internal candidates for all managerial appointments. This means that Coor constantly needs to have a good understanding of potential and existing managers, and Coor works actively on developing and monitoring employees who are management material as well as managers.

The starting point for both the evaluation and development of the company's managers are the success factors in Coor's leadership model. Coor uses both internal and external management development programs to develop those management candidates showing the greatest potential.

An important manager monitoring activity is the annual "Management Review", which is a detailed system to monitor all managers' development over time. Another important monitoring tool is the leadership index, which is measured in conjunction with the Group-wide employee survey.

EQUALITY, DIVERSITY AND INCLUSION

There is a strong conviction at Coor that a diversity of personalities, experiences and knowledge enriches the company. Coor's Code of Conduct clearly states that every employee should be treated respectfully and fairly, regardless of gender, age, ethnicity, religion, disability or sexual orientation.

At present, Coor's primary focus is on increasing the number of female managers. At the start of the year, 53 (53) per cent of Coor's employees were women. The proportion of female senior executives totalled 41, which is the same as the previous year. The issue has been a top priority in recent years. One example of a measure implemented in 2016 is an increased focus on the issue in the recruitment process. In 2016, Coor in Sweden also held much appreciated workshops with all of its managers on diversity and gender equality issues.

Generally, the FM industry is an industry that can offer many young people and newly-arrived foreign citizens a first job. The proportion of people born abroad is often higher in FM companies than in average. At Coor, there is great ethnic diversity, which means that it is important to have a tolerant and inclusive attitude. In some professions, diversity is greater, such as in cleaning services. Although Coor sets basic requirements of relevant language skills, important information must be adapted so that everyone understands it. Therefore, plenty of images and symbols are used to describe working methods, etc. within cleaning services.

All forms of harassment are unacceptable. The annual employee survey particularly asks whether employees experienced discrimination in the workplace. In 2016 the result was 3 per cent, which is in line with the previous year.

LOCAL COMMUNITY INVOLVEMENT

Coor's ambition is, through a variety of means, to improve social welfare in the immediate environment where Coor conducts business.

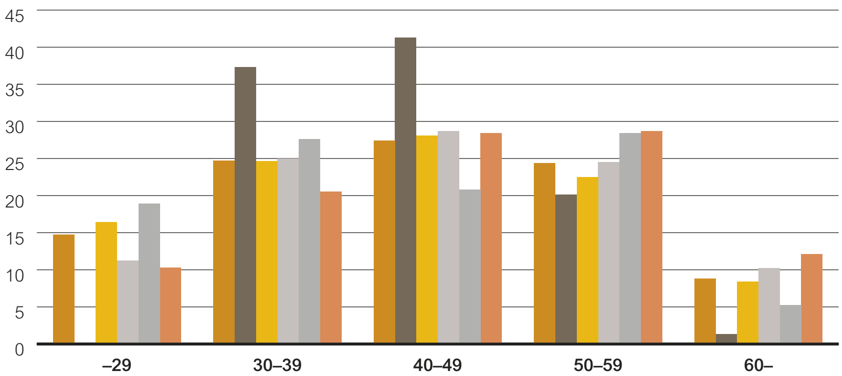
Activities vary from country to country. One example of involvement in the local community in 2016 was when FOOD by Coor in Denmark worked together with UCC Campus Carlsberg to donate Christmas food to homeless people in Sydhavnen outside Carlsberg.

In Finland, a training program for new arrivals and marginalised young people was initiated, together with the Helsinki Deaconess institute.

During the year, Coor in Sweden signed agreements with "Arbetsförmedlingen" (Swedish Public Employment Service) to join "100-klubben" (the 100 club). For Coor, this means receiving 100 new arrivals over a period of three years for an internship. The initiative started in the second half of 2016 and Coor received three interns that year. In addition, Coor also regularly receives young interns to help them into the labor market in all of the Nordic countries.

Instead of sending its customers Christmas gifts, Coor donated money to "Doctors without Borders". Employees in Sweden, Norway and Denmark waived receiving Christmas gifts and the money was instead donated to various aid organizations.

AGE DISTRIBUTION BY COUNTRY



SUPPORT FOR YOUNG HOMELESS PEOPLE

Homelessness among Danish people is increasing significantly - especially among young people. In Copenhagen, the number of young homeless people has increased by 50 per cent in just the last two years. In 2016, Coor in Denmark started a partnership with the non-profit organization Hellebro, which runs a drop-in centre in Copenhagen for young homeless people from around the country. Coor's employees collected winter clothes and donated them, along with used computers and Christmas food, to the young people. Next year, the young people from Hellebro will also have an opportunity to train in some of Coor's activities.

EMPLOYEE-RELATED KEY FIGURES BY COUNTRY

	GROUP TOTAL	GROUP STAFF	COOR IN SWEDEN[1]	COOR IN NORWAY	COOR IN DENMARK	COOR IN FINLAND[2]
General key figures 2016 (2015)						
Number of employees in total, FTE	6,327 (6,381)	75 (76)	3,420 (3,294)	1,309 (1,384)	746 (821)	778 (807)
Number of employees in total, HC	6,850 (6,852)	75 (77)	3,692 (3,507)	1,392 (1,465)	865 (949)	826 (854)
Share of managers, %	9.6 (9.3)	30.7 (24.6)	9.7 (9.4)	12.6 (12.5)	4.2 (4.1)	8.0 (6.3)
Average age, total	43 (43)	43 (42)	43 (43)	44 (44)	45 (45)	40 (41)
Key figures, personnel turnover 2016 (2015)						
Personnel turnover total, %	13.7 (10.5)	12.0 (6.6)	12.3 (9.0)	14.5 (6.1)	14.8 (16.3)	17.4 (17.1)
.... of which voluntary resignation, %	12.3 (9.2)	12.0 (6.6)	10.8 (7.3)	13.0 (5.6)	13.8 (14.9)	16.6 (16.1)
...of which pension, %	1.4 (1.3)	0 (0)	1.5 (1.6)	1.5 (0.6)	1.5 (1.5)	0.8 (1.0)
Key figures, gender equality 2016 (2015)						
Per centage of women total, %	53 (53)	37 (39)	52 (52)	50 (52)	52 (51)	62 (62)
Share of female managers, %	44 (41)	39 (39)	47 (46)	43 (37)	38 (26)	39 (38)
Key figures, wellness work 2016 (2015)						
Absenteeism	6.2 (5.9)	1.7 (0.8)	5.7 (4.9)	8.6 (9.4)	5.5 (5.0)	5.8 (5.8)

[1] INCLUDING BELGIUM, POLAND, HUNGARY [2] INCLUDING ESTONIA

ENVIRONMENTAL SUSTAINABILITY WORK

Environmental sustainability for Coor means protecting the environment by actively trying to reduce its own and its customers' environmental impact as well as optimizing resource utilisation.

COOR GREEN SERVICES - A UNIQUE TOOL FOR GREEN CONSULTANCY

In the absence of a good evaluation tool which can be used for all the services that Coor offers, the company developed its own tool in 2010, Coor Green Services The tool is based on other known environmental standards, such as the Swan Ecolabel, and it is used to identify the environmental performance of the various deliveries. This helps Coor to have a qualified dialogue with its customers, and to come up with concrete proposals for improvement. The tool is highly appreciated by environmentally-conscious customers. As the tool's criteria are reviewed annually, it is a real guarantee of a high environmental standard.

With the help of Coor Green Services, Coor conducts an annual review of its deliveries for interested customers. Customers who meet 69 per cent of the established criteria achieve Coor Green Services Silver, and those who meet 85 per cent achieve the gold level.

In 2016, 76 (86) customer sites were inspected, and 36 (38) of these achieved the gold level, while 37 (39) achieved the silver level. Coors' regional offices were also inspected, and the Espoo and Oslo offices received silver certificates.

Coor in Sweden also awards an annual "Environmental Star of the Year" prize. The prize is awarded to the company's customers who have particularly distinguished themselves in the environmental field. In 2016, the award was presented to Länsförsäkringar. Previous years' winners have included ICA, NCC, Vasakronan and Skanska.

CUSTOMER'S ENERGY USE

Giving qualified energy advice is an increasingly popular service. From an environmental perspective, it is the single most important service in which Coor can contribute to a better environment by reducing carbon dioxide emissions. At Coor, energy specialists are gathered in various competence centres, which offer both systematic energy work and a larger one-off effort. One service that has grown substantially in 2016 is that of energy audits, which from 2016 are mandatory for all major companies in the EU.

In order to share smart, energy-saving solutions between different organizational sites, all enegy-saving improvement and suggestions recorded in the consolidated improvement system are particularly tagged. This facilitates the gathering of knowledge and information sharing among Coor's customers. In 2016, there were 42 (35) energy-related measures reported in the improvement system.

MEASURES TO REDUCE COOR'S OWN ENVIRONMENTAL IMPACT

Coor's activities affect the environment through the energy that is used, primarily for heating offices, emissions from transport, chemicals and waste management. Given that Coor has begun operating more restaurants under its own management in recent years, raw material management has also become an increasingly important issue.

Energy use and emissions

The carbon dioxide emissions that Coor's activity generates are emissions from Coor's own service vehicles, business travel and the heating of offices. Coor's long-term goal is to phase out fossil fuels. In 2016, the focus was mainly on reducing carbon dioxide emissions from private cars by increasing the share of electric cars used within Coor. Today,

MAIN COMMITMENTS

- Coor will contribute actively to minimising our customers' environmental impact, especially their energy use
- Coor will conduct structured and proactive internal environmental work

LÄNSFÖRSÄKRINGAR – AN ENVIRONMENTAL STAR

Each year, Coor in Sweden awards one of its customers who has distinguished itself in its work to create sustainable services with the Environmental Star of the Year award. In 2016, Länsförsäkringar was awarded the prize, because they, with the help of Coor, introduced lots of conscious measures in a short period of time to upgrade from silver level to gold in Coor's sustainability tool, Coor Green Services.

– I think part of the reason we won is because we've created a climate where environmental considerations are seen as being important, and partly because we've implemented to save energy and work more with sustainability, commented Sten Dunér, President of Länsförsäkringar AB, at the award ceremony.

there are a total of ten electric cars in operation, and four more were ordered towards the end of the year.

Thanks to the wide use of modern technology, several business trips were replaced by remote meetings. In 2016, all Coor employees gained access to the tools, which meant that they can easily take part in remote meetings, thus the use of such tools increased significantly.

At the head office in Kista green electricity is used, and towards the end of 2016, it was decided to switch to green electricity in the company's other country offices if possible. Under the new EU directive, an energy audit of the business was also initiated.

Chemical handling

Coor uses chemicals for some parts of its deliveries, mainly in cleaning and property management services. From 2016, the whole group uses a common chemical management system, iChemistry. The system provides good guidelines in terms of the environmental impact of products. At the end of 2016, there were 3,288 products registered in the system, which is an increase on the previous year, exclusively due to more units being connected to the system.

In the delivery of cleaning services, dosage saving solutions were used to a large extent, and in 2016 a decision was made to implement a new cleaning standard that is expected to reduce the number of chemicals.

Waste disposal

All of Coor's larger offices have recycled waste for several years. Waste is recycled to a high degree. Even discarded work computers are handled by specialists to ensure that they are reused or recycled in a responsible manner. The computers are refurbished and given new life or disassembled so that things such as rare earth metals can be reused. In 2016 a major project was started to reduce food waste arising in Coor's restaurants, see more in the separate fact box.

Raw materials handling

At year-end, Coor was responsible for more than 110 restaurants and cares operated under by Coor under their own product brand, FOOD. This implies that Coor, today, is a major purchaser of primary produce for restuarants and that the handling of such produce has become a much more singificant issue than was previously the case. With the aim of having a better control of the purchase of raw produce, Coor established, during 2016, a Group-wide purchasing and food planning system.For more information regarding food management within Coor's restaurants, refer to the separate box with facts and details regarding this area.

MEASURES FOR SYSTEMATIC ENVIRONMENTAL WORK

Coor's environmental work is ISO 14001:2015 certified and is therewith regularly monitored through internal and external audits. The environmental work is audited externally by Det Norske Veritas. During the 2016 external audit, Coor was praised for the management of environmental aspects and its Green Services tool. No serious discrepancies were reported.

At Coor there is also basic, mandatory environmental training that all new employees must complete during their first year of employment. The aim is to focus on environmental issues and to ensure qualitative and systematic environmental efforts throughout the business.

ENVIRONMENTAL WORK IN FOOD BY COOR

Working towards a reduced environmental impact and to offer modern, wholesome meal solutions are some of the basic customer promises made by a FOOD by Coor restaurant. Fish on the red list is forbidden in all restaurants, and the per centage of organic produce and vegetarian options is steadily increasing. All coffee served in restaurants is made from fair trade beans. In Sweden the majority of restaurants are KRAV organic label certified, and in Denmark one of the restaurant's has a bronze diploma in ecology (which means that 30 per cent of the ingredients are organic).

In 2016, a major project to reduce food waste from Coor's restaurants was initiated. This is all about encouraging diners not to throw away food, but also about making a change in production.

In 2017 all of the FOOD by Coor restaurants will start measuring their waste, and targets to reduce the waste will then be introduced. In order to reduce the waste on diners' plates, several restaurants have introduced a payment system where customers pay for the amount of food they take, resulting in less food waste.

In 2016, FOOD by Coor in Norway also launched its own organic product series including juice, honey and coffee blends.

REPORTING OF THE SUSTAINABILITY INDICATORS

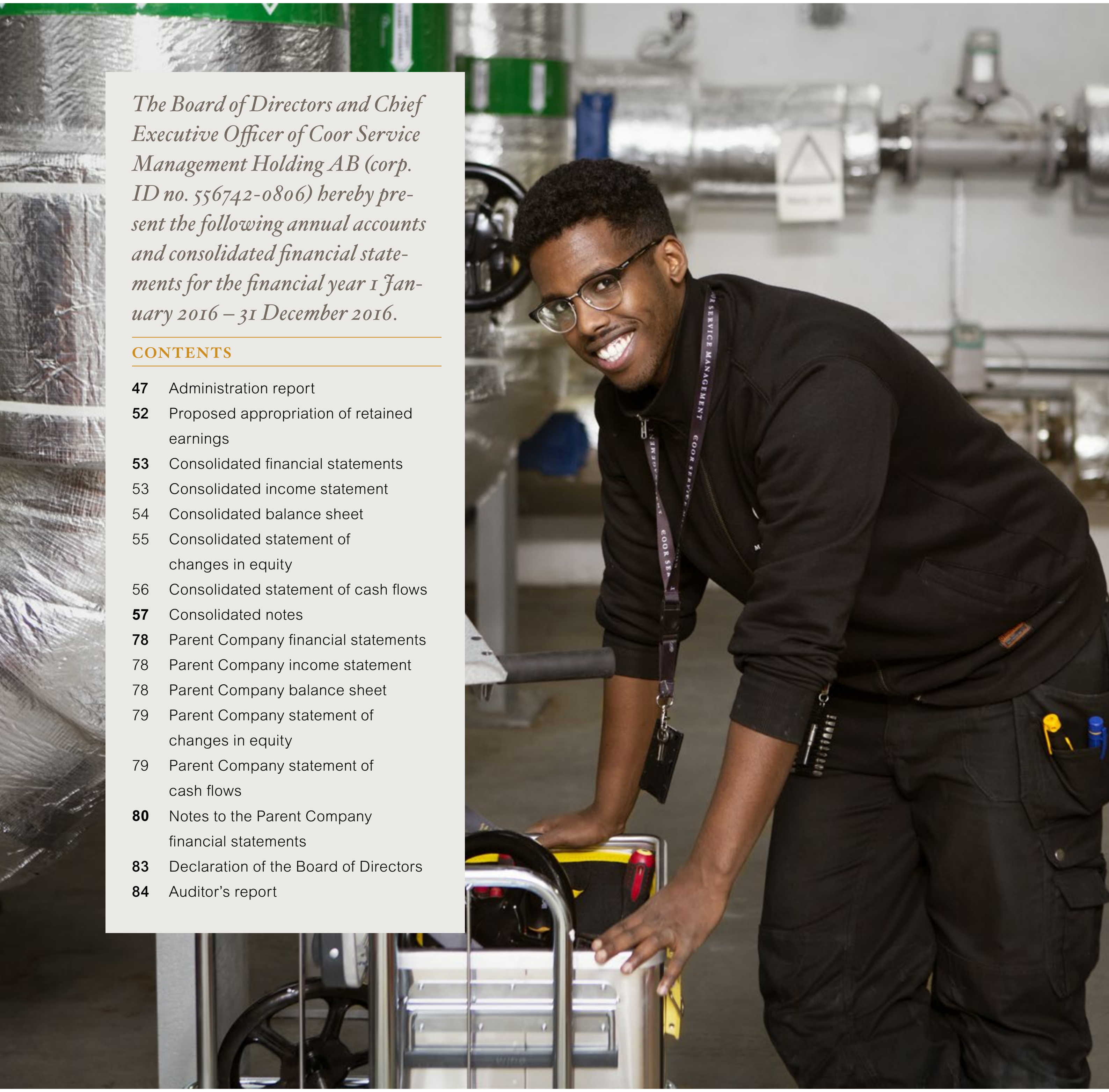
Coor reports on a number of indicators annually, that together give a picture of how the company's sustainability work has progressed. In 2016, Coor conducted a review of its sustainability indicators.

MONITORING OF BUSINESS SUSTAINABILITY INDICATORS

	OUTCOME 2016	OUTCOME 2015
Net sales, SEK million	7,631	7,482
Adjusted EBITA margin, % [1)]	5.8	5.0
Cash generation, % [2)]	93	104
Paid taxes, SEK billion [3)]	2.3	2.1
Salaries, SEK millions [4)]	3,467	3,328
Number of reported and investigated cases of suspected violations of the Code of Conduct [5)]	6	5
Number of registered and implemented improvement initiatives [6)]	8,103	6,936
Outcome of the customer survey [7)]	68	66
Per centage of customer contracts extended [8)]	80	90
Contract loyalty relating to purchases, annual average, % [9)]	80	75
Number of employees at total (FTE) [10)]	6,327	6,381
... of which women (share of total amount), %	53	53
Number of managers [11)]	659	635
... of which women (share of total amount), %	41	41
Voluntary employee turnover, % [12)]	12.3	9.2
Absenteeism, % [13)]	6.2	5.9
Number of accidents [14)]	287	203
Number of fatalities	0	0
LTIF [15)]	8.4	N.A.
TRIF [16)]	21.3	N.A.
Outcome of the employee survey [17)]	69	68
Leadership index [18)]	74	73
Number of major local social development projects	5	N.A.
Number of products registered in the chemical handling system [19)]	3,288	2,893
Energy use in larger offices, kWh / m^2 [20)]	52.9	N.A.
Vehicle fleet: average emissions for leased service vehicles, g/km [21)]	161	163
Carbon dioxide emissions from business travel (by train or plane) per employee [22)]	0.0095	0.070
Average outcome after environmental audits conducted using Coor Green Services, % [23)]	83.2	80.8

NOTES
1) For definition, see *Definitions* section
2) For definition, see *Definitions* section
3) Refers to all paid taxes (corporate tax, VAT and employee-related taxes) to the tax authorities in the respective years.
4) Salaries, social security contributions and pensions.
5) Cases notified via Coor's whistle-blower system, through which employees, suppliers and customers can anonymously report suspected violations Coor's Code of Conduct.
6) Number of improvement suggestions, registered in Coor's IT-based improvement system Actio.
7) Coor conducts a comprehensive annual customer survey with the help of an external survey company.
8) Customers retention rateF is commented on page 10.
9) Share of purchases from central and local framework suppliers.
10) Number of employees (FTE) mean number of employees calculated as full-time positions. This number includes temporary and permanent hired employees. Employees without a guaranteed number of working hours are not included.
11) A foreman responsible for staff is defined as a manager.
12) Staff turnover is commented on page 39.
13) Absenteeism is commented on page 39.
14) An accident is defined as a serious and sudden event that causes personal injury during working hours or to/from work.
15) LTIF (lost time injury frequency) measures the *number of accidents* which have caused an absence from work of over 8 hours. For the calculation of LTIF per million hours worked, the following formula was used: number of accidents that have caused absenteeism (8 hours) x 1,000,000/number of hours worked.
16) TRIF (total recorded injury frequency) measures the *total number* of accidents that have occurred in the period. For the calculation of TRIF the following formula was used: total number of accidents x 1,000,000/number of hours worked.
17) Coor conducts a comprehensive annual employee survey with the help of an external survey company. Read more about the results on page 39.
18) There are a number of leadership-related questions in Coor's annual employee survey, which are summarized in a special leadership index.
19) Coor uses a chemical management system (iChemistry), and the information relates to products registered in this system. The increase compared with 2015 was entirely due to more units having joined the system during in 2016.
20) This includes Coor's offices in Espoo (Finland) and in Kista (Sweden).
21) Average emissions from the number of leased vehicles at Coor.
22) Reported emissions are calculated at a flat rate by the number of business trips by train and air travel booked through the group's common travel portal. Coor's guidelines state that all business trips should be ordered via the portal.
23) A self-inspection under Coor Green Services will be implemented after talking to the customer. In 2016, 76 sites were reviewed in the period from June to November.

ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS 2016



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 2016 – 31 December 2016.

CONTENTS

ADMINISTRATION REPORT

All amounts in millions of Swedish kronor unless otherwise indicated. Due to rounding, some totals may differ from the sum of individual items.

For Coor, 2016 was a year which saw a sharp improvement in earnings, stable cash flows and continued growth. A large number of improvement and efficiency-raising programs were implemented, and all countries reported operating margin improvements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Changes in the contract portfolio

The net change in the contract portfolio for the year was SEK +455 million. New contracts for the year include the new Karolinska University Hospital in Solna, which moved from a preparatory phase to normal operational delivery. The ABB contract, for which a letter of intent was signed in December, is also included. Two significant contracts were terminated during the year: a Swedish contract that was lost in a public procurement and the contract with ICA.

Following the significant renegotiated contract volume in 2015 (approx. SEK 3bn), the renegotiated contract volume in 2016 was more modest (approx. SEK 1bn). The success rate in renegotiations in 2016 was 80 per cent, with the ICA contract accounting for most of the lost volume. The renegotiation success rate for the past three years is 86 per cent.

CHANGES IN THE CONTRACT PORTFOLIO

	2016		2015	
	NUMBER OF CONTRACTS	ANNUAL SALES, SEK M	NUMBER OF CONTRACTS	ANNUAL SALES, SEK M
New contracts during the period	12	820	10	685
Concluded contracts during the period	6	365	8	385
Net change in the portfolio	**6**	**455**	**2**	**300**

Changes in the contract portfolio comprise all contracts with annual sales of over SEK 10 million. For new agreements concluded during the period the contracted or estimated annual sales volume is indicated. For contracts which were terminated during the period the sales volume for the last 12-month period in which the full volume of services was provided is indicated.

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 and a range of bundled FM services to large and small customers in the private and public sectors. The company is organized into four geographic areas: Sweden, Norway Denmark and Finland, but also operates in Belgium, Hungary, Poland and Estonia.

Coor's vision is to be the first choice service provider, employer or investment 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 its 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 environmental and quality management standards ISO 14001 and ISO 9001. 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*

Changes in the Board of Directors and management

In connection with the Annual General Meeting on 28 April 2016, Bernt Magnusson stepped down from the company's Board of Directors while Mats Granryd and Heidi Skaaret took up their seats as new Directors.

In the beginning of 2016, AnnaCarin Grandin took over as President and on 1 March Klas Elmberg became the new Deputy President for Coor Sweden. On 1 March, Nikolai Utheim took over as President for Coor Norway.

In 2016 the senior management team was expanded to include two new members, Director of Communications and Sustainability Åsvor Brynnel and General Counsel Erik Strümpel.

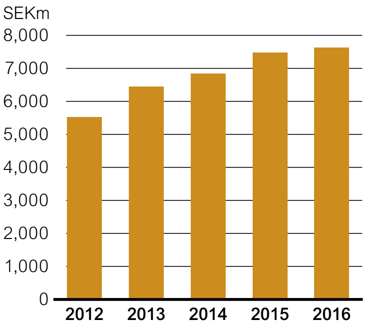
DEVELOPMENT DURING THE FINANCIAL YEAR

FINANCIAL SUMMARY	2016	2015
Net sales	7,631	7,482
Organic growth, %	3	10
Adjusted EBITA	440	374
Adjusted EBITA margin, %	5.8	5.0
Operating profit (EBIT)	242	82
EBIT margin	3.2	1.1
Net profit for the year	124	201
Operating cash flow	426	274
Number of employees (FTE)	6,327	6,381

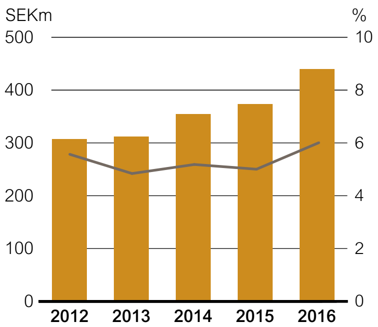
Sales and earnings

Net sales for the year were SEK 7,631 (7,482) million and organic growth was 3 per cent (2 per cent including currency effects). The operating profit (adjusted EBITA) was SEK 440 (374) million,

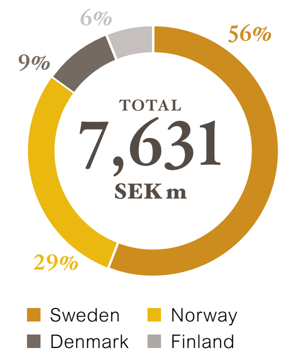
NET SALES PER YEAR



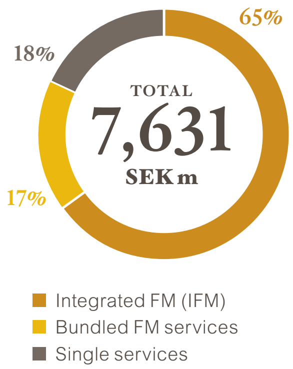
OPERATING PROFIT (ADJUSTED EBITA) AND MARGIN



NET SALES BY COUNTRY



NET SALES BY TYPE OF CONTRACT



which is an increase of 18 per cent compared with 2015, and the operating margin improved to 5.8 (5.0) per cent. The increase in net sales was driven by robust growth in Sweden and Norway. The improvement in the operating profit and margin were driven by all areas of the business, partly as a result of the ongoing operational improvement activities. The improvement in the margin and earnings was greatest in Sweden, where variable project volumes and maturing contracts have created a favourable environment for the new management team's efforts to raise quality and efficiency.

EBIT for the full year was SEK 242 (82) million. The change compared with the previous year is mainly due to the fact that earnings for the previous year were affected by costs related to the stock market listing. For more information, *see Note 4*.

NET SALES AND OPERATING PROFIT BY COUNTRY

SWEDEN	2016	2015
Net sales	4,250	4,010
Organic growth, %	6	2
Adjusted EBITA	423	347
Adjusted EBITA margin, %	9.9	8.7

NORWAY	2016	2015
Net sales	2,194	2,103
Organic growth, %	7	36
Adjusted EBITA	133	124
Adjusted EBITA margin, %	6.1	5.9

FINLAND	2016	2015
Net sales	488	509
Organic growth, %	-5	-6
Adjusted EBITA	9	5
Adjusted EBITA margin, %	1.9	0.9

DENMARK	2016	2015
Net sales	703	868
Organic growth, %	-20	8
Adjusted EBITA	27	31
Adjusted EBITA margin, %	3.8	3.6

Net financial items and tax

NET FINANCIAL ITEMS AND TAX	2016	2015
Net financial items		
Net interest	-32	–104
Borrowing costs	-3	–54
Other	-4	–13
Total excl translation differences	**-39**	**–171**
Translation differences	-36	56
Total financial items	**-75**	**–115**
Profit before income tax	167	–33
Tax	-43	234
Net profit for the year	**124**	**201**

The new capital structure, which was put in place in connection with the company's initial public offering in June 2015, has reduced the Group's leverage very significantly. This led to a sharp improvement in the net financial items in 2016. The figure for 2015 included costs related to the repayment of the company's previous loans. The significant positive effects of a lower net interest expense and reduced borrowing costs in 2016 were partly offset by negative translation differences. These were due to the revaluation of loans in foreign currency at higher year-end closing rates for NOK and EUR compared with the previous year. In 2015 these translation differences were positive. The net interest expense, borrowing costs and other financial expenses therefore decreased by SEK 132 million while the net financial expense was down by SEK 39 million.

The tax expense for 2016 was SEK -43 (234) million. The change compared with the previous year is primarily due to the fact that the Group recognized deferred tax on tax losses from previous years attributable to the Swedish business in 2015. See *Note 10* for more information. The profit after tax for 2016 was SEK 124 (201) million.

Cash flow

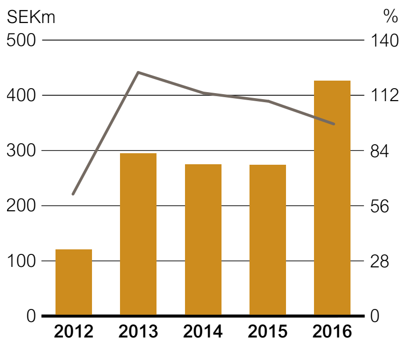
CASH FLOW - SUMMARY	2016	2015
Adjusted EBITA	440	374
Depreciation/amortisation	47	49
Net investments	-74	–50
Change in net working capital	38	69
Cash flow for calculation of cash conversion	**451**	**442**
Cash conversion, %	*93*	*104*
Items affecting comparability	-22	–115
Issue costs recognized in equity	0	–49
Other	-3	–4
Operating cash flow	**426**	**274**
Net financial items	-37	–142
Income tax	-36	–5
Cash flow from operating activities including net investments	**353**	**128**
Change in borrowings	-1	–1 603
New share issue	0	1 675
Dividend	-192	0
Net lease payments	-4	–7
Cash flow from financing activities	**-197**	**65**
Cash flow from discontinued operations	**0**	**–83**
Cash flow for the year	**156**	**110**
Cash and cash equivalents at the beginning of the year	428	335
Exchange gains on cash and cash equivalents	19	–17
Cash and cash equivalents at year-end	**603**	**428**

Operating cash flow

Operating cash flow for the full year 2016 was SEK 426 (274) million. The increased operating cash flow compared with the previous year is explained partly by the sharp improvement in earnings and partly by the fact that last year's figure was affected by an outflow related to the IPO. In 2016 working capital declined by SEK 38 (69) million, which indicates continued positive effects from the Group's structured long-term efforts to optimize working capital. Net investments in 2016 were up slightly on the previous year, at SEK -74 (-50) 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 the full year was 93 (104) per cent, which exceeds the Group's target of 90 per cent.

OPERATING CASH FLOW AND CASH CONVERSION



Financing activities

Through its initial public offering in 2015 the company raised SEK 1,675 million in issue proceeds and entered into a new SEK 1,400 million funding agreement on senior loans. The new loans and the IPO proceeds were used to pay back previous bank loans in a net amount of SEK -1,603 million. The new capital structure has sharply reduced the Group's financial payments. Net financial payments in 2016 totaled SEK -37 (-142) million, which is a decrease of SEK 105 million compared with 2015.

During the year dividends totaling SEK 192 (0) million were paid to the shareholders.

Other

In 2015 the Group sold its previous Industrial Services business. The cash flow from this business, including cash and cash equivalents in the divested entities, had a negative impact of SEK 83 million on consolidated cash flow in 2015.

FINANCIAL POSITION

ASSETS	2016	2015
Intangible assets	3,783	3,866
Property, plant and equipment	77	71
Financial assets	264	282
Tota non-current assets	**4,124**	**4,219**
Accounts receivable	1,080	1,069
Other current assets	419	400
Cash and cash equivalents	603	428
Total current assets	**2,102**	**1,898**
TOTAL ASSETS	**6,225**	**6,117**
Net working capital	-500	–449
Net working capital/Net sales, %	-6.5	–6.0
Equity/assets ratio, %	44	45
Leverage	1.7	2.2

EQUITY AND LIABILITIES	2016	2015
Equity	**2,734**	**2,733**
Borrowing	1,401	1,367
Other non-current liabilities	59	52
Total non-current liabilities	**1,460**	**1,419**
Interest-bearing liabilities	7	14
Accounts payable	790	835
Other current liabilities	1,235	1,116
Total current liabilities	**2,032**	**1,965**
TOTAL EQUITY AND LIABILITIES	**6,225**	**6,117**
NET DEBT		
Liabilities to credit institutions	1,395	1,355
Other	16	19
	1,411	**1,375**
Cash and cash equivalents	-603	–428
Net debt	**808**	**947**

Financial position

The Group has intangible assets consisting mainly of goodwill (SEK 2,781 million) and customer contracts (SEK 896 million). Goodwill is not amortised but is tested annually for impairment. Customer contracts are amortised on a straight-line basis based on the estimated useful life and are tested for impairment if there are indications of impairment. For further information on intangible assets, see *Note 11*.

The Group has negative working capital of SEK -500 (-449) million. Working capital declined in 2016 as a result of the Group's structured long-term efforts to optimize working capital.

Consolidated net debt for the full year was SEK 808 (947) million. The decrease compared with the previous year is due to an increase in cash of SEK 175 million. The increase in cash was partly offset by an increase in liabilities to credit institution due to currency effects from the translation of NOK and EUR loans. Leverage, defined as net debt to adjusted EBITDA, was 1.7 (2.2) at year-end, which is well below the Group's target of a leverage below 3.0. Leverage was also significantly lower than in the previous year, despite a dividend payment of SEK 192 million during the year.

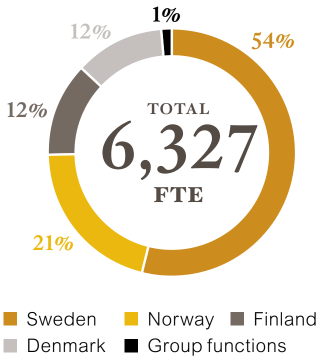
Equity at the end of the year was SEK 2,734 (2,733) million. The consolidated equity/assets ratio was largely flat compared with the previous year, at 44 (45) per cent. Equity increased in 2016 by the comprehensive income for the year of SEK 192 million and decreased as a result of the dividend payment of SEK 192 million.

Cash and cash equivalents at the end of the period were SEK 603 (428) million. At the same date the Group had undrawn credit lines of SEK 285 (294) million.

ORGANIZATION AND EMPLOYEES

The number of employees at 31 December 2016 was 6,850 (6,852), or 6,327 (6,381) on a full time equivalent basis.

NUMBER OF EMPLOYEES (FULL-TIME EQUIVALENTS) AT 31 DECEMBER 2016



For more information on Coor's employees and on Coor's health and safety, and management and employee development activities, see the section entitled *Employees,* as well as the section entitled *Social sustainability* in the *Sustainability report*. For information on employee benefit expenses and remuneration of senior executives, see *Notes 5 and 6*.

RISKS

The FM industry is generally perceived as an industry with relatively low risks. To minimize those risks which nonetheless exist, Coor engages in structured risk management activities based on mapping, analysis and control. The strategic, operational, financial and legal risks which Coor has identified as being the most significant and how these risks are managed is described in the section entitled *Risks and risk management*. For a description of risks linked to financial processes, see the Group's *Corporate Governance Report* and *Note 16*.

Environmental risks

A very limited part of Coor's activities have an impact on the environment. The company holds a permit related to the impact on waste water from its operation in Kotka in Finland. To minimize the risk of damage to the environment, the Group operates in a structured manner, and monitors and governs its operations through its certified quality and environmental management systems.
The company's environmental management work is certified under ISO 14001. More information on Coor's environmental work is presented in the section entitled *Environmental sustainability*.

Ongoing disputes

At year-end Coor had no ongoing disputes with an estimated exposure exceeding SEK 5 million.

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 Swedbank Robur, with 9.3 per cent, Fidelity Management & Research, with 8.8 per cent, and the Second Swedish National Pension Fund (AP2), with 6.1 per cent of the shares and voting rights. For more share information, see the sections entitled *Coor as an investment* and *Share information* as well as *Note 15*.

THE 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.

Earnings after tax in the parent company were SEK 158 (180) million. Total assets at 31 December 2016 were SEK 8,255 (7,830) million and equity was SEK 5,676 (6,449) million. In 2016 the parent company merged with its wholly owned subsidiary Venoor Invco 2 AB.

OUTLOOK

Coor is a market-leading service company operating in a growing market. In the short term, however, the relatively small number of IFM contracts concluded in the Nordic region in 2016 will have an impact on Coor's growth rate. Generally speaking, Coor is experiencing strong interest and good demand in the market, and sees interesting business opportunities throughout the Nordic market.

Coor believes its prospects for achieving long-term growth, profitability and cash flow in line with the company's objectives are good.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- On 10 January it was announced that Coor's IFM contract with Norwegian oil service company Aibel had been extended and expanded. The new contract, which runs until 2020, is worth around SEK 50 million annually.
- On 25 January Coor signed an expanded contract with Akelius for building management services at Akelius's Swedish properties. The three-year contract is worth around SEK 85 million annually.
- On 31 January it was announced that Coor had concluded a new IFM contract with ABB for services to be provided at a number of facilities in Sweden, Norway and Finland. The agreement runs for five years and has an annual volume of around SEK 230 million.
- On 1 February Coor announced that it had extended its Scandinavian IFM contract with SAS. The contract covers an annual subscription volume of SEK 160 million with an option for variable project volumes. The contract runs for six years and the total volume is estimated at around SEK 200 million per year. Negotiations were concluded in December but the agreement was subject to approval by the Board of Directors of SAS, which was given after the end of the year.
- On 21 February Coor's Nominating Committee announced that Søren Christensen had chosen not to stand for re-election and proposed that Anders Ehrling be elected as a new Director.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend of SEK 3.00 per share for 2016. The dividend comprises a regular divided in accordance with the dividend policy of SEK 1.55 and an extraordinary dividend of SEK 1.45. The extraordinary dividend represents cash in excess of the Group's target for net debt.

Proposed record date for dividend

The Board proposes that the record date for the dividend be 8 May 2017. Subject to approval by the AGM of the Board's proposal, it is expected that the dividend will be paid to the shareholders on 11 May 2017.

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 4 May 2017.

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 account	5,134,444,488
Net profit for the year	158,441,107
TOTAL	**5,292,885,595**

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

	SEK
Dividend of SEK 3.00 per share to the shareholders	287,436,066
Carried forward	5,005,449,529
TOTAL	**5,292,885,595**

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 in the amount of SEK 5,292,885,595 as at 31 December 2016. Provided that the AGM adopts the Board's proposed appropriation of retained earnings, SEK 287,436,066 will be distributed to the shareholders and SEK 5,005,449,529 will be carried forward.

The Board has established that the company will have full coverage for its restricted equity after the proposed dividend. The Board also considers that the proposed dividend is defensible 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 their short- and long-term ability to fulfill 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 65 per cent and the consolidated equity/assets ratio from 44 to 41 per cent as at 31 December 2016. The Board considers that these ratios are adequate and deems that parent company 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 to operate and fulfill 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 accounts.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	NOTE	2016	2015
Net sales	2,3,7	7,631	7,482
Cost of services sold	3,4,5,6,7	-6,824	–6,792
Gross profit		**807**	**689**
Selling expenses	4,5,6	-94	–82
Administrative expenses	4,5,6,7,8	-471	–525
Operating profit		**242**	**82**
Financial income	9	7	60
Financial costs	9	-82	–175
Finance costs - net		**-75**	**–115**
Profit before income tax		**167**	**–33**
Income tax expense	10	-43	234
Profit for the year from continuing operations		**124**	**201**
Discontinued operations		0	–16
PROFIT FOR THE YEAR		**124**	**186**
Earnings per share, SEK*	15		
Continuing operations		1.30	-3.58
Discontinued operations		0.00	-0.23
EARNINGS PER SHARE		**1.30**	**-3.81**
Dividend per share, SEK	15		
Proposed ordinary dividend per share, SEK		1.55	1.40
Proposed extraordinary dividend per share, SEK		1.45	0.60
DIVIDEND PER SHARE		**3.00**	**2.00**

**There are no dilution effect in any of the periods.*

The Notes on pages 57-77 consitute an integral part of the Consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2016	2015
PROFIT FOR THE YEAR	**124**	**186**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of provision for pensions	0	1
Total	**0**	**1**
Items that may be subsequently reclassified to profit or loss		
Net investment hedge	0	–1
Cash flow hedges	0	3
Currency translation differences	68	–64
Total	**68**	**–62**
Other comprehensive income for the year, net after tax	**68**	**–61**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**192**	**125**

CONSOLIDATED BALANCE SHEET – ASSETS

	NOTE	2016	2015
ASSETS			
Non-current assets			
Intangible assets	11		
Goodwill		2 781	2 727
Customer contracts		896	1 059
Trademarks		40	40
Other intangible assets		67	41
Property, plant and equipment	12		
Land and buildings		1	1
Machinery and equipment		75	70
Financial assets			
Deferred tax asset	10	252	266
Other long-term receivables		12	15
Total non-current assets		**4,124**	**4,219**
Current assets			
Inventories		11	17
Accounts receivable	13	1,080	1,069
Current tax receivables	10	1	0
Other receivables		12	15
Prepaid expenses and accrued income	14	395	368
Cash and cash equivalents		603	428
Total current assets		**2,102**	**1,898**
TOTAL ASSETS		**6,225**	**6,117**

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	NOTE	2016	2015
EQUITY AND LIABILITIES			
Equity			
Share capital	15	383	383
Other contributed capital		6,670	6,670
Other reserves		-11	–78
Retained earnings, including net profit for the year		-4,309	–4,242
Total equity		**2,734**	**2,733**
Liabilities			
Non-current liabilities			
Borrowings	16	1,401	1,367
Deferred tax liability	10	32	31
Provisions for pensions and similar liabilities	17	19	18
Other long-term provisions	18	7	2
Total non-current liabilities		**1,460**	**1,419**
Current liabilities			
Borrowings	16	7	14
Accounts payable		790	835
Current tax liabilities	10	25	28
Other current liabilities	19	185	182
Accrued expenses and deferred income	20	1,018	893
Other short-term provisions	18	7	14
Total current liabilities		**2,032**	**1,965**
Total liabilities		**3,492**	**3,383**
TOTAL EQUITY AND LIABILITIES		**6,225**	**6,117**

Refer to Note 21 for pledged assets and contingent liabilities.

The Notes on pages 57-77 consitute an integral part of the Consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	OTHER RESERVES	RETAINED EARNINGS INCL. PROFIT OR LOSS	TOTAL EQUITY
Opening balance, 1 January 2015	**302**	**5 237**	**–18**	**–4 343**	**1 178**
Comprehensive income for the year					
Profit for the year	0	0	0	186	186
Total other comprehensive income for the year	0	0	–61	0	–61
Transactions with shareholders					
Bonus issue	8	0	0	–8	0
New share issue	207	1,468	0	0	1,675
Issue costs after tax	0	–39	0	0	–39
Reduction of share capital	–134	0	0	134	0
Redemption of convertible bonds	0	4	0	0	4
Dividend	0	0	0	–210	–210
BS **Closing balance, 31 December 2015**	**383**	**6,670**	**–78**	**–4,242**	**2,733**
Opening balance, 1 January 2016	**383**	**6,670**	**–78**	**–4,242**	**2,733**
Comprehensive income					
Profit for the year	0	0	0	124	124
Total other comprehensive income for the year	0	0	68	0	68
Transactions with shareholders					
Dividend	0	0	0	-192	-192
BS **Closing balance, 31 December 2016**	**383**	**6,670**	**-11**	**-4,309**	**2,734**

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

The total translation difference for 2016 was SEK 68 (-64) million. The translation difference attributable to DKK and NOK was positive while the translation difference attributable to EUR was negative.

For information on share capital and data per share, see *Note 15*. For information on the appropriation of retained earnings for the year, see *page 52*.

§ ACCOUNTING PRINCIPLES

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTE	2016	2015
Cash flow from operating activities			
IS Operating profit		242	82
Adjustment for items not affecting cash flow		220	222
Issue costs recognized in equity		0	–49
Interest received		3	3
Interest paid		-34	–105
Other financial costs paid		-6	–41
Income tax paid		-36	–5
Cash flow from operating activities before changes in working capital		**389**	**109**
Increase(-)/decrease(+) inventories		7	–1
Increase(-)/decrease(+) accounts receivable		26	58
Increase(-)/decrease(+) current receivables		-1	–14
Increase(+)/decrease(-) accounts payable		-73	–36
Increase(+)/decrease(-) other operating liabilities		80	61
Cash flow from operating activities		**427**	**177**
Cash flow from investing activities			
Purchases of intangible assets	11	-41	–22
Purchases of property, plant and machinery	12	-37	–30
Proceeds from sale of property, plant and equipment		4	2
Cash flow from investing activities		**-74**	**–50**
Cash flow from financing activities			
New share issue		0	1,675
Dividend		-192	0
Proceeds from borrowings		0	1,400
Repayments of borrowings		-1	–2,883
Change in bank overdraft facilities		0	–120
Repayments of leasing liabilities		-13	–19
Repayments of leasing receivables		9	12
Cash flow from financing activities		**-197**	**65**
Cash flow from discontinued operations		0	–26
Proceeds from sale of subsidiaries		0	–57
Cash flow from discontinued operations		**0**	**–83**
CASH FLOW FOR THE YEAR		**156**	**110**
Cash and cash equivalents at the beginning of the year		428	335
Exchange gains on cash and cash equivalents		19	–17
BS **Cash and cash equivalents at year-end**		**603**	**428**

CONSOLIDATED OPERATING CASH FLOW

	NOTE	2016	2015
IS Operating profit		242	82
Issue costs recognized in equity		0	–49
Depreciation, amortisation and impairment		223	226
Net investments in property, plant and equipment and intangible assets		-74	–50
Change in net working capital		38	69
Non-cash items		-3	–4
Total operating cash flow		**426**	**274**
Adjustment for items affecting comparability		22	164
Other		3	3
Cash flow for calculation of cash conversion		**451**	**442**
Cash conversion		**93**	**104**

SPECIFICATION OF CASH AND CASH EQUIVALENTS

	2016	2015
Cash and bank balances	603	428
BS **Total**	**603**	**428**

NON CASH ITEMS

	2016	2015
Depreciation and amortisation	223	226
Change in provisions	-3	–4
Net profit/loss from sales of non-current assets	0	–1
Other	0	1
SCF **Total**	**220**	**222**

§ ACCOUNTING PRINCIPLES

The statement of cash flows has been prepared using the indirect method. The recognized 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 for 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, 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 for the parent company and Group. Financial statements are thus 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 deems 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

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

ITEMS WHICH ARE SUBJECT TO ASSUMPTIONS AND JUDGEMENTS	NOTE
Taxes	Note 10
Measurement of goodwill and other intangible assets	Note 11
Accounts receivable	Note 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 2016 are presented below:

- Annual improvements to IFRS standards, improvement cycle 2012–2014
- Disclosure initiatives – changes to IAS 1

The changes to IAS 1 are mainly part of a simplification project aimed at ensuring that information provided in financial statements focuses to a greater extent on materiality. Coor has therefore reviewed the information provided in its annual report and has, for example, merged certain notes and accounting principles which refer to the same area with the aim of giving the reader a more integrated and complete picture.

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 2016 and have not been applied in preparing these financial statements. These new standards and interpretations are expected to affect the Group's financial statements in the following ways:

• *IFRS 9 Financial Instruments*
The changes to IFRS 9 refer to the classification and measurement of financial asset and liabilities, new rules for hedge accounting, and a new impairment model for financial assets.

While the Group has not yet made a detailed assessment of the effects of IFRS 9, the initial assessment is that the amendment will not have a significant impact on the Group's financial statements. The standard is applicable for financial years beginning on 1 January 2018 or later. The Group does not intend to choose the option of early application of the recommendation.

• *IFRS 15 Revenue from Contracts with Customers*
IFRS 15 is a new standard for recognition of revenue which replaces the existing IAS 11 and IAS 18 standards. IFRS 15 is based on the principle that revenue should be recognized when the customer obtains control over the sold good or service – a principle which replaces the previous principle that revenue is recognized when risks and rewards have been transferred to the buyer. The new recommendation also introduces expanded disclosure requirements for type of revenue, date of settlement, uncertainties associated with the recognition of revenue, and other information.

Management is currently evaluating the effects of applying the new standard. Its current assessment indicates that there will not be any significant differences between revenue recognition under the current regulations and IFRS 15, with regard to when Coor's services are deemed to have been received by the customer. Management's initial assessment is therefore that the impact on the recognition of revenue in the Group will be limited. The Group's services mainly comprise various forms of workplace services (cleaning, reception and restaurant services) and property services (maintenance and supervision/care of properties) where control of the service is transferred in connection with delivery. The services are provided under subscription contracts or on a time and materials or fixed-price basis. Some customer contracts also contain standard clauses on volume discounts.

The standard is applicable for financial years beginning on 1 January 2018 or later. The Group does not intend to choose the option of early application. Management has not yet decided whether to apply the standard fully retroactively or prospectively.

• *IFRS 16 Leases*
IFRS 16 supersedes IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognized in the balance sheet. This accounting treatment is based on the view that the lessee has a right to use an asset during a specific period of time as well as an obligation to pay for this right.

The exceptions are short-term leases and low-value assets.

For the lessor the accounting treatment will remain essentially unchanged.

The application of IFRS 16 will mainly affect the recognition of the Group's operating leases and result in an increase in the Group's property, plant and equipment, and financial liabilities. See *Note 7* for a summary of the Group's current leases. The Group has not yet assessed the extent to which these obligations will be recognized as assets and liabilities, and how this will affect the Group's earnings and classification of cash flows. Some obligations may be covered by the exemption for short-term contracts and low-value contracts, and some obligations may constitute arrangements which should not be recognized as leases under IFRS 16.

The standard is applicable for financial years beginning on 1 January 2019 or later.

The Group currently does not intend to choose the option of early application of the recommendation.

Other standards, amendments and interpretations which become effective for financial years beginning after 1 January 2016 are not deemed to have a material impact on the Group's 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 interest in the company and is able to influence the return through its interest in the company. Subsidiaries are included in the consolidated financial statements as of the date on which control is transferred to the Group. They are excluded from the consolidated financial statements as of 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 recognized in the acquired entity. The amount by which the consideration exceeds the fair value of the acquired assets and assumed liabilities is recognized as goodwill. Any deficit, or "negative goodwill", is recognized through the income statement. 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 the income statement. Acquisition-related costs are charged to expense.

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 company primarily operates (functional currency). In the consolidated financial statements Swedish kronor (SEK) are used, which is the functional and reporting currency of the parent company. The financial statements of the companies in the Group 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 with a different functional currency than the parent company are translated at the average exchange rate. The translation difference arising on foreign currency translation is recognized in other comprehensive income. When a foreign operation is divested such foreign exchange differences are recognized in the income statement as part of the capital gain or loss.

Transactions in foreign currency are translated to the functional currency at 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 recognized 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 billed under the terms of subscription contracts or on a fixed-price or time and materials basis. Sales of goods are made mainly as part of Coor's restaurant business or as part of a service delivery. Where applicable, net sales have been reduced by the value of discounts offered.

The Group recognizes revenue when the amount can be reliably measured, it is probable that future economic benefits will accrue to the company and specific criteria have been met for each type of revenue.

Revenue from subscription contracts

Subscription contract refers to a contract concluded by the Group for the regular provision of services over a longer period of time. Revenue from subscription contracts is recognized as the service is provided. If the content or volumes of the subscription contracts change over time the recognition of revenue is affected accordingly.

Revenue from fixed-price projects

Revenue from fixed-price projects is recognized based on the degree of completion of the projects. The degree of completion is determined based on services provided at the balance sheet date in proportion to the total undertaking. If the outcome of a project cannot be reliably estimated, revenue is recognized only to an extent that is equivalent to that portion of expenditure incurred which is expected to be compensated by the buyer. An expected loss in a project is charged to expense immediately.

Revenue from time and materials contracts

Compensation relating to shorter-duration contracts is recognized as revenue on delivery of the service in accordance with the contract, or on a monthly basis in accordance with what has been delivered.

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

- IFM (integrated FM contracts, customer contracts covering a broad range of services with a strong element of strategic advice);
- Bundled FM services (customer contracts covering two or more services with a limited element of strategic advice);
- Single FM services (provision of individual FM services, such as restaurant services and cleaning).

All contract types may have subscription as well as project revenue features. A presentation of consolidated net sales by contract type and country is given in *Note 3, Segment information*.

NOTE 3 | SEGMENT INFORMATION

§ ACCOUNTING PRINCIPLES

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the most senior executive. The most senior executive is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group this function has been identified as the Group's executive management team.

The Group operates in Sweden, Norway, Finland and Denmark (and has smaller operations in Belgium, Hungary, Poland and Estonia). Management mainly monitors the operations on a country by country basis. The Group's operations in Belgium, Hungary and Poland are organized as part of the Swedish business and the operation in Estonia is organized as 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 three main types: IFM, bundled FM services and single FM services. Priority service areas for provision as single FM services are cleaning, restaurant 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 expenses 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 comprises costs for central Group support functions, such as operational development, business development, the Group finance function and legal services.

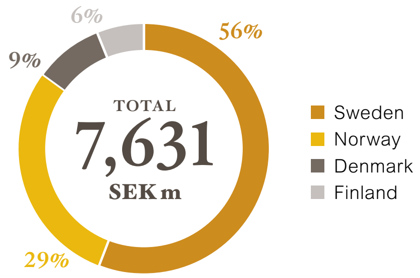
The Group's executive management team does not monitor total assets or liabilities on a segment basis. The executive management team analyzes the change in working capital for each segment in connection with its analysis of operating cash flow.

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

GEOGRAPHICAL SEGMENTS

	2016	2015
Sweden	**4,250**	**4,010**
Total sales	*4,373*	*4,105*
Internal sales	*-123*	*–95*
Norway	**2,194**	**2,103**
Total sales	*2,204*	*2,116*
Internal sales	*-10*	*–12*
Finland	**488**	**509**
Total sales	*488*	*509*
Internal sales	*0*	*0*
Denmark	**703**	**868**
Total sales	*706*	*868*
Internal sales	*-3*	*0*
Group functions/other	**-4**	**–8**
IS **Total**	7,631	7,482

NET SALES BY COUNTRY 2016



ADJUSTED EBITA	2016	2015
Sweden	423	347
Norway	133	124
Finland	9	5
Denmark	27	31
Group functions/other	-152	–133
Total	**440**	**374**
Adjusted EBITA is reconciled to profit before tax as follows:		
Amortisation and impairment of goodwill and customer contracts (note 11)	-176	–177
Items affecting comparability (note 4)	-22	–115
IS Net financial items	-75	–115
IS **Profit before tax**	**167**	**–33**

ADJUSTED EBITA MARGIN, %	2016	2015
Sweden	9.9	8.7
Norway	6.1	5.9
Finland	1.9	0.9
Denmark	3.8	3.6
Group functions/other	-	–
Total	**5.8**	**5.0**

OTHER INFORMATION

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	2016	2015
Sweden	-20	–18
Norway	-14	–10
Finland	-2	–1
Denmark	-2	–2
Group functions/other	-39	–20
SCF **Total**	**-77**	**–52**

NON-CURRENT ASSETS	2016	2015
Sweden	2,895	3,037
Norway	575	536
Finland	155	159
Denmark	168	163
Group functions/other	66	43
Total	**3,860**	**3,937**

CHANGES IN NET WORKING CAPITAL	2016	2015
Sweden	53	106
Norway	34	–25
Finland	-8	–3
Denmark	-46	5
Group functions/other	6	–14
SCF **Total**	**38**	**69**

NET SALES BY TYPE OF CONTRACT	2016	2015
IFM	5,027	4,884
Bundled FM	1,326	1,331
Single service	1,362	1,335
Other	-85	–68
IS **Total**	**7,631**	**7,482**

The Group has one customer which accounts for more than 10 per cent of consolidated net sales. Net sales to this customer in 2016 were SEK 1,183 (1,117) 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 described in the segment information above.

NOTE 4 OPERATING EXPENSES

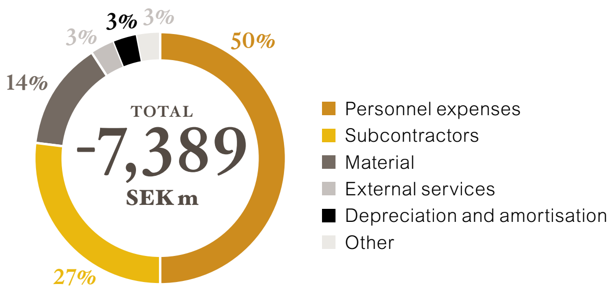
Coor has chosen to use an income statement by function, as this type of income statement provides a more true and fair view of the governance and monitoring of the operations. A breakdown of costs by nature of expense is shown below.

COSTS BY FUNCTION	2016	2015
IS Cost of services sold	-6,824	–6,792
IS Selling expenses	-94	–82
IS Administrative expenses	-471	–525
Total	**-7,389**	**–7,400**

COSTS BY NATURE OF EXPENSE

COSTS BY NATURE OF EXPENSE	2016	2015
Personnel expenses	-3 718	-3 640
Subcontractors	-1 967	-1 998
Material	-1 026	-1 051
External services	-220	-235
Depreciation and amortisation	-223	-226
Other operating expenses	-235	-250
Total	**-7 389**	**-7 400**

COSTS BY NATURE OF EXPENSE 2016



ITEMS AFFECTING COMPARABILITY

Items affecting comparability are excluded from the measure of operating profit, adjusted EBITA, which management regards as the most relevant metric, as it gives a more true and fair view of the underlying business. Items affecting comparability for 2016 mainly comprise costs for restructuring and integration. Integration costs refer to external non-recurring costs incurred in connection with acquisitions or the assumption of new contracts, such as IT costs and reprofiling costs.

RECONCILIATION ADJUSTED EBITA	2016	2015
IS **Operating profit (EBIT)**	**242**	**82**
Amortisation and impairment of customer contracts	176	177
Items affecting comparability	22	115
Adjusted EBITA	**440**	**374**

SPECIFICATION OF ITEMS AFFECTING COMPARABILITY	2016	2015
IPO related expenses [1)]	0	–79
Integration	-7	–25
Restructuring	-11	–6
Monitoring fee Cinven	0	–2
Other	-4	–3
Total	**-22**	**–115**

[1)]Total costs were SEK 0 (- 128) million, including SEK 0 (- 49) million recognized as equity.

ITEMS AFFECTING COMPARABILITY, SPECIFIED BY FUNCTION	2016	2015
Cost of services sold	-13	–26
Selling and administrative expenses	-8	–88
Total	**-22**	**–115**

NOTE 5 | EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

§ ACCOUNTING PRINCIPLES

Termination benefits
Compensation 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 compensation. The Group recognizes 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 compensation 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 recognizes a liability and a cost for bonuses to employees based on the applicable contracts

EMPLOYEE BENEFIT EXPENSES

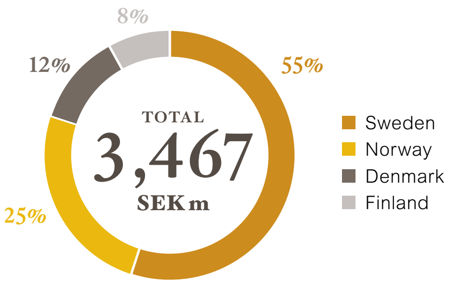
Salaries, other remuneration and social security contributions

	2016					2015				
	SALARIES AND REMUNERATION[1]	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*	TOTAL	SALARIES AND REMUNERATION[1]	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*	TOTAL
Board of Directors, CEO and VP	29	*7*	11	*4*	**40**	28	*6*	11	*4*	**38**
Other senior executives	15	*4*	8	*2*	**22**	11	*3*	6	*2*	**17**
Other employees	2,583	*25*	822	*200*	**3,405**	2,452	*24*	821	*196*	**3,273**
Total	**2,626**	*36*	**841**	*207*	**3,467**	**2,491**	*33*	**837**	*201*	**3,328**

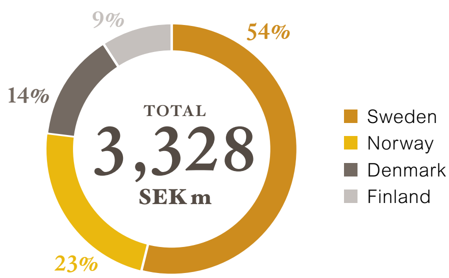
[1] Salaries and termination benefits totalled 8 (10). Of this amount, 0 (3) refers to severance pay to the CEO and other senior executives.

The group Board of Directors, CEO and vice president includes remuneration to the Board of Coor Service Management Holding AB and remuneration to the group's CEO, as well as remuneration to the Presidents and Vice Presidents of all of the group's subsidiaries. The group senior executives referred to above is a part of the group's Executive management team, excluding those individuals who are Presidents or Vice Presidents for the respective subsidiaries.

EMPLOYEE BENEFIT EXPENSES BY COUNTRY* 2016



EMPLOYEE BENEFIT EXPENSES BY COUNTRY* 2015

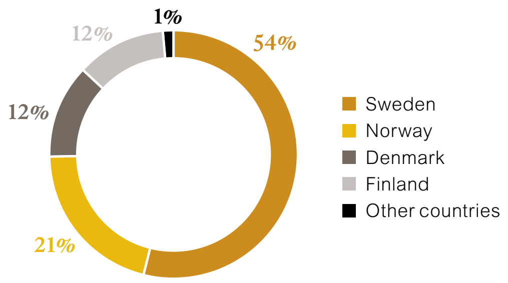


** Employee benefit expenses for Belgium, Poland and Hungary are included in Sweden's costs since these countries operate under Sweden. Employee benefit expenses for Estonia are included in Finland's costs as Estonia operates under Finland. Staff costs for Sweden also include costs for Group functions.*

NUMBER OF EMPLOYEES AND GENDER DISTRIBUTION

	2016		2015	
AVERAGE NUMBER OF EMPLOYEES	AVERAGE NO. OF EMPLOYEES	*OF WHICH MEN*	AVERAGE NO. OF EMPLOYEES	*OF WHICH MEN*
Sweden	3,235	*1,573*	3,146	*1,546*
Norway	1,369	*680*	1,268	*620*
Finland	774	*291*	833	*308*
Denmark	732	*348*	814	*414*
Other countries	153	*73*	134	*83*
Total	**6,263**	*2,965*	**6,195**	*2,971*

AVERAGE NUMBER OF EMPLOYEES (FTE) 2016



GENDER DISTRBUTION REGARDING BOARD OF DIRECTORS, CEO AND OTHER SENIOR EXECUTIVES

	2016		2015	
	NO. AT BALANCE SHEET DATE	*OF WHICH MEN*	NO. AT BALANCE SHEET DATE	*OF WHICH MEN*
Board of Directors	11	*8*	9	*7*
CEO and senior executives	12	*10*	9	*9*
Total	**23**	***18***	**18**	***16***

NOTE 6 REMUNERATION OF THE BOARD AND 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. The board's current composition, see the section entitled *Presentation of the Board.*

Senior management 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 entitled *Presentation of management.*

BOARD MEMBERS AND SENIOR EXECUTIVES HAVE RECEIVED THE FOLLOWING REMUNERATION	2016	2015
Board fees	2.8	2.3
Remuneration to CEO and executive management team	45.5	40.0
Total	**48.2**	**42.3**

REMUNERATION OF BOARD OF DIRECTORS – GUIDELINES

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the Annual General Meeting.

During the year Bernt Magnusson stepped down from the Board of Directors at the 2016 AGM. Mats Granryd and Heidi Skaaret were elected as new Directors at the 2016 AGM.

The following tables specify the fees that were charged to expense in 2016 for each Director. For a specification of fees approved by the AGM, see the *Corporate Governance Report.*

REMUNERATION TO THE BOARD 2016

2016	BOARD FEE	FEE FOR COMMITTEE WORK	TOTAL
Anders Narvinger	0.7	0.1	**0.8**
Bernt Magnusson *	0.1	0.0	**0.1**
Heidi Skaaret	0.2	0.0	**0.2**
Kristina Schauman *	0.3	0.2	**0.4**
Mats Granryd	0.2	0.1	**0.3**
Mats Jönsson	0.3	0.1	**0.3**
Monica Lindstedt *	0.3	0.1	**0.4**
Søren Christensen *	0.2	0.1	**0.3**
Other board members	0.0	0.0	**0.0**
Total	**2.2**	**0.6**	**2.8**

* *Invoices board fee from own company. For Board members who invoice the fee via his or her company, the fee has been increased to include the social security contributions which, otherwise, would have been payable on the fee, in order to ensure cost-neutrality for Coor.*

REMUNERATION TO THE BOARD 2015

2015	BOARD FEE	FEE FOR COMMITTEE WORK	TOTAL
Anders Narvinger	0.7	0.1	**0.8**
Bernt Magnusson*	0.3	0.1	**0.3**
Kristina Schauman*	0.2	0.1	**0.3**
Monica Lindstedt*	0.1	0.0	**0.1**
Søren Christensen*	0.2	0.1	**0.3**
Mats Jönsson	0.4	0.0	**0.5**
Other board members	0.0	0.0	**0.0**
Total	**1.8**	**0.4**	**2.3**

* *Invoices board fee from own company. For Board members who invoice the fee via his or her company, the fee has been increased to include the social security contributions which, otherwise, would have been payable on the fee, in order to ensure cost-neutrality for Coor.*

REMUNERATION OF THE CEO AND SENIOR MANAGEMENT – GUIDELINES:

The Annual General Meeting 2016 approved the following guidelines for senior executives for the period until the 2017 AGM. The executives covered by the guidelines are the CEO and the other members of the executive management team.

The remuneration of senior executives shall consist of a fixed salary, any variable remuneration, pension and other benefits. The total remuneration shall 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 equity-related instruments in Coor. Variable cash remuneration is contingent on the achievement of defined and measurable targets and shall be capped at 50 per cent of the annual fixed salary. 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 may be concluded on one-off remuneration, provided that such remuneration does not exceed three times the individual's fixed monthly salary and is not paid more than once a year to the same individual. Pension benefits must be defined contribution benefits.

Severance pay is normally paid in case of termination by the company. The contracts of members of senior management 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 shall be paid in case of termination by the employee.

The Board has the right to depart from the guidelines adopted by the AGM if there are special reasons therefor in an individual case. The CEO and all senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries).

REMUNERATION TO CEO AND EXECUTIVE MANAGEMENT TEAM – 2016

2016	BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	RETIREMENT BENEFIT COSTS	SEVERANCE PAY	OTHER REMUNERATION	TOTAL
Remuneration to the CEO							
Mikael Stöhr	5.6	2.7	0.1	1.8	0.0	0.0	**10.1**
Remuneration to other executive management team members							
Rest of management team, 11 persons	21.7	8.3	0.9	4.5	0.0	0.0	**35.4**
Total	**27.3**	**10.9**	**1.0**	**6.3**	**0.0**	**0.0**	**45.5**

REMUNERATION TO CEO AND EXECUTIVE MANAGEMENT TEAM – 2015

2015	BASIC SALARY	VARIABLE REMUNERATION	OTHER BENEFITS	RETIREMENT BENEFIT COSTS	SEVERANCE PAY	OTHER REMUNERATION	TOTAL
Remuneration to the CEO							
Mikael Stöhr	5.5	1.8	0.1	1.7	0.0	0.0	**9.1**
Remuneration to other executive management team members							
Rest of management team, 8 persons	17.2	6.6	0.8	3.4	3.0	0.0	**31.0**
Total	**22.7**	**8.4**	**0.9**	**5.1**	**3.0**	**0.0**	**40.0**

In addition to this, the CEO has the right to pension contributions of 30 per cent for that part of his or her salary which exceeds 30 base amounts. In addition to the CEO, two other senior executives are entitled to pension contributions of 30 per cent of that portion of their salary which exceeds 30 basic amounts and two senior executives are entitled to pension contributions of 20 per cent of that portion of their salary which exceeds 30 basic 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 for each country.

NOTE 7 | LEASING

§ ACCOUNTING PRINCIPLES

Leases are classified and accounted for as finance or operating leases. If the risks and rewards associated with ownership have essentially been transferred to Coor, the contracts are classified as finance leases. Other leases are accounted for as operating leases.

Coor has concluded both finance and operating leases in the capacity of lessor as well as lessee. For each contract, an assessment is made on whether the contract should be classified as an operating or finance lease.

Lessee

In a finance lease the leased asset is recognized as an item of property, plant and equipment along with a corresponding current or non-current liability. At the beginning of the lease term both these items are recognized at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is divided into repayment of principal and an interest component to obtain a fixed rate of interest for the recognized liability. The leased asset is depreciated using the same principles applied for other assets of the same class.

For operating leases, the payments are charged to expense in the income statement on a straight-line basis over the term of the lease.

Lessor

When assets are leased to another party under a finance lease the present value of the lease payments is recognized as a long-term or current receivable. Payments from a finance lease are divided into repayment of receivable and interest income to obtain a fixed rate of interest for the recognized receivable.

For operating leases, the payments are recognized as income on a straight-line basis over the term of the lease.

COOR AS LESSEE

Finance leases:

The Group has concluded finance leases mainly for trucks and trailers. The majority of these are leased to customers in the course of the Group's operations.

There are no undertakings obliging the Group to acquire the assets which are financed through finance leases.

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

	2016	2015
Maturing within one year	8	14
Maturing later than one year but within five years	5	11
Maturing after five years	0	0
Total	**13**	**26**
Future financial costs for finance leases	-1	–2
Present value of future minimum lease payments	**12**	**24**

Operating leases:
The Group has concluded operating leases for trucks, trailers, cars, coffee makers, office equipment and other assets. The majority of this equipment is included as part of the service delivery to the customer. There are no undertakings obliging the Group to acquire the assets which are financed through operating leases. Nor are there any restrictions or obligations linked to the assets which are financed through operating leases.

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

	2016	2015
Maturing within one year	141	134
Maturing later than one year but within five years	208	219
Maturing after five years	23	6
Total	**372**	**359**

Lease payments under operating leases for the year were SEK 174 (142) million. The comparative figure has been adjusted to include costs related to leases for premises.

COOR AS LESSOR

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

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

	2016	2015
Maturing within one year	5	9
Maturing later than one year but within five years	3	7
Maturing after five years	0	0
Total	**8**	**16**
Unearned financial income from finance leases	0	–1
Present value of future minimum lease payments	**7**	**15**

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

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

	2016	2015
Maturing within one year	20	21
Maturing later than one year but within five years	26	41
Maturing after five years	0	0
Total	**46**	**63**

Lease payments under operating leases for the year were SEK 30 (31) million.

NOTE 8 | AUDIT FEES

AUDIT FEES	2016	2015
PwC		
Audit engagement	5	7
Audit services in addition to audit engagement	1	10
Tax advisory services	2	2
Other services	0	0
Total	**8**	**19**

Audit engagement refers to the examination of the annual report 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 examinations or the performance of such other tasks. Everything else is defined as other services. In 2015 audit services in addition to the audit engagement mainly comprised services provided in connection with the company's listing on Nasdaq Stockholm.

NOTE 9 | FINANCIAL INCOME AND EXPENSES

NET FINANCIAL ITEMS	2016	2015
Financial income		
Interest income	3	4
Exchange gains	4	56
Other financial income	0	0
IS **Total**	**7**	**60**
Financial expenses		
Interest expense	-35	–107
Exchange losses	-40	0
Other financial costs	-7	–68
IS **Total**	**-82**	**–175**
Total net financial items	**-75**	**–115**

Interest expenses refer mainly to interest on bank loans. Foreign exchange differences refer principally to the result of revaluation of foreign currency loans. 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* for more information on borrowing and financial risks.

NOTE 10 | TAXES

§ ACCOUNTING PRINCIPLES

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

Current 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 recognized 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 acquisition.

Tax assets and tax liabilities are offset if there is a legally enforceable right to set off the recognized 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 judgements 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 the tax losses. In Finland tax losses must be used within a ten-year period from when they arise.

In Finland a deferred tax asset attributable to tax losses has only been recognized 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 recognized as a deferred tax asset. 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 11* for more information.

TAX EXPENSE IN THE INCOME STATEMENT

TAX EXPENSES (–), TAX INCOME (+)	2016	2015
Current tax	-30	–32
Deferred tax	-12	266
IS **Total**	**-43**	**234**

Difference between reported tax expense and tax expense based on the applicable tax rate

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

	2016	%	2015	%
IS **Profit before tax**	167		–33	
IS **Tax expense**	-43	*-26*	234	*–718*
Calculated tax expense	-40	*-24*	5	*–15*
Difference	**-3**	*-2*	**229**	*–703*
Unrecognized deferred tax on loss carry-forwards	-2	*-1*	–5	*–14*
Use of previously unrecognized loss carry-forwards	0	*0*	229	*705*
Tax effect of non-deductible expenses	-2	*-1*	–1	*–4*
Tax effect of non-taxable income	1	*1*	3	*8*
Other	0	*0*	3	*8*
Total	**-3**	*-2*	**229**	*–703*

The weighted average tax rate was 24 (15) per cent and the effective tax rate 26 (718) per cent. Excluding the effect of the recognition in 2015 of tax losses of SEK 229 million attributable to previous years, the effective tax rate for 2015 was 14 per cent. The reason why the effective tax rate was so low in 2015 is that the Group only recognizes deferred tax on tax losses in the Finnish business to the extent that there exists an equivalent deferred tax liability.

Tax attributable to components in other comprehensive income was SEK 0 (-1) million.

DEFERRED TAX LIABILITY AND TAX ASSET IN THE BALANCE SHEET

It is possible to offset tax liabilities and tax assets between legal entities in the same country through the use of Group contributions. Deferred tax asset and tax liabilities have therefore been recognized on a net basis for each country.

DEFERRED TAX BY COUNTRY, NET	2016	2015
Deferred tax asset		
Sweden	252	266
BS **Total deferred tax asset**	**252**	**266**
Deferred tax liability		
Norway	28	26
Denmark	4	4
Finland	0	0
BS **Total deferred tax liability**	**32**	**31**
Deferred tax, net	**220**	**235**

SPECIFICATION REGARDING CHANGES IN DEFERRED TAX LIABILITY/DEFERRED TAX ASSET

2016

	GOODWILL ARISING FROM PURCHASE OF NET ASSETS	LOSS CARRY-FORWARDS	CASH FLOW HEDGE	CUSTOMER RELATIONS AND TRADEMARKS	OTHER	TOTAL
At 1 January 2016	**27**	**441**	**0**	**–245**	**12**	**235**
Recognized in the income statement	-7	-43	0	40	-2	-12
Translation differences	0	0	0	-3	0	-3
At 31 December 2016	**20**	**399**	**0**	**-208**	**10**	**220**

2015

	GOODWILL ARISING FROM PURCHASE OF NET ASSETS	LOSS CARRY-FORWARDS	CASH FLOW HEDGE	CUSTOMER RELATIONS AND TRADEMARKS	OTHER	TOTAL
At 1 January 2015	**35**	**205**	**1**	**–290**	**7**	**–43**
Recognized in the income statement	–7	225	0	42	6	266
Recognized in other comprehensive income	0	0	–1	0	0	–1
Recognized in equity	0	11	0	0	0	11
Translation differences	0	0	0	3	–1	2
At 31 December 2015	**27**	**441**	**0**	**–245**	**12**	**235**

Of the above net asset related to deferred tax, the Group estimates that SEK -32 (-32) 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 427 million, of which SEK 399 million has been recognized in the balance sheet. All tax losses attributable to Sweden have been recognized in the balance sheet while tax losses attributable to Finland have been recognized only to the extent that there exists an equivalent deferred tax liability.

TAX LOSS CARRY-FORWARDS AS PER 31 DEC 2016	TOTAL	OF WHICH RECOGNIZED IN BALANCE SHEET
Sweden	392	392
Finland	34	6
Total	427	399

CURRENT TAX LIABILITY/TAX ASSET

The current tax liability at 31 December 2016 was SEK 25 (28) million and the current tax asset SEK 1 (0) million.

TAX AUDITS

In 2016 Coor received the final report from the Danish tax authority, SKAT, on the tax audit of the Group's Danish subsidiary that was initiated in 2015. The tax audit focused specifically on pricing in cross-border transactions. SKAT accepted the Group's handling of cross-border transactions.

NOTE 11 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 recognized at cost less accumulated amortisation and is allocated to those cash-generating units which are expected to benefit from the business combination which 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 on expected 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 recognized at fair value at the acquisition date by discounting the expected future after-tax cash flow. Subscription 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 recognized 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 recognized impairment losses are reversed if the reasons for the impairment loss have ceased to apply. Customer contracts which have been recognized and measured in connection with an acquisition have an estimated useful life of five to eighteen years.

Trademarks
Trademarks which have been identified as intangible assets in connection with a business combination are recognized at fair value at the acquisition date. Trademarks are deemed to have indefinite useful lives and are therefore not subject to scheduled amortisation. The Company deems trademarks to be permanent. The trademark is tested annually for impairment based on the same principle as for goodwill.

Other intangible assets
Other intangible assets mainly comprise software and licences.

Acquired software licences are capitalized 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.

Capitalized software and licences are amortised over the estimated useful life, which ranges from three to five years.

! CRITICAL ASSUMPTIONS

IMPAIRMENT TESTING OF GOODWILL
In connection with the annual impairment test of goodwill, a calculation is made of the recoverable amount.

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 judgements, of which the most significant relate to the forecasts for organic growth and margin growth.

– Forecasts for organic growth
Growth is achieved partly through add-on 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 comprise 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 80 per cent equity. The after-tax discount rate for 2016 was 7.6 (8.2) per cent in all units. 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 calculated pre-tax WACC would have been 9.3 per cent.

– Sensitivity analysis
The following sensitivity analyzes of the calculation of value in use 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 the future sustainable cash flow

In 2016 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 are sensitive in varying degrees to changes in the above assumptions.

The conclusion from the sensitivity analyzes is that a decrease of 1 percentage point in any of the above parameters would give rise to impairment in the Finnish business. Other than that, the sensitivity analyzes 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 have been 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 the assessment made as at 31 December 2016 management has 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 didn't believe there is any evident risk that the Group will lose any of those customer contracts for which a carrying amount has been recognized in the balance sheet. As at the closing date, there were in management's assessment no indications of impairment of those customer contracts for which a carrying amount has been recognized in the balance sheet.

	GOODWILL		CUSTOMER CONTRACTS		TRADEMARKS		OTHER INTANGIBLE ASSETS	
INTANGIBLE ASSETS	2016	2015	2016	2015	2016	2015	2016	2015
Opening cost	3,007	3,180	3,023	3,069	40	40	121	109
SCF Investments	0	0	0	0	0	0	41	22
Sales and disposals	0	–110	-140	0	0	0	-2	–9
Translation differences	67	–63	49	-46	0	0	1	–1
Closing accumulated cost	**3,074**	**3,007**	**2,931**	**3,023**	**40**	**40**	**160**	**121**
Opening accumulated amortisation and impairment	-280	–402	-1,964	-1,819	0	0	-79	–72
Sales and disposals	0	110	140	0	0	0	2	9
Amortisation charges for the year	0	0	-173	-177	0	0	-14	–17
Impairment losses	0	0	-3	0	0	0	-1	0
Translation differences	-13	12	-35	32	0	0	-1	1
Closing accumulated amortisation	**-293**	**–280**	**-2,036**	**-1,964**	**0**	**0**	**-93**	**–79**
BS **Closing carrying amount**	**2,781**	**2,727**	**896**	**1,059**	**40**	**40**	**67**	**41**
Amortisation and impairment losses by function								
Cost of services sold	0	0	-176	–177	0	0	-15	–16
Administrative expenses	0	0	0	0	0	0	0	–1
Total amortisation and impairment	**0**	**0**	**-176**	**–177**	**0**	**0**	**-15**	**–17**

The allocation of goodwill and customer contracts to the Group's cash-generating units (CGU) is as follows:

	GOODWILL		CUSTOMER CONTRACTS	
BY SEGMENT	2016	2015	2016	2015
Sweden	2,073	2,073	739	884
Norway	453	411	100	107
Finland	117	112	31	38
Denmark	138	131	27	30
BS **Total**	**2,781**	**2,727**	**896**	**1,059**

NOTE 12 | PROPERTY, PLANT AND EQUIPMENT

§ ACCOUNTING PRINCIPLES

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Cost include additional expenditure directly attributable to the acquisition of the asset. Repairs and maintenance are recognized 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.

The following periods of depreciation are applied:

Buildings	25–40 years
Machinery and other technical equipment	5–15 years
Equipment, tools, fixtures and fittings	5–10 years

	LAND AND BUILDINGS		MACHINERY AND EQUIPMENT	
PROPERTY, PLANT AND EQUIPMENT	2016	2015	2016	2015
Opening cost	5	6	465	487
SCF Investments	0	0	37	30
Sales and disposals	0	0	-207	–42
Reclassifications	0	0	1	–1
Translation differences	0	0	10	–9
Closing accumulated cost	**6**	**5**	**305**	**465**
Opening accumulated depreciation and impairment	-4	–3	-396	–412
Sales and disposals	0	0	204	40
Depreciation charges for the year	0	–1	-31	–31
Translation differences	0	0	-7	7
Closing accumulated depreciation and impairment	**-4**	**–4**	**-230**	**–396**
BS **Closing carrying amount**	**1**	**1**	**75**	**70**
Depreciation and impairment by function:				
Cost of services sold	0	–1	-29	–29
Administrative expenses	0	0	-2	–2
Total depreciation and impairment	**0**	**–1**	**-31**	**–31**

The item Machinery and equipment includes leased assets held by the group under finance leases in the following amounts:

	2016	2015
Cost – finance leases	33	135
Accumulated depreciation	-29	–127
Carrying amount	**4**	**8**

Refer also to *Note 7* for information on the group's lease obligations.

NOTE 13 | ACCOUNTS RECEIVABLE

§ ACCOUNTING PRINCIPLES

Accounts receivable are amounts due from customers for goods sold or services provided in operating activities. 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 initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment. However, accounts receivable are in most cases measured at cost, as they fall due in the near future. A provision for impairment of accounts receivable is made when there is objective evidence that the Group will not be able to recover all overdue amounts in accordance with the original terms for the receivables.

! 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*.

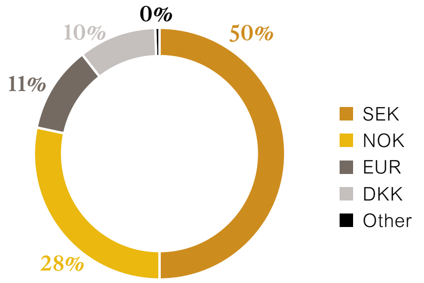
ACCOUNTS RECEIVABLE	2016	2015
Accounts receivable	1,082	1,072
Provision for impairment of accounts receivable	-2	–3
BS **Total**	**1,080**	**1,069**

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

AGING ANALYS OF ACCOUNTS RECEIVABLE:
The Group's policy is to recognize provisions for 30 per cent of accounts receivables which are three to six months past due and provisions of 70 per cent for 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.

MATURITY ANALYSIS OF ACCOUNTS RECEIVABLE	2016	2015
Accounts receivable which are neither overdue nor impaired	970	937
Accounts receivable which are overdue but not impaired		
0-3 months	101	129
>3 months	11	6
Accounts receivable which are overdue but not impaired	**112**	**135**
Provision for impairment of accounts receivable	-2	–3
BS **Total**	**1 080**	**1 069**

ACCOUNTS RECEIVABLE BY CURRENCY IN 2016:



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

PROVISION FOR DOUBTFUL DEBTS	2016	2015
Provision at beginning of period	-3	–4
Provision for expected losses	0	1
Established losses	1	0
Translation differences	0	0
Total	**-2**	**–3**

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

PREPAID EXPENSES AND ACCRUED INCOME	2016	2015
Accrued income, subscriptions	18	44
Accrued income, projects	191	163
Prepaid expenses	187	160
BS **Total**	**395**	**368**

NOTE 15 SHARE CAPITAL AND DATA PER SHARE

The company's share capital at 31 December 2016 comprised 95,812,022 (95,812,022) ordinary shares. The quotient value of the shares at 31 December 2016 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 2016 was SEK 383,248,088 (383,248,088).

CHANGE IN NUMBER OF SHARES	ORDINARY	ORDINARY A	ORDINARY B	PREFERENCE SHARES	TOTAL NUMBER OF SHARES
Number of shares at 1 January 2015	**–**	**188,832,009**	**11,167,991**	**101,958,610**	**301,958,610**
Reverse stock split	–	–157,360,008	–9,306,660	–84,965,509	–251,632,177
Conversion into ordinary shares	50,326,433	–31,472,001	–1,861,331	–16,993,101	–
Bonus issue	1,406,641	–	–	–	1,406,641
Quotient value issue	15,368,875	–	–	–	15,368,875
New share issue	28,710,073	–	–	–	28,710,073
Number of shares at 31 December 2015	**95,812,022**	**–**	**–**	**–**	**95,812,022**
Change during the year	–	–	–	–	–
Number of shares at 31 December 2016	**95,812,022**	**–**	**–**	**–**	**95,812,022**

For information on the appropriation of retained earnings for the year, *see page 52.*

DATA PER SHARE	2016	2015
Share price at end of period	50.8	39.4
No. of shares at end of period	95,812,022	95,812,022
No. of ordinary shares (weighted average)	95,812,022	67,990,312
Dividend per share, SEK		
Proposed ordinary dividend, SEK	1.55	1.40
Proposed extraordinary dividend, SEK	1.45	0.60
Total	**3.00**	**2.00**
Earnings per share, SEK [1)]		
Continuing operations	1.30	–3.58
Discontinued operations	0.00	–0.23
Total	**1.30**	**–3.81**
Adjusted earnings per share, SEK [2)]	1.30	2.74
Equity per share, SEK	28.53	28.53

1) There is no dilution effect in any of the periods. In the calculation of earnings per share for 2015, the calculated interest on the previous preference shares is included, for which reason this income measure is not comparable with earnings per share for 2016.

2) In order to present a KPI which is comparable with previous periods, an adjusted earnings per share has been estimated. This KPI has been adjusted for number of shares, the calculated interest on the previous preference shares and IPO related expenses.

NOTE 16 BORROWING AND FINANCIAL RISK MANAGEMENT

§ ACCOUNTING PRINCIPLES

Financial liabilities are recognized on the settlement date. The liabilities are initially recognized at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method. Costs incurred in connection with new loans are capitalized as borrowing costs and amortised over the term of the loan. For disclosures in the note relating to borrowings, market interest rates are used for calculating the fair value.

Financial liabilities with a maturity date in under 12 months are recognized as current borrowings and financial liabilities with a maturity exceeding 12 months are recognized as long-term borrowing.

! CRITICAL ASSUMPTIONS

Through the current financing solution Coor has entered into agreements that result in certain loan terms and conditions. If Coor was to breach any of these terms and conditions, this could result in increased costs and a risk that the current financing agreements could be terminated. As of December 2016 Coor complies with all of the loan terms and conditions.

BORROWING

BORROWINGS	2016	2015
Non-current liabilities		
Liabilities to credit institutions	1,404	1,367
Finance lease liabilities	5	10
Capitalized borrowing costs	-9	–11
Other non-current liabilities	1	1
BS **Total**	**1,401**	**1,367**
Current liabilities		
Finance lease liabilities	7	14
BS **Total**	**7**	**14**
Total borrowings	**1,408**	**1,381**

Liabilities to credit institutions per 31 December 2016 relate to three different loans from a banking syndicate. The loans are in SEK, NOK and EUR. The loans carry an interest rate equivalent to IBOR (depending on the loan's original value) + 1.45 percentage points according to the current level of the interest rate tiers.

LIABILITIES TO CREDIT INSTITUTIONS BY CURRENCY	NOMINAL AMOUNT (SEK M) 2016	NOMINAL AMOUNT (SEK M) 2015
SEK	950	950
NOK	349	316
EURO	105	100
Total	**1,404**	**1,367**

Granted revolving credit facilities per 31 December 2016 amounted to 400 (400) for the Group, of which the utilised portion amounted to 115 (106). Utilised rolling credit facilities at 31 December 2016 consisted of performance bonds.

The fair value of the Group's borrowings at the balance sheet date was as follows:

	CARRYING AMOUNT		FAIR VALUE	
CARRYING AMOUNTS AND FAIR VALUES FOR BORROWINGS	2016	2015	2016	2015
Liabilities to credit institutions (incl capitalized borrowing costs)	1,395	1,355	1,395	1,355
Finance lease liabilities	12	24	12	24
Other non-current liabilities	1	1	1	1
Total	**1,408**	**1,381**	**1,408**	**1,381**

The current credit margin in the Group's financial agreements is deemed to be consistent with market terms, therefore the carrying amount equals the fair value. The group deems that the valuation is made in accordance with Level 2 of the fair value hierarchy, based on observable inputs. The group has not provided collateral to credit institutions for any borrowings.

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

All of the Group's financial instruments included in the category for loans and receivables and financial liabilities are recognized at acquisition cost. The Group does not hold any derivatives or financial instruments to be recorded at fair value.

LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	2016	2015
Finance lease receivables	7	15
Receivables referring to endowment insurance	10	9
BS **Accounts receivable**	1,080	1,069
BS **Cash and cash equivalents**	603	428
Total	**1,700**	**1,522**

FINANCIAL LIABILITIES AT AMORTISED COST	2016	2015
Bank loans including capitalized borrowing costs	1,395	1,357
Finance lease liabilities	12	24
BS **Accounts payable**	790	835
Total	**2,197**	**2,215**

FINANCIAL RISK MANAGEMENT

The Group's treasury policy is the foundation for managing the financial risks to which the Group is exposed. The treasury policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial results.

The Group is exposed to a number of financial risks 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 the payment of interest and the conversion of loans in currencies other than the Company's functional currency.	The Group's subsidiaries conduct their business almost exclusively in local currency and transaction risk in the commercial flow is low, both revenues and expenses are in the local currency of each country. The Group holds loans from credit institutions in NOK and EUR, which is why Coor is affected by the payment of interest and the conversion of these loans to the Group's functional currency, SEK. If the exchange rate for NOK and EUR was to change by 10 per cent, it would have the following effects on the Group's profit after tax for the translation of loans in NOK and EUR to SEK: TRANSACTION RISK (SEK M) — PROFIT AFTER TAX +/- 2016 NOK — 27 EUR — 8 The transaction exposure from translation of foreign currency loans is partly offset by the translation exposure when translating foreign subsidiaries' income to SEK, see next paragraph.

RISK	POLICY/ACTION

Translation risk
Translation risk is the risk that Coor is exposed to at the translation of foreign subsidiaries' income statements and balance sheets to SEK.

To counteract the translation risk, the Group has raised loans distributed in SEK, NOK and EUR, which roughly corresponds to the Group's operating cash flow in each currency. The need for currency hedging of the Group's net assets abroad is continuously monitored.

The total external debt in foreign currency at the end of 2016 was NOK 331 (331) million and EUR 11 (11) million.

Of the operating profit in 2016, 34 (50) per cent of EBITA is from operations with a functional currency other than SEK. NOK 24 (35) per cent, EUR 4 (1) per cent, DKK 5 (13) per cent, HUF and PLN 1 (1) per cent.

The translation difference in equity for the year amounted to SEK 68 (- 64).

In 2016, 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 on equity for 2016:

TRANSLATION EXPOSURE (SEK M)	PROFIT AFTER TAX +/- 2016	EQUITY +/- 2016
DKK	1	14
EUR	0	-7
NOK	6	52
HUF och PLN	0	1
Total	**8**	**59**

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates negatively affect net profit, cashflow,or the fair value of financial assets and liabilities.

For assets and liabilities with variable interest rates, a change in market interest rates would have a direct effect on net profit and cashflow.

For fixed rate assets and liabilities the fair value would instead be affected.

Consolidated debt represents an exposure to interest rate risk, since borrowing is at variable interest rates.

In the current financing agreement, the Group has chosen not to enter into any interest rate swap arrangements at present, although this choice is reviewed on an ongoing basis.

At 31 December 2016, the group is primarily exposed to interest rate risk through bank loans of SEK 1,404 (1,367) million and utilised revolving credit facilities of SEK 115 (106) million. Both bank loans and revolving credit facilities incur variable interest.

The group analyzes its exposure to interest rate risk by simulating the impact on profit 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 +/– 14 million on the group's interest expenses.

CREDIT RISK

Credit risk is the risk that a counterparty to a transaction will be unable to fulfil its contractual financial obligations, resulting in a negative impact on the Group's financial position and performance. The majority of the Group's credit risk refers to receivables from customers, comprised of accounts receivable and assignments which have been partially or fully completed but not yet invoiced.

Credit risk is managed through an active credit assessment of each customer's creditworthiness in connection with the conclusion of new customer contracts and through careful monitoring of overdue accounts receivable, with clear routines for the management of reminders, demands and collection procedures.

In 2016, the Group's 10 largest customers accounted for 53 (50) per cent of the Group's total sales. Historically, the Group has had a low level of bad debts relative to sales.

At 31 December 2016, the maximum credit exposure in accounts receivable was SEK 1,082 (1,072) million. The concentration of credit risk based on the situation at 31 December 2016 is shown below. The indicated figures are based on the size of the group's exposure to each customer at the balance sheet date.

CONCENTRATION OF CREDIT RISK	SHARE OF TOTAL ACCOUNTS RECEIVABLE	PERCENTAGE OF PORTFOLIO
At 31 December 2016		
Exposure < SEK 15 m	604	56%
Exposure SEK 15-50 m	296	27%
Exposure > SEK 50 m	182	17%
Total	**1,082**	**100%**

The provision for doubtful debts at 31 December 2016 was SEK 2 (3) million, accounting for 0.2 (0.2) per cent of total accounts receivable. For further information on the provision for doubtful debts, refer to *Note 13*.

RISK	POLICY/ACTION

LIQUIDITY RISK

Liquidity risk refers to the risk that the Group will find it difficult to meet its financial obligations because liquid assets are not available.

To ensure adequate short-term liquidity, management analyzes the Group's liquidity requirements by continuously monitoring the liquidity reserve (unutilised revolving credit facilities, and cash and bank balances). Liquidity forecasts are drawn up 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 following up these forecasts on an ongoing basis. The liquidity requirement is met through existing credit facilities.

The table below divides the Group's financial liabilities based on the contractual maturity times. The amounts indicated below refer to undiscounted cash flows.

2016 - MATURITY ANALYSIS	WITHIN 1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	MORE THAN 5 YEARS
Accounts payable	790	0	0	0
Finance lease liabilities	8	3	3	0
Liabilities to credit institutions	0	0	1,404	0
Interest, borrowing	25	25	37	0
Total	**822**	**27**	**1,443**	**0**

2015 - MATURITY ANALYSIS	WITHIN 1 YEAR	BETWEEN 1-2 YEARS	BETWEEN 2-5 YEARS	MORE THAN 5 YEARS
Accounts payable	835	0	0	0
Finance lease liabilities	14	7	4	0
Liabilities to credit institutions	0	0	1,367	0
Interest, borrowing	26	26	64	0
Total	**875**	**32**	**1,435**	**0**

FINANCING AND FINANCING RISK

Financing risk is the risk that external financing will not be available when required and that refinancing of maturing loans will prove difficult or costly.

In order to reduce its financing risk, the Group strives to establish business relationships with at least two different financial players with good creditworthiness.

In conjunction with the listing of the Group on Nasdaq Stockholm in June 2015, a new financing agreement was entered into with a consortium of three different credit institutions. The new financing agreement has a total credit limit of SEK 1,800 million, of which SEK 1,400 million is comprised of senior loans and SEK 400 million comprises a revolving credit facility.

The financing agreement includes customary clauses and stipulates standard terms and conditions for financial covenants. The covenants reported to the credit institutes under the new financing agreement are leverage (ratio of interest-bearing net debt and adjusted EBITDA) and interest coverage ratio (ratio between adjusted EBITDA and net interest income).

The borrowings have a margin above IBOR and follow an interest rate tier based on the company's recorded debt. The long-term borrowings raised under the new financing agreement fall due for repayment in June 2020.

The Group has fulfilled all covenants stipulated in the loan agreements during the current financial year.

RISK	POLICY/ACTION
CAPITAL RISK	
Capital risk means the risk that the Group is unable to maintain an optimal capital structure and therefore cannot continue to generate returns for shareholders and other stakeholders in line with its objectives.	The Group strives to maintain an efficient capital structure that facilitates long-term growth, enabling the Group to continue to generate returns for its shareholders and benefits for other stakeholders. The Group's goal is that the ratio between interest-bearing net debt and adjusted EBITDA is below 3.0. The table below shows the Group's capitalization and net debt at year-end:

NET DEBT	2016	2015
Liabilities to credit institutions	1,395	1,355
Other	16	19
	1,411	**1,375**
Cash and cash equivalents	-603	–428
Net debt	**808**	**947**
Leverage	1.7	2.2
Equity	2,734	2,733
Equity/assets ratio, %	44	45

According to the Group's dividend policy, during a given economic cycle, approximately 50 per cent of the Group's adjusted net profit for the period is to be distributed.

In addition to the goal regarding capital structure and dividend, the Group has set up quantitative financial targets for *organic sales growth, adjusted EBITA margin and cash conversion.*

For definitions and goal achievement in 2016 please refer to the Annual Report section on *Goals.*

NOTE 17 PENSIONS

§ ACCOUNTING PRINCIPLES

The Group has a number of pension plans in different countries. The majority of the Group's pension plans consist of defined contribution pension plans, namely pension plans in which payments are being made to the authority or body which then takes over the obligation towards the employees. The Group has no further payment obligations once the contributions are paid. Obligations for defined contribution plans are recognized as an expense in the income statement as incurred. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments may benefit the Group.

Only a small number of Group employees are covered by a defined benefit plan in which the Group reports a provision in the balance sheet. A defined benefit plan is a pension plan which does not have a defined contribution. The defining characteristic of a defined benefit plan is that it specifies an amount for the retirement benefit which an employee will receive upon retirement, normally based on one or several factors, such as age, length of service or salary.

Both pensions secured through insurance with Alecta in Sweden and pensions secured according to the new AFP plan in Norway are, by definition, defined benefit plans. However, sufficient information is not available to produce reliable information regarding each company's share of pension cost, pension obligation and plan assets, so it is not yet possible to report these as defined benefit plans.

PENSION EXPENSES RECOGNIZED IN THE INCOME STATEMENT	2016	2015
Retirement benefits, defined benefit plans	0	1
Retirement benefits, defined contribution plans	207	200
Total	**207**	**201**

The year's fees for pension insurance policies provided by Alecta amount to SEK 60 (57) million. Alecta's surplus can be distributed to the policyholders and/or insured parties. At the end of 2016 Alecta's surplus, in the form of the collective funding ratio, was 149 (153) 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 are not consistent with IAS 19.

Contributions to pension schemes for the year under the new AFP plan in Norway amount to SEK 30 (25) million.

PENSION OBLIGATIONS RECOGNIZED IN THE BALANCE SHEET	2016	2015
Endowment policies*	12	11
Retirement benefits, defined benefit plans	7	7
BS Total	**19**	**18**
Non-current receivable, endowment policies*	-10	–9
Total, net	**9**	**9**

** Coor has signed endowment policies with a number of employees and beneficiaries. Because the employee is the beneficiary, pension provisions are reported as a long-term receivable in the balance sheet equal to the fair value of the endowment insurance. Special payroll tax has been reserved and will be paid to the Tax Agency in connection with the payment made to the employee.*

CHANGE IN DEFINED BENEFIT OBLIGATION DURING THE YEAR	2016	2015
At the beginning of the year	**7**	**10**
Pension payments made	-1	–1
Acturial gains/losses	0	–2
Provisions for pensions assumed via new contracts	0	2
Translation differences	0	0
Other changes during the year	0	–1
Total defined benefit obligation at year-end	**7**	**7**

Pension costs in the coming year
Expected contributions to post-employment benefit plans for the financial year 2017 are 0 for defined benefit pension plans, SEK 61 million for pension plans with Alecta, SEK 31 million for the new AFP plan in Norway and SEK 135 million for other defined contribution pension plans.

NOTE 18 | PROVISIONS

§ ACCOUNTING PRINCIPLES

Provisions are recognized when the group has a legal or informal obligation as a result of an event which has occurred, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably calculated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Provisions for restructuring measures are recognized when a detailed formal plan for the measure exists and a well-founded expectation among those affected has been engendered. No provisions are made for future operating losses. Restructuring costs include items such as large integration projects or broader organizational changes.

SPECIFICATION CHANGES IN PROVISIONS:

2016

	RESTRUCTURING	OTHER PROVISIONS	TOTAL
At 1 January 2016	**12**	**4**	**16**
Recognized in the income statement			
- additional provisions	8	6	14
- unused amounts reversed	0	0	0
Used during year	-12	-5	-16
Translation difference	0	0	1
BS At 31 December 2016	**8**	**6**	**14**

2015

	RESTRUCTURING	OTHER PROVISIONS	TOTAL
At 1 January 2015	**14**	**5**	**19**
Recognized in the income statement			
- additional provisions	10	0	10
- unused amounts reversed	–2	0	–2
Used during year	–14	0	–14
Reclassified to non-current assets held for sale	5	0	5
Translation difference	0	0	–1
BS At 31 December 2015	**12**	**4**	**16**

THE BREAKDOWN BETWEEN THE SHORT AND LONG-TERM PORTIONS OF OTHER PROVISIONS IS AS FOLLOWS:

	2016	2015
Long-term	7	2
Short-term	7	14
Total	**14**	**16**

Restructuring
The provision for planned restructuring relates to management changes and a number of integration projects.

Other provisions
Other provisions at 31 December 2016 mainly relate to contractual commitments which are not yet completed.

NOTE 19 OTHER LIABILITIES

OTHER LIABILITIES	2016	2015
VAT liability	119	110
Employee withholding tax	61	59
Other current liabilities	5	13
BS **Total**	**185**	**182**

NOTE 20 ACCRUED EXPENSES AND DEFERRED INCOME

ACCRUED EXPENSES AND DEFERRED INCOME	2016	2015
Social security contributions	126	114
Holiday pay	296	278
Other personnel related liabilities	98	97
Accrued interest expenses	0	0
Deferred income, subscriptions	261	186
Deferred income, projects	3	30
Other accrued items	233	188
BS **Total**	**1,018**	**893**

NOTE 21 PLEDGED ASSETS AND CONTINGENT LIABILITIES

§ ACCOUNTING PRINCIPLES

A contingent liability is recognized 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 future events, which are not fully within the control of Coor.

A contingent liability may also be an obligation arising from past events, but which is not recognized as a liability or provision because it is unlikely that the obligation will be settled or the size of the obligation cannot be calculated with sufficient accuracy.

CONTINGENT LIABILITIES	2016	2015
Performance bonds	207	242
Total	**207**	**242**

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

PLEDGED ASSETS	2016	2015
Bank guarantees	107	130
Total	**107**	**130**

Pledged assets include bank guarantees issued on behalf of a number of different customers. The primary purpose of the bank guarantees is to ensure the fulfilment of delivery to customers.

NOTE 22 RELATED PARTY TRANSACTIONS

Ownership

Coor's share were listed on Nasdaq Stockholm on 16 June 2015. For further information on Coor's share and ownership structure, please refer to the the Annual report's *Coor Share* Section.

The following transactions with related parties were concluded:
There have been no significant transactions between Coor and any related parties during the year.

For information about the remuneration of senior executives, please see *Note 6*.

NOTE 23 ACQUISITION AND SALE OF COMPANIES

In 2015 the Group's Industrial Services business was sold to the former main shareholder Cinven Limited, acting through Cinoor S.a.r.l. The consideration specified in the agreement was SEK 210 million, which was settled through the issuance by the main shareholder of a promissory note, which was then distributed to the main shareholder before the IPO. The net effect was thus that Coor received no payment for the sale of the Industrial Services segment. Cash and cash equivalents in the Group's Industrial Services companies amounted, at point of sale, to SEK 57 million which is the reason there was a negative impact on the Group's liquid funds. Since September 2014, this business has been recognized as Operations held for sale in accordance with IFRS 5.

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

- On 10 January the extension and expansion of Coors IFM mission for the Norwegian oil service company Aibel was announced. The new contract is worth approximately SEK 50 million per year and expires in 2020.
- On 25 January, Coor signed an expanded agreement with Akelius relating to property maintenance for Akelius' Swedish property holding. The new contract is worth approximately SEK 85 million per year and expires in 3 years.
- On 31 January it was announced that Coor has won a new IFM agreement with ABB for the delivery of a number of FM services in Sweden, Norway and Finland. The agreement runs for 5 years, with an estimated annual volume over SEK 230 million.
- On 1 February Coor announced an extension of its Scandinavian IFM assignments for SAS. The agreement includes a fixed annual subscription volumes estimated at some SEK 160 m and the possibility for additional variable project volumes. The total volume is estimated at approximately SEK 200 million per year, and the contract runs for six years. Negotiations for the agreement were completed in December, but required approval by the Board of SAS which occurred after the end of the year.
- On 21 February Coor's nomination committee announced that Søren Christensen has declined re-election and that Anders Ehrling is proposed as a new Board member.

PARENT COMPANY ACCOUNTS

PARENT COMPANY INCOME STATEMENT

	NOTE	2016	2015
Net sales		5	6
Net sales		**5**	**6**
Administrative expenses	26,27,28	-25	–73
Operating profit		**-20**	**–67**
Profit from participating interests in Group companies	29	0	210
Financial income	30	2	33
Financial costs	30	-85	–19
Finance costs - net		**-83**	**224**
Group contribution		**307**	**0**
Profit before tax		**204**	**157**
Tax on profit for the year	31	-45	23
PROFIT FOR THE YEAR		**158**	**180**

There is no component of profit that is attributable to other comprehensive income in the Parent Company.

PARENT COMPANY BALANCE SHEET

	NOTE	2016	2015
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	34	7,789	7,789
Deferred tax asset	31	156	34
Other financial assets		1	1
Total non-current assets		**7,945**	**7,824**
Current assets			
Receivables from Group companies*		308	0
Other receivables		1	5
Prepaid expenses and accrued income		0	1
Total current receivables		**310**	**6**
Cash and cash equivalents*		0	0
Total current assets		**310**	**6**
TOTAL ASSETS		8,255	7,830

PARENT COMPANY BALANCE SHEET

	NOTE	2016	2015
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		6,670	6,670
Retained earnings		-1,536	–785
Profit for the year		158	180
Total non-restricted equity		**5,293**	**6,065**
Total equity		**5,676**	**6,449**
Liabilities			
Non-current liabilities			
Borrowings	32	1,395	1,355
Provisions for pensions		2	2
Total non-current liabilities		**1,396**	**1,357**
Current liabilities			
Accounts payable		0	2
Liabilities to Group companies *		1,172	15
Other current liabilities		0	1
Accrued expenses and deferred income	33	10	7
Total current liabilities		**1,182**	**24**
Total liabilities		**2,579**	**1,381**
TOTAL EQUITY AND LIABILITIES		8,255	7,830

** Since June 2015, the Company is part of the Group-wide cash pool with the subsidiary Coor Service Management Group AB as master account holder. The balance in the Group cash pool is accounted for as a current receivable or liability to Group companies.*

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	OTHER CONTRIBUTED CAPITAL	RETAINED EARNINGS	NET PROFIT FOR THE YEAR	TOTAL EQUITY
Opening balance as at January 1 2015	**302**	**5,237**	**–1,239**	**539**	**4,838**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	539	–539	0
Profit for the year	0	0	0	180	180
Bonus issue	8	0	–8	0	0
New share issue	207	1 468	0	0	1 675
Issue costs after tax	0	–39	0	0	–39
Reduction of share capital	–134	0	134	0	0
Redemption of convertible bonds	0	4	0	0	4
Dividend	0	0	–210	0	–210
BS **Closing balance, 31 December 2015**	**383**	**6,670**	**–785**	**180**	**6,449**
Opening balance as at January 1 2016	**383**	**6,670**	**–785**	**180**	**6,449**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	180	-180	0
Profit for the year	0	0	0	158	158
Merger result	0	0	-739	0	-739
Dividend	0	0	-192	0	-192
BS **Closing balance, 31 December 2016**	**383**	**6,670**	**–1,536**	**158**	**5,676**

For information on share capital, refer to *Note 15*. For information on the appropriation of retained earnings for the year, see *page 52*.

PARENT COMPANY STATEMENT OF CASH FLOWS

	NOTE	2016	2015
Cash flow from operating activities			
IS ***Operating profit***		-20	–67
Other items not affecting cash flow		0	0
Issue costs recognized in equity		0	–49
Interest received		0	0
Interest and other financial costs paid		-44	–30
Cash flow from operating activities before changes in working capital		**-64**	**–146**
Increase (+)/decrease (-) net working capital		4	–7
Cash flow from operating activities		**-60**	**–153**
Cash flow from investing activities			
Shareholder contributions paid	34	0	–2,950
Cash flow from investing activities		**0**	**–2,950**
Cash flow from financing activities			
New share issue		0	1,675
Dividend		-192	0
Borrowings raised		0	1,400
Repayments of borrowings		-1	–2
Change cash pool balance		251	19
Cash flow from financing activities		**58**	**3,092**
CASH FLOW FOR THE YEAR		**-1**	**–11**
Cash and cash equivalents at the beginning of the year		0	12
Exchange gains on cash and cash equivalents		1	0
BS **Cash and cash equivalents at year-end**		**0**	**0**

PARENT COMPANY NOTES

NOTE 25 | ACCOUNTING PRINCIPLES

§ ACCOUNTING PRINCIPLES

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities. RFR 2 means that, in the annual report for the legal entity, the Parent Company shall apply all IFRS and statements approved by the EU to the furthest possible extent within the framework for the Annual Accounts Act and in consideration of the relationship between accounting and taxation. The recommendation states which exceptions and additions are to be made to the IFRS. Differences between the consolidated and the Parent Company's accounting principles are presented below.

The accounting principles for the Parent Company stated below were consistently applied to all periods presented in the Parent Company's financial reports.

Related party disclosures
The Parent Company has related party relationships that include a controlling influence over its subsidiaries; see Note 34. Information on normal transactions between the Parent Company and the subsidiaries is not normally provided in the annual report. All transactions with related parties take place on market-based terms.

Group contributions
Group contributions paid and received are recognized as an appropriation in profit or loss.

Dividends
Dividends received are recognized when the right to receive a payment is deemed to be certain.

Shares in subsidiaries
The Parent Company recognizes all holdings in Group companies at cost less any accumulated impairment losses. Shareholders' contributions paid are capitalized in shares and participations insofar as impairment is not required.

NOTE 26 | COSTS BY NATURE OF EXPENSE

	2016	2015
External services	-3	-58
Payroll costs	-23	-15
Other operating expenses	-0	-0
IS **Total**	**-25**	**-73**

NOTE 27 | AUDIT FEES

	2016	2015
PwC		
Audit engagement	1	1
Audit services in addition to audit engagement	1	10
Tax advisory services	0	1
Other services	0	0
Total	**2**	**12**

Audit engagements refer to the audit of the annual report and accounts as well as the Board of Director's and CEO's management, other duties incumbent on the Company's auditors to carry out and advice or other assistance that arises from observations in such an audit or the implementation of other such duties. All else falls under other engagements. In 2015, audit services in addition to the audit engagement are largely comprised of services performed in connection with the Company's listing on Nasdaq Stockholm.

NOTE 28 | EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

SALARIES AND OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

	2016				2015			
	SALARIES AND REMUNERATION	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*	SALARIES AND REMUNERATION	*OF WHICH BONUSES*	SOCIAL SECURITY CONTRIBUTIONS	*OF WHICH RETIREMENT BENEFIT COSTS*
Board of Directors and CEO *	11	*3*	5	*2*	6	*1*	3	*1*
Other employees	4	*1*	2	*0*	4	*2*	2	*0*
Total	**15**	*4*	**7**	*2*	**10**	*2*	**5**	*1*

** The Company's CEO was employed in the subsidiary Coor Service Management Group AB until the end of June 2015. The above information for 2015 therefore only includes salary costs for the CEO as of this point in time.*

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

The Parent Company's Board, excluding employee representatives, consisted of 8 (7) members, of whom 5 (5) were men. There were also 3 (2) employee representatives.

NOTE 29 | PROFIT FROM PARTICIPATING INTERESTS IN GROUP COMPANIES

	2016	2015
Dividends from subsidiaries	0	210
IS **Total**	**0**	**210**

NOTE 30 | NET FINANCIAL ITEMS

	2016	2015
Financial income		
Interest income, Group companies	0	0
Translation differences	2	33
IS **Total**	**2**	**33**
Financial expenses		
Interest expenses, Group companies	-18	0
Interest expenses, external	-25	–15
Translation differences	-38	0
Other financial costs	-3	–4
IS **Total**	**-85**	**–19**
Total net financial items	**-83**	**14**

NOTE 31 | INCOME TAX

TAX EXPENSES (-), TAX INCOME(+)	2016	2015
Current tax	0	0
Deferred tax	-45	23
IS **Total**	**-45**	**23**

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

	2016	%	2015	%
IS **Profit before tax**	204		157	
IS **Tax expense**	-45	-22.2	23	14.8
Calculated tax expense	-45	-22.0	–35	–22.0
Difference	**0**	**-0.2**	**58**	**36.8**
Use of previously unrecognized loss carry-forwards	0	0.0	11	7.2
Tax effect of non-deductible expenses	0	0.2	0	0.0
Tax effect of non-taxable income	0	0.0	46	29.4
Other	0	0.0	0	0.2
Total	**0**	**0.2**	**58**	**36.8**

DEFERRED TAX ASSET IN THE BALANCE SHEET

	2016	2015
BS **Opening balance**	**34**	**0**
Deferred tax attributable to temporary differences on pensions	0	0
Deferred tax attributable to issue costs recognized in equity	0	11
Deferred tax on loss carry-forwards recognized in the income statement	-45	23
Deferred tax on loss carry-forwards assumed via merger	167	0
BS **Closing balance**	**156**	**34**

NOTE 32 | BORROWINGS

	2016	2015
Liabilities to credit institutions	1,404	1,367
Capitalized borrowing costs	-9	–11
BS **Total**	**1,395**	**1,355**

All loans fall due for payment in June 2020. For additional information regarding borrowing and financial risks, refer to *Note 16*.

NOTE 33 | ACCRUED EXPENSES AND DEFERRED INCOME

	2016	2015
Social security contributions	4	2
Holiday pay	1	1
Other personnel related liabilities	4	2
Other items	1	2
BS **Total**	**10**	**7**

NOTE 34 SHARES IN GROUP COMPANIES

			2016	
	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%	
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 Skadeservice Holding AS	990 610 983	Norway	100%	
Coor Service Management Bergen AS	943 578 524	Norway	100%	
Coor Service Management Alta AS	986 926 658	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	01-09-931476	Hungary	100%	
Coor Service Management sp. z.o.o	0000350979	Poland	100%	
Coor Service Management OÜ	12169810	Estonia	100%	

CHANGE DURING THE YEAR	2016	2015
Opening cost	8,489	5,539
Shareholders' contribution	0	2,950
Closing accumulated cost	**8,489**	**8,489**
Opening impairment	–700	–700
Closing accumulated impairment	**–700**	**–700**
BS **Closing carrying amount**	**7,789**	**7,789**

MERGED SUBSIDIARIES DURING THE YEAR	CORP.ID.NO.	REGISTERED OFFICE	SHARE OF EQUITY
Venoor InvCo 2 AB	556740-8785	Stockholm	100%
Coor Service Management Invest AB	556662-7427	Stockholm	100%
Coor Service Management Nuclear AB	556049-4675	Väröbacka	100%
Coor Service Management LP Oy	1963712-4	Finland	100%

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO affirm that the annual report has been prepared in accordance with the international financial reporting 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 financial reporting standards, and in accordance with generally accepted accounting principles and gives a true and fair view of the Parent Company's and the Group's financial position and results. The administration report for the Parent Company and the Group, respectively, gives a true and fair view of the development of the operations, the financial positions and the results of the Parent Company and the Group, and describes all significant risks and factors of uncertainty facing the Parent Company and the companies in the Group.

The Consolidated Statement of Comprehensive Income and Consolidated Balance Sheet, as well as the Parent Company Statement of Comprehensive Income and Balance Sheet will be presented for adoption at the Annual General Meeting held on 4 May 2017.

Stockholm, 23 March 2017

ANDERS NARVINGER
Chairman

SØREN CHRISTENSEN

MATS GRANRYD

MATS JÖNSSON

MONICA LINDSTEDT

KRISTINA SCHAUMAN

HEIDI SKAARET

GLENN EVANS
Employee Representative

PIER KARLEVALL
Employee Representative

GÖRAN KARLSSON
Employee Representative

MIKAEL STÖHR
Chief Executive Officer

Our audit report was submitted on 23 March 2017

Öhrlings PricewaterhouseCoopers AB

MAGNUS BRÄNDSTRÖM
Authorized Public Accountant
Auditor-in-Charge

AUDITOR'S REPORT

This is a translation of the Swedish original. Should any differences exist between the original version and this English version, the Swedish version shall prevail.

To the general meeting of the shareholders of Coor Service Management Holding AB (publ), corporate identity number 556742-0806

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Coor Service Management Holding AB (publ) for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 46-83 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow 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 present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the Corporate Governance Report on pages 90-98. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OUR AUDIT APPROACH

OVERVIEW

Materiality

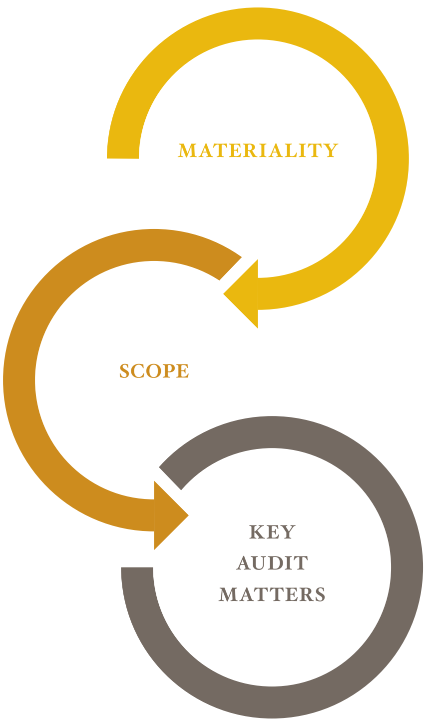
- Overall materiality: MSEK 55, corresponding to 1% of revenue

Scope

We have performed an audit covering, according to our judgment, the most significant reporting units in the Coor group. This covers 89% of sales, 74% of operating results and 84% of assets. For further descriptions of the audit activities, see below.

Key audit matters

- Routines and processes, and revenue recognition;
- Assessment of impairment of goodwill and other acquisition-related intangible assets;
- Items affected by managements' assessments, foremost deferred tax.



AUDIT SCOPE

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Coor's business is to provide facilities management services. The Group has mainly arisen through acquisitions. Coor primarily conducts its operations in the Nordic countries, but are also present in certain other countries as a result of contracts with Nordic customers. Customers are of varying sizes and operate in many different segments. The contracts with customers regulate the activities performed and also the invoicing of the services.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

In the group audit, we focused on the operations of the parent company and the most significant reporting units. The entities included correspond to 89% of sales, 74% of operating profit and 84% of the assets. For these entities, the audit included a review of the quarterly financial statements for the third quarter as at September 30, the assessment of key controls over financial reporting, and the audit of the financial statements forming the basis of the consolidated financial statements.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	SEK 55 million (2015: SEK 51 million)
How we determined the materiality level	Corresponding to some 1% of revenue
Rationale for benchmark applied	We have chosen this rationale in determining the materiality level as, in our opinion, it is the most relevant measure against which the Group's development is usually measured.

We agreed with the Audit Committee that we would report identified errors exceeding SEK 5 million, as well as errors less than this amount which, in our opinion, should be reported for qualitative reasons.

KEY AUDIT MATTERS

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Routines and processes for revenue recognition and revenue recognition We refer to Note 1 for key estimates and assumptions for accounting purposes, 2 Revenue, 13 Accounts receivable, 14 Prepaid expenses and accrued income, 20 Accrued expenses and deferred income. The revenue recognition of the group has been one of our focus areas. The services performed can sometimes stretch over a longer period of time. Due to this, differences may arise in the accounting in terms of when Coor performs the services and when the revenue is recognized. To assess whether revenue is correctly allocated and valued is, therefore, a key audit matter. The point in time at which revenue can be recognized is based on the wording of the contracts entered into. Customer contracts can vary and can be complex which, in itself, implies an increased risk of error. The revenue process involves both line managers who are responsible for compiling and assessing the supporting documentation for the billing, and a central function executing the invoicing. Income earned, but not invoiced, per each balance sheet date is recognized as accrued income based on an assessment of the portion of the services that can be invoiced. Invoiced income not yet received is recognized in the accounts receivable based on the assessment of the amount to be collected. Coor also has cash handling, primarily, in its restaurants. As cash handing represents an increased risk, it is essential to have proper routines in place for this.	Our audit is based both on the evaluation of internal controls and on substantive testing of revenues, material projects, including a systems based analysis of certain balance sheet items, and of income statement items. Completed audit activities include: • We have mapped the processes related to revenue recognition and to the assessment of accrued income and accounts receivable. Based on this, we have, on a random sample basis, tested assessed key controls. We have also, on a sample basis, for randomly selected customers, tested the reported revenues against contracts with regards to the correct amount being recognized in the correct time period. This testing has also included accrued income. • Per year-end, we have performed a systems-based analysis of deferred revenue to ensure that reported revenue has been properly transferred to the general ledger. • We have assessed any bad debts based on Coor's policy for provisions, as well as by discussing material overdue receivables to assess if a provision has been accurately recognized based on the estimated risk of non-payment. • Coor has several units with cash handling activities. During the year, we have visited two restaurants and have performed a separate review of estimated key controls. This also included the reconciliation and counterchecking of cash. No significant matters have emerged from this review implying the need to report to the Audit Committee.
Assessment of impairment of goodwill and other acquisition related intangible assets We refer to note 1 for key estimates and assumptions for accounting purposes and note 11, Intangible assets. In Note 11 information is provided on the sensitivity analysis performed based on the changes in the assumptions that could result in an impairment of goodwill Goodwill and other acquisition-related intangible assets, including contracts, amount to SEK 3,717 million at 31 December, 2016 corresponding to 60% of total assets. The main risk is that there could be a need for impairment of the value of these assets. Coor prepares a test on an annual basis in order to assess the value of goodwill and other intangible assets and to assess if there is a need for impairment. This testing is complex and depends on management's expectations as regards important parameters, such as future developments relating to sales and cash flow, margins and interest (WACC). Coor has an established process to test the valuation, based on the identified cash-generating units (CGU) as described in Note 11. In 2016, there were four identified cash-generating units. Acquired contracts that can be identified are tested, accordingly. When a contract can be separated based on an acquisition analysis, an assumption is made as regards the life span of the contracts, expected volumes and margins. These assumptions are re-assessed annually. Coor's conclusion is that there was no need of an impairment of the assets referred to above in 2016.	When testing, if there is any need for impairment of goodwill and other acquisition-related intangible assets, we have inter alia performed the following audit procedures in order to ensure, primarily, their valuation and accuracy: • We have utilised PwC's valuation experts in order to examine and evaluate Coor's models, methodologies and assumptions. • We have, on a random sample basis, tested, evaluated and challenged the details applied in the calculations versus Coor's financial plan and, where possible, external information. We then focused on the assumed growth rates, development of margins and the discount rate for each cash generating unit. We also reviewed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcome. • Checking of the sensitivity of the valuation to negative changes in key parameters which, on an individual or aggregate basis, could result in an impairment requirement. • Assessment of the disclosures provided in the annual report to ensure that they are correct, based on the conducted tests of valuation, particularly as regards the information on the sensitivity of the valuations. • Comparison of the disclosures provided in the financial statements with IAS 36 requirements. Based on our audit, it is our conclusion that Coor's assumptions are within an acceptable range, and that the information in Note 11 relates to the disclosure requirements on assumptions and risks where small changes in assumptions imply, or may imply, an impairment.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Items affected by managements' assessments, foremost deferred tax We refer to note 1 for key estimates and assumptions for accounting purposes and note 10, Taxes. The deferred tax asset attributable to losses carried forward amounted to MSEK 399 per the end of December 2016. This is deemed to comprise a significant item in the consolidated balance sheet. In the audit, the valuation of this asset has been the subject of a special focus. Coor annually compiles details of the tax losses available within the Group's companies. An evaluation then takes place as to whether these losses can be utilised against future estimated profits. As with the assessment of the value of goodwill and other intangible assets, this evaluation is based on of future budgets and forecasts. Companies within the Group can also be subject to tax audits, where the taxable result can be fully or partially questioned, which could alter the basis for calculating deferred tax. Management contracts legal or tax expertise to manage tax audits of a significant nature. There is also a risk that political decisions can change regulations which, in turn, affects the assessment and / or the calculation of deferred taxes.	In our audit, we have checked the valuation of losses carried forward, and have undertaken an assessment of deferred tax on these losses to determine if they have been calculated in accordance with current regulations. The audit measures performed include: • We have utilised PwC tax experts to evaluate whether Coor's assessment of the temporary or permanently blocked losses carried forward is correct based on the information available at the point in time at which we sign the audit opinion. • We have evaluated management's assumptions regarding estimated future results. These are significant assumptions, based on of the portion of available tax losses carried forward which management deems to be able to be utilised. This assessment also includes a significant component of subjectivity. This is examined during our review of the impairment of acquisition related intangible assets (see also above). Coor's assumptions on the development of the financial results are tested against approved budgets and business plans. This testing is performed through the same method as applied to goodwill and other acquisition-related intangible assets, including contracts, in the manner set forth in that section of this audit report. The audit also includes the monitoring of ongoing tax audits or tax matters that may affect the loss carried forward amounts. Coor has a process to assess the outcome of these pending cases. We have discussed this matter with management. In 2016, there were no such tax audits or matters that could have a material impact on the losses carried forward. No significant matters have emerged from this review implying the need to report to the Audit Committee. We have noted no inconsistencies in the documentation we have received and examined, nor have we noted that the disclosed information fails to correspond with IAS 12 requirements.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-45 and 90-113. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of 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 of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Coor Service Management Holding AB (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor´s report.

Stockholm March 23, 2017
Öhrlings PricewaterhouseCoopers AB

MAGNUS BRÄNDSTRÖM
Authorised Public Accountant
Auditor in Charge

CORPORATE GOVERNANCE REPORT 2016

Corporate governance report for Coor Service Management Holding AB (Corp. ID No. 556742-0806) refers to the financial year 2016.

CONTENTS

The Corporate Governance Report is an integral part of Coor's Annual Report for 2016, which explains why it begins on page 91. The Corporate Governance Report can be read separately, but sometimes contains references to other parts of the Annual Report, which is available in its entirety on the company's website.

EFFECTIVE GOVERNANCE THROUGH CLEAR DIVISION OF RESPONSIBILITY AND CONTROL

Corporate governance in Coor comprises the division of responsibilities and the system of principles, guidelines, structures and processes used for governance and control of the company's operations.

This corporate governance report has been prepared by the Coor Group's Board of Directors and presents an account of the corporate governance in Coor during the 2016 financial year. The report has been reviewed by Coor's auditors, from whom a statement is provided at the end of the document.

GENERAL INFORMATION ON CORPORATE GOVERNANCE AT COOR

Coor is a limited liability company with its registered office in Stockholm, whose shares were listed for trade on the Nasdaq Stockholm stock exchange on 16 June 2015. This entails that the corporate governance in Coor is based on Swedish laws and ordinances, as well as the practice that applies to companies listed on Nasdaq Stockholm. Coor also complies with the Swedish Corporate Governance Code without deviating from any of its rules. Applicable local legislation is complied within all countries in which Coor engages in operations.

In addition to this *external regulatory framework*, the Group has implemented its own *internal regulatory framework* with a number of Group-wide steering documents, among which the most important are the the Articles of Association as adopted by the Annual General Meeting of shareholders, the Rules of Procedure for the Board of Directors and Board Committees and the terms of reference to the CEO issued by the Board of Directors. A large number of internal policies, instructions and delegations are also in place which clarify responsibilities and authorities within various areas. Coor's most important steering documents are collected in the company's management system, which also describes the company's main processes and shared approaches.

The structure of corporate governance at Coor is well defined, and described in general in an illustration on page 92.

1. SHARE AND OWNERSHIP STRUCTURE

At year-end, Coor's share capital amounted to SEK 383 248 088 distributed over 95,812,022 shares. Each share entitles the holder to one vote at a General Meeting of shareholders.

Coor's shareholder register as per 31 December 2016 listed approximately 2,700 shareholders, and, of the total share capital, approximately 57 per cent was owned by investors outside Sweden. The three largest shareholders at year-end were Swedbank Robur with 9.3 per cent, Fidelity Management & Research with 8.8 per cent and the Second Swedish National Pension Fund with 6.1 per cent of the share capital and votes. More information on Coor's share and owner-

SUSTAINABLE BUSINESS

All companies have a substantial responsibility for the operations they conduct, and for the operations' environmental and social impact in a broader sense – in both the short and long term. Coor works with a long-term, structured perspective on the sustainability aspects that are deemed to have the largest impact on the company's local environment. The purpose of Coor's sustainability work is to ensure the company's stable and profitable development with the application of sound business ethics and minimal environmental impact, while concurrently having a positive impact on the development of society in general. For more information on Coor's sustainability work and how it is managed, please refer to the separate *Sustainability Report*.

IMPORTANT EXTERNAL AND INTERNAL STEERING DOCUMENTS

External regulations

- Swedish laws and ordinances (mainly the Swedish Companies Act and the Annual Accounts Act)
- Laws and ordinances in other countries where Coor conducts operations
- Nasdaq Stockholm's Rule Book for Issues
- Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)

Group-wide policies and instructions

- Code of Conduct*
- Insider policy*
- Financial policy*
- Communication policy*
- Acquisition policy
- Risk management policy
- Procurement policy
- Sustainability policy
- IT policy
- Information security policy
- Framework for internal control
- Finance manual
- Payment and authorisation instructions*

*) Policies that the Board has adopted

ship structure is available on the company's *website* under *About Coor/Investors* and in the section *The Coor share*.

2. GENERAL MEETING OF SHAREHOLDERS

Pursuant to the Swedish Companies Act, the General Meeting is the company's highest decision-making body. All shareholders have the possibility to participate and vote in the Annual General Meeting (AGM). The AGM addresses the annual report, appropriation of profits, election of the Board and auditors, fees and principles of remuneration. Decisions made at a General Meeting are published after the Meeting by a press release. More information on the convening notice and participation at the company's General Meetings is available on the company's *website* under *About Coor/Corporate governance*.

3. NOMINATION COMMITTEE

The Nomination Committee's composition and work is governed by instructions approved by the AGM and described on the company's *website* under *About Coor/Corporate governance*.

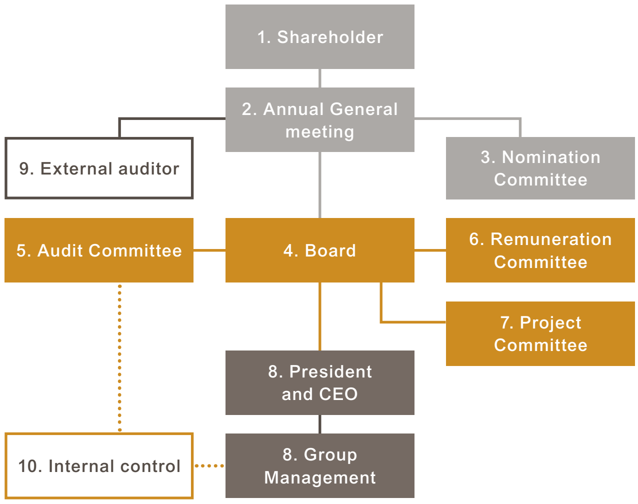
Composition and work prior to the 2017 AGM

The Nomination Committee for the 2017 AGM is comprised of Jan Andersson (Swedbank Robur Fonder), Ulrika Danielson (Second Swedish National Pension Fund), Jan Särlvik (Nordea Funds), Malin Björkmo (Handelsbanken fonder) and Chairman of the Board Anders Narvinger.

Prior to the 2017 AGM, the Nomination Committee met four times. Through the Chairman of the Board, the Nomination Committee received information on the company's operations, development and conditions otherwise. The Nomination Committee also interviewed individual Board members and the Chairman of the company's Audit Committee. The Nomination Committee discussed the primary requirements which should be set on Board members with regard to the necessity of independent members, and has reviewed the number of Board assignments that the respective members have in other companies. The Nomination Committee placed significant emphasis on ensuring an even gender distribution, diversity and breadth.

Shareholders were welcome to submit proposals and opinions to the Nomination Committee. No special compensation was paid to any of the members of the Nomination Committee.

COOR'S CORPORATE GOVERNANCE STRUCTURE



4. THE BOARD OF DIRECTORS

The Board of Directors is ultimately responsible for the company's organization and the management off its affairs, and continuously assesses the company's and the Group's financial situation.

Composition and work 2016

Coor's Board consists of eight ordinary members elected by the General Meeting and five employee representatives (of whom three are ordinary and two deputies). The Board's composition meets the Swedish Corporate Governance Code's requirement of independent Board members. Board member independence is presented in a table on the next page. The Board is presented at the end of the Corporate Governance Report, where the members' assignments outside the Group and holdings of Coor shares are presented. The Board appointed Coor's General Counsel as the secretary of the Board.

5. AUDIT COMMITTEE

Consists of three members appointed by the Board: Kristina Schauman, Mats Granryd and Monica Lindstedt. Coor's CFO and external auditors participate in all meetings.

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

6. REMUNERATION

Consists of two members appointed by the Board: Mats Granryd and Anders Narvinger (chair).

Assists the Board with proposals in remuneration matters and follows up and evaluates remuneration structures and remuneration levels for Group management.

7. PROJECT COMMITTE

Consists of three members appointed by the Board: Mats Jönsson, Mats Granryd, Anders Narvinger (chair).

Assists the Board with proposals and decisions regarding major customer contracts, acquisitions and other important agreements.

The Board of Directors met eight times during 2016. The Board continuously addressed strategic issues, financial development and matters related to new business, customers and personnel. Important issues addressed during the financial year have been the Group's greater focus on operational efficiency and sales issues. Senior executives continuously presented specific issues.

To address issues that need to be discussed in particular, the Board has chosen to establish three committees: a Remuneration Committee, an Audit Committee and a Project Committee. The committees have continuously reported to the Board from their respective meetings.

Attendance at this year's Board meetings has been good. The Board members' participation in the Board meetings and committees, as well as remuneration received are presented by the table below.

8. CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Board of Directors has delegated the operative responsibility for the administration of the company and the Group to the President and CEO, who manages the business according to the frameworks and guidelines established by the Board of Directors. The assignment of responsibilities between the Board of Directors and the CEO is detailed in written instructions, reviewed and confirmed annually by the Board of Directors. Mikael Stöhr has been the President and CEO of the company since 2013.

The CEO appoints the Group management, which together with the CEO is responsible for day-to-day operations. This responsibility includes setting targets for the operating activities, allocating resources and following up the business results, as well as preparing proposals of investments, acquisitions and divestments according to the Board's written instructions. In 2016, Group management was extended to 12 people, who are presented at the end of the Corporate Governance Report.

During the year, Group management met 11 times. Matters addressed are

REMUNERATION PRINCIPLES FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The Board fees are decided by the AGM after a proposal by the Nomination Committee. The Chairmen and members of the Committees are entitled to a supplementary fee.

The Annual General Meeting also determines the principles for remuneration of senior executives in the Group. These guidelines stipulate that the total remuneration is to be market-based and competitive, and should reflect the individual's performance and responsibilities.

Matters related to remuneration of senior executives are prepared by the Board's Remuneration Committee, which also maintains a continuous overview of and evaluates remuneration structures and remuneration levels. For complete resolutions regarding the remuneration guidelines, see *Note 6* in the Group annual report.

BOARD MEMBER ATTENDANCE, INDEPENDENCE AND REMUNERATION

	Meeting attendance				Independence		Fees and remunerations
	Board	Audit Committee	Project Committee	Remuneration Committee	Independent of the company	Independent of major shareholders	Approved remuneration and committee fees, SEK '000s [8]
Total meetings	8	5	3	2			
Elected ordinary Board members							
Søren Christensen [3]	7	2	1	1	Yes	Yes	250
Mats Granryd [1]	5	3	2	1	Yes	Yes	450
Mats Jönsson	8	-	3	-	No	Yes	300
Monica Lindstedt [4]	8	3	-	-	Yes	Yes	350
Bernt Magnusson [2]	3	2	-	-	Yes	Yes	-
Anders Narvinger, chairman	8	-	3	2	Yes	Yes	800
Kristina Schauman	7	5	-	-	Yes	Yes	400
Heidi Skaaret [1]	5	-	-	-	Yes	Yes	250
Mikael Stöhr	8	-	-	-	No	Yes	-
Union appointed employee representatives							
Glenn Evans	8	-	-	-	No	Yes	-
Pier Karlevall [5]	8	-	-	-	No	Yes	-
Göran Karlsson	8	-	-	-	No	Yes	-
Union appointed deputy employee representatives							
Robert Halén	7	-	-	-	No	Yes	-
Rolf Hammarstedt [6]	1	-	-	-	No	Yes	-
Rikard Milde [7]	0	-	-	-	No	Yes	-

[1] Board member since AGM on 28 April 2016.
[2] Withdrew from Board as of AGM on 28 April 2016.
[3] Withdrew from Audit Committee as of AGM on 28 April 2016.
[4] Joined Audit Committee as of AGM on 28 April 2016.
[5] Deputy employee representative until 29 December 2016, then employee representative.
[6] Withdrew as deputy employee representative on 9 December 2016.
[7] Became deputy employee representative on 29 December 2016.
[8] The remuneration and fees for Committee work are approved by the Annual General Meeting on 28 April 2016, and are applicable until the next Annual General Meeting on 4 May 2017. For information on the remuneration impacting profit/loss for 2016, please refer to *Note 6*.

EVALUATION OF THE BOARD OF DIRECTORS AND THE CEO

The annual evaluation of the Board's work, including committee work, was done by the Chairman of the Board, Anders Narvinger. He evaluated the Board's approaches, competence and composition, including the members' background, experience and diversity. The results of the evaluation were presented to the Nomination Committee.

The work of the CEO is evaluated during a Board meeting, at which company management is not present.

AUDITORS

Öhrlings PricewaterousCoopers AB (PwC)

Auditor-in-Charge:
Magnus Brändström (born 1962).

Other audit engagements:
Dometic, Scandic, Tobii, Troax, Addnode.

Number of Coor shares: 0.

earnings follow-up and forecasts, targets and target achievement, market situation, on-going business, status of Group-wide projects, recruitment and other important matters. In addition to this, Group management had brief phone conferences at least once a month.

The Group also has an expanded management forum, Top Management Team, that comprises Group management and the country management teams. The Group's roughly 130 senior executives annually gather at a special forum (Management Days) to make contacts, exchange experiences, be inspired and discuss matters of common interest.

9. EXTERNAL AUDITORS

The 2016 AGM reelected Öhrlings PricewaterhouseCoopers AB (PwC) to serve as the company's external auditor until the 2017 AGM. Magnus Brändström has been the Auditor-in-Charge for the audit of Coor since 2015. PwC has been Coor's auditor since 2004.

The external audit of the accounts in Coor is done in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditor's assignment includes examining annual accounts, annual report and consolidated accounts, and the management of the company and the Group by the Board of Directors and Group management. The auditors also conduct a general review of the interim accounts as at September.

The auditors shall keep the Board updated on the planning, scope and content of the annual audit and inform about services rendered in addition to auditing services, the fees for such services and other circumstances that may have a bearing on the auditor's independence. To meet the Board's needs for information and ensure that all areas are addressed in a structured manner, Coor's auditors participate in the Audit Committee's meetings and attend at least one Board meeting per year. On at least one occasion, the auditors meet the Board of Directors without the presence of company management. The fee received for 2016 is presented in *Note 8* in *the legal annual report*.

ANNUAL CALENDAR 2017

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE

BOARD OF DIRECTORS

FEBRUARY
- Review of external auditors' report.
- Approval of corporate governance report.
- Decision on appropriation of profits.
- Remuneration Committee's evaluation of remuneration of senior management.
- Board's evaluation of CEO.
- Approval of CEO remuneration and other terms of employment.
- Approval of Q4 interim report.
- Preparation for General Meeting.

MARCH
- Approval of annual report.

MAY
- Approval of Q1 interim report.
- General annual meeting.
- Statutory Board meeting.

AUDIT COMMITTEE

FEBRUARY, Q4 MEETING
- Q4 interim report and year-end report.
- Corporate governance report
- External auditor report.
- External auditor assessment.

MAY, Q1 MEETING
- Q1 interim report.
- Audit plan and fees for external auditors.
- Finance policy review.

REMUNERATION COMMITTEE

MEETING PRIOR TO THE FIRST BOARD MEETING OF THE YEAR
- Evaluation by the Remuneration committee.
- Approval of remuneration of senior executives excl. CEO.
- Proposal on remuneration and other terms for the CEO.

MARCH MEETING (IF NECESSARY)
- Preparation of Board's proposals to the shareholders.

Environment and quality auditors
Coor's operations are also certified according to the international environmental and quality standards ISO 9001 and 14001, respectively, under which the operations are inspected every year by an independent party from an environmental and quality perspective. Det Norske Veritas is responsible for both the environmental audit and for the quality audit.

In 2016, Patrik Frykman was the Auditor-in-charge at Det Norske Veritas. The results of these audits are reported to Group management. More information on this audit is presented in the *Sustainability Report*.

10. INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Coor's framework for internal control has been designed to ensure accurate, reliable financial reporting in accordance with IFRS, applicable laws and rules, and other requirements incumbent on companies listed on the Nasdaq Stockholm Stock Exchange.

Coor's Board of Directors bears the overall responsibility for establishing an effective internal control system. The Board of Directors has established an Audit Committee among its members responsible for monitoring all matters concerning internal control in relation to financial reporting, pursuant to the Committee's rules of procedure.

Coor's work on internal control is based on the framework developed by COSO. According to this framework, internal control consists of multiple components: Control environment, Risk assessment, Control activities, Information and communication and Monitoring/improvement. These components are integrated and work together to prevent and discover material misstatements in the financial reporting.

Coor's framework for internal control is intended to create effective processes and make internal control an integral part of the day-to-day operations to the greatest extent possible.

Control environment

A good control environment forms the basis for the effectiveness of a company's internal control system. The control environment is defined in steering documents in the form of policies, procedures and manuals, and is upheld through clearly-defined and communicated decision-making channels, authorities and areas of responsibility within the organization.

Coor has a control environment that is based on well-defined responsibility structures with regular reporting and follow-up of financial outcomes, from the site level up to the Group level, through contract, business unit and country.

The Board has determined a number of fundamental guidelines and policies that are of major significance to maintaining an effective control environment, such as the Code of Conduct and payment and authorisation instructions.

Risk assessment

Based on the overall risk assessment prepared by Group management (see the section *Risks and risk management*), a detailed risk assessment is done based on the financial reporting. This aims to identify and evaluate significant risks in the financial processes and risks of improprieties and fraud.

JULY
- Approval of Q2 interim report.

SEPTEMBER
- Approval of strategy.

OCTOBER
- Review of cases by the Audit Committee and the report from the auditors.
- Approval of Q3 interim report.

DECEMBER
- Approval of budget and business plan.

JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

JULY
- Q2 interim report.

OKTOBER, Q3 MEETING
- Q3 interim report.
- Review of the finance function.

DECEMBER
- Evaluation, monitoring and planning regarding internal controls.
- Draft Corporate Governance Report.
- Questions concerning the annual accounts.
- Evaluation and decision regarding internal audit function.

DECEMBER
- Principles for remuneration to senior executives.
- Succession planning for senior executives.

The risk assessment regarding the financial reporting takes into account materiality, complexity and the risk of fraud in various income and balance sheet items and underlying processes. The risk assessment constitutes a basis in the formulation of control activities intended to manage the risks.

Risk assessment is done through a cooperation between process owners, representatives from the respective countries and Coor's Finance Function at Group level.

Control activities

Based on the risks identified regarding financial reporting, control activities are formulated to limit identified risks and contribute to both correct and reliable financial reporting and process effectiveness.

Coor has defined six significant financial processes. These processes are financial close, tax, revenue and receivables, purchase and payables, payroll and investments. In each process, Coor has identified a number of key controls that shall be implemented by all large companies in the Group. In addition to the six financial processes, IT is also considered a significant process, with the potential to materially impact reliability within the financial processes.

Coor has three distinct types of controls: *Group-wide controls, manual controls and general IT controls*. See an example on the next page of how risk and objectives are tied to a control activity for the respective control type.

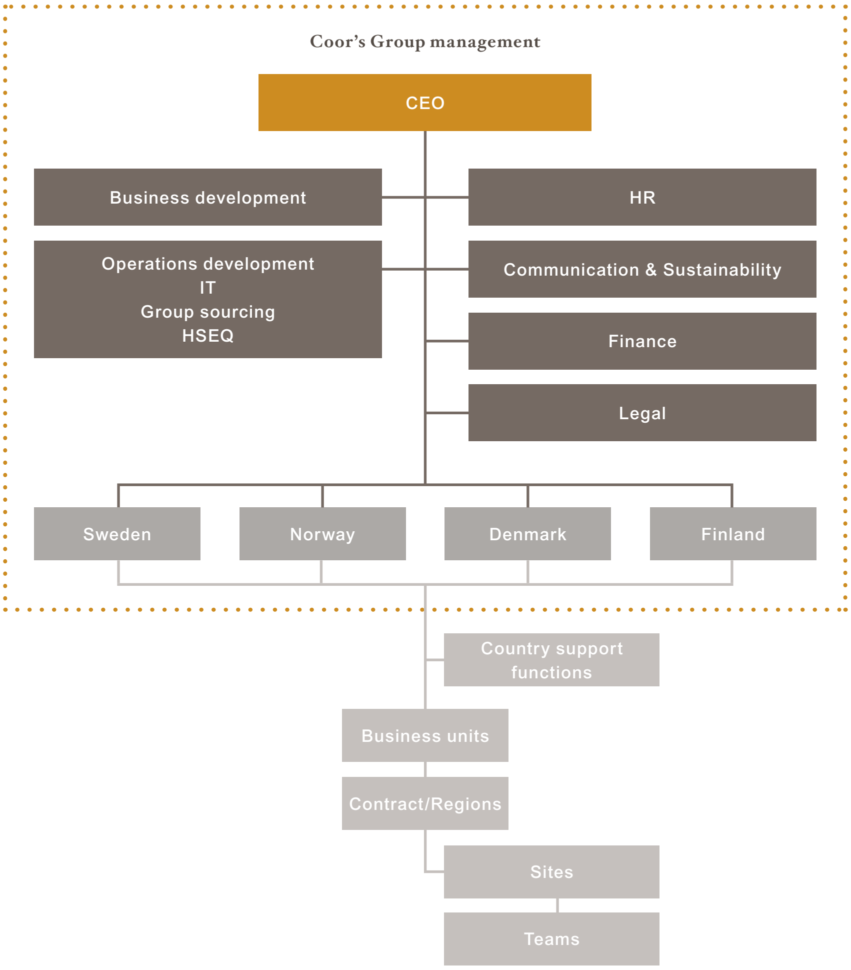
A central element of the Group's control activities is comprised of a structured and well-functioning financial follow-up, linked to financial responsibility. At different levels in the organization, regular standardized analytical controls are carried out, i.e. deviation analyzes and reasonability assessments of large items in the income statement and balance sheet.

Together with the additional controls done at Group level, this process is designed to ensure that the financial reporting does not contain any material misstatements.

Information and communication

In order for all employees within the organization to be able to take responsi-

COOR'S ORGANIZATION STRUCTURE



bility for internal governance and control, it is crucial that they are aware of and have access to significant internal governance instruments. The Group's payment and authorisation instructions and accounting manual are, for example, available to all employees on the Group's intranet. During the year, the Group's framework for internal control was made available on the Group's intranet in the form of a handbook. Changes and updates to internal steering instruments are continuously communicated on the Group's intranet.

For communication with external parties, a communication and IR policy is in place which stipulates guidelines for how such communication is to take place and ensures compliance with the Group's requirements as regards the information disseminated to the financial markets.

Financial information is regularly provided, in part through annual reports, interim reports, press releases and announcements on the company's website, *www.coor.com*.

Monitoring — follow-up and improvement

The monitoring and follow-up of the Group's internal control constitutes a part of the Group's natural improvement work, and is undertaken in order to ensure that the internal governance and control remain relevant and are correctly carried out.

The Group's financial situation and financial strategies and targets are addressed at each Board meeting. Between meetings, the Board also receives detailed monthly reports regarding financial performance. The Board has assigned the Audit Committee the

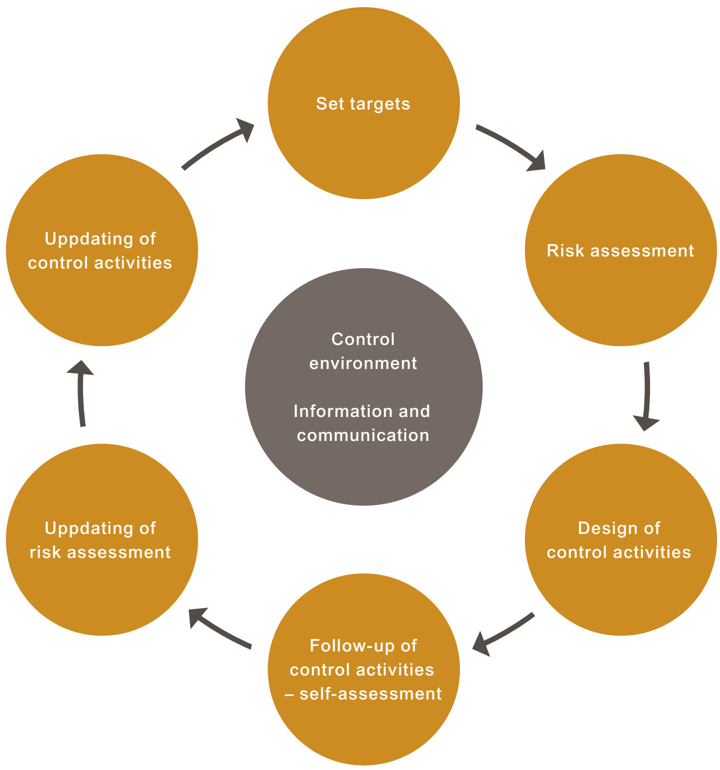
INTERNAL GOVERNANCE AND CONTROL IN COOR

Internal control in Coor constitutes an integrated part of the day-to-day business and continuous improvement work takes place to minimize the risks in the financial processes. Through a continuous follow-up, evaluation and update of control activities, an effective system of internal control is created. The work on internal control is conducted in the same way in all major countries in which Coor has operations.

FINANCIAL PROCESSES

- Financial close
- Tax
- Revenue and receivables
- Purchase and payables
- Payroll
- Investments

- IT security



GROUP-WIDE CONTROLS

Objective: Accurate and reliable financial reporting.

Identified risk: Inaccurate financial reporting arising from defective financial governance and follow-up.

Control activity: Maintain an unambiguous responsibility and organization structure for financial governance and follow-up of monthly, quarterly and annual accounting records.

MANUAL CONTROLS

Objective: Accurate and reliable financial reporting.

Identified risk: Incorrect valuations, classifications and reporting of items in the balance sheet.

Control activity: All balance sheet accounts are to be reconciled on a monthly basis.

GENERAL IT- CONTROLS

Objective: Ensure the effective use of IT.

Identified risk: Inaccurate financial reporting arising from changes in the IT environment not being verified and tested sufficiently.

Control activity: All changes in the Group's key applications are to be tested and verified according to clear guidelines before being put into operation.

task of ensuring that follow-up and evaluation of the company's internal control take place regarding financial reporting. The Audit Committee should follow up the quality of the Group's internal control and ensure that the shortcomings and proposed measures that have come forth in the external audit are addressed. Each year, the Group's external auditors review the internal control and report their observations in a report provided to management and the Audit Committee. The Audit Committee reports to the Board at the subsequent Board meeting.

The Audit Committee has tasked the Group's Finance Function at the Group level to develop and improve internal control with regard to financial reporting. These responsibilities are fulfilled proactively through regular analysis and updating of the Group's internal control framework and reviewing the effectiveness of the internal controls. A key component of the follow-up of internal control is the self-assessment, which will be performed yearly at various levels in the Group. The purpose of the self-assessment is to ensure that all control activities have been done satisfactorily, but also to identify improvement opportunities in the framework. Follow-up is done for the respective country and process. Coor's Finance Function at the Group level has the overall responsibility for this follow-up being done. Detailed conclusions and improvement proposals are reported to the respective country and process owner. A more general reporting takes place to the Group's Audit Committee. The conclusions from the self-assessment are also provided to the Group's external auditors, who then assess the dependability of the work undertaken in the context of their audit.

INTERNAL AUDITING

The Code stipulates that the Board of Directors is to evaluate whether a separate internal audit function is required in the Group. Considering the size of the Group, the Board of Directors has made the assessment that there is currently no such requirement for a separate internal audit function. The internal audit work has been organized as an aspect of the work undertaken by the Group Finance Function. The evaluation as to whether a separate internal audit function is required is reassessed annually.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of the shareholders of Coor Service Management Holding AB (publ), Corporate Identity Number 556742-0806

Assignment and division of responsibility
It is the Board of Directors who is responsible for the Corporate Governance Report for the year 2016 on pages 90-98 and that it has been prepared in accordance with the Annual Accounts Act.

Review's focus and scope
Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides us adequate grounds for our statements.

Statement
A corporate governance report has been prepared. Information in accordance with Ch. 6 Section 6 Paragraph 2 Items 2-6 of the Annual Accounts Act and Ch. 7 Section 31 Paragraph 2 of the same law is consistent with the annual accounts and consolidated accounts and complies with the Annual Accounts Act.

Stockholm, 23 March 2017

Öhrlings PricewaterhouseCoopers AB

MAGNUS BRÄNDSTRÖM
Authorized Public Accountant

BOARD OF DIRECTORS

ANDERS NARVINGER

Chairman of the Board of Directors since 2008. Chairman of the Board's Project Committee and Remuneration Committee.

BORN: 1948

EDUCATION: MSc. in Electrical Engineering, Institute of Technology, Lund. BSc. in Economics, Uppsala University.

WORK EXPERIENCE: Positions at ABB, including President and CEO of ABB Sweden and CEO of Teknikföretagen.

OTHER CURRENT APPOINTMENTS: Chairman of the Board of Alfa Laval AB, ÅF AB and Capio Holding AB.

SHARE OWNERSHIP: 55,701 shares

SØREN CHRISTENSEN

Board Member since 2011.

BORN: 1971

EDUCATION: BSc. In Economics & Mathematics and MSc. In Finance and Accounting, Copenhagen Business School.

WORK EXPERIENCE: Partner at Cinven. Has previously worked within the Leveraged Acquisition Finance Group at Citigroup.

OTHER CURRENT APPOINTMENTS: Board member at Jernbro AB.

SHARE OWNERSHIP: -

MATS JÖNSSON

Board Member since 2000. Member of the Project Committee.

BORN: 1957

EDUCATION: MSc. In Engineering, Royal Institute of Technology (KTH), Stockholm.

WORK EXPERIENCE: President

CEO Coor Service Management. Various positions at Skanska including President and CEO Skanska Services.

OTHER CURRENT APPOINTMENTS: Chairman of the Board of Logent Holding AB. Member of the Board of Infratek AS.

SHARE OWNERSHIP: 434,155 shares.

MONICA LINDSTEDT

Board Member since 2015. Member of the Accounting Committee.

BORN: 1953

EDUCATION: Master and PhD studies 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 Tidningen Folket Eskilstuna, Bonniers Fackpressförlag, Eductus AB and Previa AB.

OTHER CURRENT APPOINTMENTS: Chairman of the Board of Hemfrid i Sverige AB and the association Företagarna. Member of the Board of Sveriges Television AB, Uniflex AB, Apotea AB and AB Gullringsbo Egendomar.

SHARE OWNERSHIP: 10,000 shares .

EMPLOYEE REPRESENTATIVES

GLENN EVANS

Board Member since 2013.

BORN: 1959

Employee Representative

PIER KARLEVALL

Board Member since 2016.

BORN: 1954

Employee Representative

GÖRAN KARLSSON

Board Member since 2015.

BORN: 1954

Employee Representative

MATS GRANRYD

oard Member since 2016. Member of the Board's Audit Committee, Project Committee and Remuneration Committee.

BORN: 1962

EDUCATION: MSc. In Engineering, Royal Institute of Technology (KTH), Stockholm.

WORK EXPERIENCE: President Tele2 Group, Marketing Company Manager of Ericsson India, UK Northern Europe & Central Asia and North Africa. Responsible for Supply and Logistics within the Ericsson Group. Consultant at Arrigo and Andersen Consulting.

OTHER CURRENT APPOINTMENTS: Director General GSMA. Member of the Board of Directors at Envac AB.

SHARE OWNERSHIP: 10,000 shares.

KRISTINA SCHAUMAN

Board Member since 2015. Chairman of the Board's Audit Committee.

BORN: 1965

EDUCATION: Master in Business and Administration, Stockholm School of Economics.

WORK EXPERIENCE: Founder, consulting firm Calea AB. CFO Apoteket AB, Carnegie Group and OMX AB. Group Treasurer, OMX AB. Vice President, Corporate Finance and Group Treasurer Investor AB.

OTHER CURRENT APPOINTMENTS: CEO and Member of the Board of Calea AB. Member of the Board of BEWI Group AB, Billerud-Korsnäs AB, ÅF AB, Apoteket AB, Orexo AB, Livförsäkringsbolaget Skandia ömsesidig and Ellos Group Holding AB.

SHARE OWNERSHIP: 10,000 shares.

HEIDI SKAARET

Board Member since 2016.

BORN: 1961

EDUCATION: Masters of Business Administration, University of Washington, USA

WORK EXPERIENCE: President Lindorff AS and EVP Lindorff Group AB, CEO IKANO Bank Norge, Bankchef DNB ASA.

OTHER CURRENT APPOINTMENTS: Chief Operating Officer Storebrand ASA. Member of the Board of Directors of Cognizant Technology Solutions Lithuania UAB.

SHARE OWNERSHIP: -

MIKAEL STÖHR

Member of the Board of Directors, President and CEO since 2013

BORN: 1970

EDUCATION: L.L.M. Major in Business Law, Lund University.

WORK EXPERIENCE: President and CEO, Green Cargo AB and Axindustries AB. Vice President, Axel Johanson International AB. Trade Commission to Russia. Junior Engagement Manager, McKinsey & Company. Associate, Mannheimer Swartling Advokatbyrå.

OTHER CURRENT APPOINTMENTS: Member of the Board of SJAB.

SHARE OWNERSHIP: 78,947 shares.

DEPUTY EMPLOYEE REPRESENTATIVES

ROBERT HALÉN

Deputy Member of the Board of Directors since 2015.

BORN: 1958

Employee Representative

RIKARD MILDE

Deputy Member of the Board of Directors since 2016.

BORN: 1967

Employee Representative

EXECUTIVE MANAGEMENT

MIKAEL STÖHR

President and CEO of the group since 2013.

See "Board of Directors" for more information about Mikael Stöhr.

ANDERS ASPLUND

Human Resources Manager since 2000.

BORN: 1955

EDUCATION: BSc. in Sociology, Stockholm University.

WORK EXPERIENCE: Head of HR ASG and Ohlsson&Skarne. Head of Management Planning Development, Skanska AB.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 39,398 shares.

ÅSVOR BRYNNEL

Head of Communications and Sustainability since 2005.

BORN: 1966

EDUCATION: Master's in Business and Administration, Mitthögskolan, Sweden.

WORK EXPERIENCE: Head of Communications at Drott AB (public JSC) and Fabege AB (public JSC). Senior consultant at Askus/AnnO. Liability Portfolio Manager at Fastighets AB Stockholmia.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 20,318 shares.

KLAS ELMBERG

Vice President of Coor Sverige since 2016.

BORN: 1974

EDUCATION: MSc in International Business, University of Gothenburg.

WORK EXPERIENCE: Several different roles within Coor including President of Coor Norway and Business Unit President in Coor's Swedish operation. Management Consultant, Accenture. Controller, Saab Automobile.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 20,268 shares.

ANNACARIN GRANDIN

President, Sweden since 1 January 2016.

BORN: 1967

EDUCATION: BSc. in Business Administration, Stockholm University and Gävle/Sandvik University College.

WORK EXPERIENCE: Several positions within Coor including Coor Norway, Veolia (formerly Dalkia) and the Swedish Association of Local Authorities and Regions.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 34,704 shares.

NIKOLAI KNUDSMOEN UTHEIM

President, Norway from 1 April 2016.

BORN: 1975

EDUCATION: MSc. with a major in finance, Norwegian School of Management (BI) and Copenhagen Business School.

WORK EXPERIENCE: PwC, Statoil Norge AS (Chief controlling and Strategy Projects, deputy CFO).

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 8,000 shares.

JOHAN MILD

President, Finland since 1 January 2016.

BORN: 1974

EDUCATION: MSc. in Economics, Hanken School of Economics in Helsinki.

WORK EXPERIENCE: CEO, Luja-Palvelut Oy. Director, ISS Palvelut Oy.

OTHER CURRENT APPOINTMENTS: Member of the Board of LänsiUuden maan säästöpankki and Kiintei stötyönantajat ry.

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 16,537 shares.

JENS EBBE RASMUSSEN

Senior Vice President, Business Development since 2009.

BORN: 1968

EDUCATION: MSc. in Business Administration and Economics, Lund University. Finance, École supérieure de commerce de Paris. Sub-lieutenant, Land Warfare Centre, Skövde.

WORK EXPERIENCE: Management consultant, McKinsey & Company. Fixed Income Department, Unibank Markets (Nordea). Consultant/External Advisor, Fruktbudet.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 73,213 shares.

ERIK STRÜMPEL

Chief Legal Counsel since 2006.

BORN: 1970

EDUCATION: L.L.M. Major in Business Law, Lund University IFL Executive Education, Stockholm School of Economics.

WORK EXPERIENCE: Solicitor, Linklaters Advokatbyrå. Notary, Handen District Court.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 2,499 shares.

OLOF STÅLNACKE

CFO since 2009, IR director since 2016.

BORN: 1965

EDUCATION: Master's in Financial Economy and International Business, Stockholm School of Stockholm.

WORK EXPERIENCE: CFO, The Absolut Company, V&S Group. Several CFO roles and management consultant, McKinsey & Company.

OTHER CURRENT APPOINTMENTS: Member of the Board of Directors and Treasurer, Ericastiftelsen.

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 82,929 shares.

JØRGEN UTZON

President, Denmark since 1 January 2016

BORN: 1961

EDUCATION: MSc in Accounting, Copenhagen Business School. Executive Programme, International Institute for Management Development, Lausanne.

WORK EXPERIENCE: CEO, Strax Nordic Logistics Manager and Service Director, Xerox Denmark. Various management functions, Rockwool.

OTHER CURRENT APPOINTMENTS: Chairman of Servicebranchens Arbejdsgiverforening (SBA) and Member of the Board of DI Service (Dansk Industri). Member of the Board of Nordomatic AB and in dominus A/S. Member of the Advisory Board for Service Management, Copenhagen Business School.

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 50,000 shares.

RIKARD WANNERHOLT

Senior Vice President, Operations Development since 2013.

BORN: 1962

EDUCATION: Masters of Business Administration, 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.

OTHER CURRENT APPOINTMENTS: –

PREVIOUS APPOINTMENTS (PAST FIVE YEARS): –

SHARE OWNERSHIP: 22,746 shares.

SELECTED KEY PERFORMANCE INDICATORS

SEK m	2016	2015	2014	2013	2012
Net sales					
Net sales	7,631	7,482	6,844	6,454	5,526
Net sales, growth %	*2.0*	*9.3*	*6.0*	*16.8*	-
whereof organic growth, %	*2.6*	*10.0*	*5.6*	*0.3*	-
whereof FX-effect, %	*-0.6*	*-0.7*	*0.4*	*-1.0*	-
whereof M&A, %	*0.0*	*0.0*	*0.0*	*17.5*	-
Profit and margin					
Operating profit (EBIT)	242	82	-82	-183	4
Operating margin, %	*3.2*	*1.1*	*-1.2*	*-2.8*	*0.1*
EBITA	419	259	248	185	213
EBITA margin, %	*5.5*	*3.5*	*3.6*	*2.9*	*3.9*
Adjusted EBITA	440	374	354	312	307
Adjusted EBITA margin %	*5.8*	*5.0*	*5.2*	*4.8*	*5.6*
Adjusted EBITDA	487	423	403	371	366
Adjusted EBITDA margin, %	*6.4*	*5.7*	*5.9*	*5.7*	*6.6*
Profit before tax	167	-33	-355	-911	-667
Profit after tax	124	201	-311	-577	-562
Adjusted net profit	301	378	20	-209	-353
Cash Flow					
Operating cash flow	426	274	274	295	121
Cash conversion, %	*93*	*104*	*108*	*118*	*59*
Capital structure					
Net working capital	-500	-449	-392	-322	-228
Net working capital/Net sales %	*-6.5*	*-6.0*	*-5.7*	*-5.0*	*-4.1*
Net Debt	808	947	2,673	2,611	6,322
Leverage	1.7	2.2	6.6	7.0	17.3
Equity/assets ratio, %	*44*	*45*	*18*	*24*	*-25*
Dividend, SEK	3.00	2.00	N/A	N/A	N/A
Other					
Number of employees (FTE) at year's end	6,327	6,381	6,087	5,156	5,667

PURPOSE OF THE 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 in the following. For definitions of terms and information on how the KPIs are calculated, see the Definitions section.

GROWTH

The Group deems 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 and customer contracts. The Group believes adjusted EBITA is the measure of operating profit which 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 followed up and evaluated internally.

The earnings measure adjusted net profit excludes the non-cash items amortisation and impairment of goodwill and customer contracts from consolidated net profit and is used as a basis for deciding on the payment of dividends to the shareholders.

CASH FLOW AND WORKING CAPITAL

The Group continuously monitors operating cash flow, which includes operating profit (excluding non-cash items), net investments and changes in working capital. 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 objective is to maintain a cash conversion ratio 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 analyze 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.

RECONCILIATIION OF SELECTED KEY PERFORMANCE INDICATORS, SEK m	2016	2015	2014	2013	2012
OPERATING PROFIT (EBIT)	**242**	**82**	**-82**	**-183**	**4**
Depreciation and amortisation of customer contracts (Note 11)	176	177	331	368	210
EBITA	**419**	**259**	**248**	**185**	**213**
Items affecting comparability (Note 4)	22	115	106	127	94
ADJUSTED EBITA	**440**	**374**	**354**	**312**	**307**
Depreciation and amortisation	47	49	49	59	58
ADJUSTED EBITDA	**487**	**423**	**403**	**371**	**366**
Income for the period, continuing operations	**124**	**201**	**-311**	**-577**	**-562**
Amortisation and impairment of customer contracts	176	177	331	368	210
ADJUSTED NET PROFIT	**301**	**378**	**20**	**-209**	**-353**
SPECIFICATION OF WORKING CAPITAL					
Inventories	11	17	17	47	52
Accounts receivable	1,080	1,069	1,155	1,215	1,368
Other receivables	12	15	21	40	38
Prepaid expenses and accrued income	395	368	426	427	435
Accounts payable	-790	-835	-893	-903	-830
Other liabilities	-185	-182	-209	-189	-246
Accrued expenses and deferred income	-1,018	-893	-908	-879	-871
Less discontinued operations	0	0	0	-66	-156
Less interest-bearing receivables/liabilities	-5	-9	-1	-14	-18
WORKING CAPITAL	**-500**	**-449**	**-392**	**-322**	**-228**
SPECIFICATION OF NET DEBT					
Long-term borrowings	1,401	1,367	2,805	2,748	6,375
Short-term borrowings	7	14	220	174	85
Provisions for pensions	19	18	10	12	154
Cash and cash equivalents	-603	-428	-335	-288	-249
Long-term interest-bearing receivables	-12	-15	-13	-22	-28
Interest-bearing operating receivables	-5	-9	-13	-14	-15
NET DEBT	**808**	**947**	**2,673**	**2,611**	**6,322**

OPERATING CASH FLOW	2016	2015	2014	2013	2012
Operating profit (EBIT)	242	82	-82	-183	4
IPO-related expenses recognized in equity	0	-49	0	0	0
Depreciation, amortisation and impairment	223	226	379	427	268
Net investments	-74	-50	-27	-38	-23
Changes in net working capital	38	69	63	104	-126
Non-cash items	-3	-4	-58	-16	-1
OPERATING CASH FLOW	**426**	**274**	**274**	**295**	**121**

CASH CONVERSION					
Adjusted EBITDA	487	423	403	371	366
Change in net working capital	38	69	63	104	-126
Net investments	-74	-50	-27	-38	-23
Other	0	0	-2	0	0
Cash flow for cash conversion calculation	**451**	**442**	**437**	**437**	**216**
CASH CONVERSION, %	**93**	**104**	**108**	**118**	**59**

DEFINITIONS OF FINANCIAL CONCEPTS AND KEY PERFORMANCE INDICATORS

DEFINITIONS

Costs of services sold
Costs that are directly related to the performance of the invoiced services, depreciation on property, plant and equipment, amortisation and impairment of goodwill and customer contracts.

Items affecting comparability
Items affecting comparability consist largely of costs for the integration of contracts and acquisitions, as well as more comprehensive restructuring programmes. For 2015, costs related to the stock exchange listing are also included. Items affecting comparability are included either in costs of goods sold or in the sales and administration costs.

EBITA:
Operating profits before depreciation and amortisation and impairment on goodwill and customer contracts.

Adjusted EBITA:
Operating profits before amortisation and impairment on goodwill and customer contracts, excluding items affecting comparability.

Adjusted EBITDA:
Operating profits prior to depreciation, amortisation and impairment on all tangible and intangible non-current assets, not including items affecting comparability.

Adjusted net profit:
Profit after tax, not including amortisation and impairment on goodwill and customer contracts.

Operating cash flow
Cash flow from operating activities excluding interest income, interest expenses and income tax paid, but including net investments in intangible assets and property, plant and equipment.

Working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities.

CALCULATION OF KEY PERFORMANCE INDICATORS

Net sales growth
Change in net sales for the period as a percentage of net sales for the previous period.

Organic growth
Change in the net sales for the period as a percentage of net sales in the previous year, excluding acquisitions and currency effects.

Operating margin (EBIT margin)
Operating profits as a percentage of net sales.

EBITA margin
EBITA as a per cent 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 in the Parent Company in relation to the average number of ordinary shares. In 2015, this also includes an interest expense associated with the preferential shares present before being listed on the exchange.

Equity per share
Equity at the end of the period attributable to the Parent Company's shareholders, divided by the number of shares at the end of the period.

Cash conversion
Adjusted EBITDA minus net investments, and adjusted for changes in working capital as a per cent of adjusted EBITDA.

Working capital/net sales
Working capital at balance sheet date as a per cent over net sales (rolling 12 months).

Net debt
Interest-bearing current and non-current assets, less deductions for current and non-current interest-bearing liabilities at the end of the period.

Debt/equity (leverage)
Net debt at the end of the period divided by adjusted EBITDA.

Equity/assets ratio
The group's equity and reserves attributable to shareholders in the Parent Company, as a per centage of total assets.

DEFINITIONS OF GENERAL CONCEPTS

SUPPLIER LOYALTY RATIO (PURCHASES)
The portion of total purchases undertaken from central and local suppliers with whom supplier's agreements have been established.

OWN DELIVERED SERVICES
Services that are executed by the company's own staff, instead of subcontractors.

FM AND THE FM MARKET
Services for and associated with a building, for example, property management, maintenance and cleaning, catering and security.

"HARD" FM
Property management, both interior and exterior. Examples of services include maintenance, repairs and work on buildings.

FULL TIME EQUIVALENTS
Full time positions or full time equivalents, also usually referred to as FTE. This indicates the number of personnel calculated in terms of full time employees.

HSEQ
HSEQ is an abbreviation that stands for Health, Safety, Environment and Quality.

IFM
Integrated facilities management, also referred to as TFM (total facility management) and IFS (integrated facility services). IFM refers to the coordinated management and administration of two or a number of facility management services.

INNOVATION ECOSYSTEM
Coor's network of innovation partners comprised of selected clients, personnel, suppliers and other interested parties.

IOT, INTERNET OF THINGS
The Internet of Things (IoT) refers to the network of physical objects (such as vehicles, buildings, machinery and other objects) equipped with electronics, software, sensors and network connections making it possible for these objects to collect and exchange data. IoT allows objects to be read and remotely controlled in real time. These real-time measurements are integrated into a computer-based system, providing improved efficiency, precision and economic advantages.

BUNDLED SERVICES
Two or more services delivered to the same customer, but which do not require qualified management.

NORDIC REGION
Denmark, Finland, Norway and Sweden (Iceland excluded).

SERVICE MANAGEMENT
Service management is defined as the coordinated control and management of a number of services. The basic concept is the provision of one or more services in a more coordinated manner and the delivery of the services agreed upon in an efficient manner on the basis of established processes with the agreed upon quality and cost.

"SOFT" FM
Work site service. Soft FM can be divided into premises maintenance, catering, security and other soft FM services. Examples of such services are the operation of personnel restaurants, staffing of security services and support services (among other things, care of plants and conference support).

COOR AS AN INVESTMENT

An investment in Coor is an investment in a leading service company with solid growth, stable profitability, strong cash conversion and a high dividend yield.

SOLID GROWTH

Coor's leading position in the Integrated Facility Management (IFM) segment, which accounts for two thirds of Coor's operations, creates good prospects for continued growth. In the short term growth is affected by the volume of major IFM contracts available in the market in any particular period and can therefore vary, but over time growth in the IFM segment has significantly outpaced GDP and the FM market as a whole.

The company's services are also in demand regardless of the level of economic activity. When the economy is growing rapidly the volume of FM services increases, but due to the significant savings potential which Coor offers its customers the company remains an important partner also in times of subdued economic growth.

STABLE PROFITABILITY

As Coor's business is largely about delivering efficiencies, the company has a strong focus on efficiency improvements and cost savings. A combination of strong local management in customer contracts and better use of synergies within the Group provide a good foundation for maintaining stable profitability. The company also has a relatively flexible cost base, which means that changes in turnover normally have a limited impact on the operating margin.

STRONG CASH CONVERSION

Due to its very limited need for capital for investments and operational finance, Coor has strong cash conversion, which means that a high portion of the operating profit is converted into cash flow.

HIGH DIVIDEND YIELD

Available cash can be used for additional acquisitions, repayment of debt or dividends. Any acquisitions are expected to be relatively minor, however, and net debt is already well 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 excess to the shareholders.

COOR'S FINANCIAL TARGETS

ORGANIC GROWTH OF 4–5 %

ADJUSTED EBITA MARGIN ~5.5 %

CASH CONVERSION >90%

CAPTIAL STRUCTURE <3.0

DIVIDEND POLICY ~50%

COOR SHARE

SHARE PRICE TREND

Coor's share price developed positively during 2016. On 30 December 2016, the closing price was SEK 50.8, which implied an upswing during the year of 29 per cent. OMXSPI (Stockholm all-share) increased during the same period by 6 per cent. The highest closing price during the year was SEK 58.5 on 30 September 2016 and the lowest was SEK 32.1 on 9 February 2016.

NET SALES

During the year, 52,171,217 shares were sold for a total value of SEK 2,151,663,779 (2.2 billion). On average, 206,210 shares were sold per day.

SHAREHOLDERS

On 31 December 2016, Coor had 2,701 shareholders. The fifteen largest shareholders controlled 63 per cent of capital and votes. The three largest owners were Swedbank Robur, Fidelity Management & Research and Second Swedish National Pension Fund. The number of foreign owners was 206, representing 57 per cent of votes and capital. The major changes in the ownership structure during the year were primarily driven by the previous main owner, Cinven, on two occasions, once in February and once in May, having sold all its remaining shares, 33,083,842 in total, representing 35 per cent of votes and capital in the company.

COOR SHARE 1 JANUARY – 31 DECEMBER 2016

SIZE CLASSES

SIZE CLASSES AT 31 DEC 2016	NUMBER OF SHARE HOLDERS	TOTAL NUMBER OF SHARES	PARTICIPATING INTEREST, %	VOTES, %	MARKET VALUE (KSEK)
1 – 500	1,793	370,493	0.39	0.39	18,803
501 – 1,000	313	264,123	0.28	0.28	13,404
1,001 – 5,000	356	731,664	0.76	0.76	37,132
5,001 – 10,000	52	406,184	0.42	0.42	20,614
10,001 – 15,000	17	214,199	0.22	0.22	10,871
15,001 – 20,000	17	314,280	0.33	0.33	15,950
20,001 –	153	93,511,079	97.60	97.60	4,745,687
TOTAL	**2 701**	**95 812 022**	**100**	**100**	**4 862 460**

Source: Euroclear

OWNER CATEGORIES

OWNER CATAGORIES AT 31 DEC 2016	VOTES, %	NUMBER OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS, %
Private individuals	3.04	2,357	87.26
Of which resident in Sweden	3.02	2,344	86.78
Legal entities	96.96	344	12.74
Of which resident in Sweden	40.46	151	5.59
TOTAL	**100.0**	**2,701**	**100.0**
Of which resident in Sweden	43.5	2,495	92.4

Source: Euroclear

SHARE CAPITAL

The share capital of Coor at 31 December 2016 was SEK 383 million. The number of shares is 95,812,022 corresponding to a nominal value per share of SEK 4. According to the Articles of Association, the share capital must not be less than SEK 200 million and is not to exceed SEK 800 million, allocated to a minimum of 50,000,000 shares and a maximum of 200,000,000 shares. The proportion of shares available for trading (free float) at year end was 100 per cent.

DIVIDENDS

The Board of Directors proposes a dividend for 2016 of SEK 3.00. The dividend comprises an ordinary dividend of SEK 1.55 in accordance with the dividend policy. In addition, there is an extra dividend of SEK 1.45. The extra dividend corresponds to surplus cash in relation to the group's leverage target.

IR WORK

IR activities in 2016 focused on the establishment of Coor on the capital market.

Management has participated in a series of conferences, and has been available for questions while attending a large number of meetings on both the sales and the purchase side to ensure that there is extensive knowledge of the company on the market. Primarily in connection with the quarterly reports, Coor has visited London, New York, Boston, Oslo and Helsnki in addition to Stockholm.

Since 2015, Coor has had a cooperation with SME Direkt in order to obtain an independent earnings estimate. This is published on the company's homepage and is updated quarterly.

ANALYSTS

Coor is followed by DNB, Nordea, SEB and UBS.

THE FIFTEEN LARGEST OWNERS

THE 15 LARGEST OWNERS PER 31 DECEMBER 2016	VOTES, %	PARTICIPATING INTEREST, %	TOTAL NUMBER OF SHARES
Swedbank Robur	9.3	9.3	8,916,550
Fidelity Management & Research	8.8	8.8	8,444,585
AP2	6.1	6.1	5,884,628
Nordea Investment Funds	5.0	5.0	4,827,625
Schroder Investment Management	5.0	5.0	4,769,235
Handelsbanken Fonder	4.8	4.8	4,575,493
Crux Asset Management	3.9	3.9	3,697,563
SEB Stiftelsen Skand Enskilda	3.6	3.6	3,450,000
Afa Försäkring	3.6	3.6	3,422,104
Ilmarinen Mutual Pension Insurance	3.3	3.3	3,178,506
Didner & Gerge Fonder	2.8	2.8	2,718,771
Aviva Investors Global Services	2.0	2.0	1,962,702
Aktie-Ansvar Fonder	1.6	1.6	1,576,419
JP Morgan Asset Management	1.4	1.4	1,371,002
Danske Capital Sverige	1.3	1.3	1,198,060
Total, 15 largest shareholders	**62.6**	**62.6**	**59,993,243**
Other shareholders	37.4	37.4	35,818,779
TOTAL	**100.0**	**100.0**	**95,812,022**

Source: Euroclear

DIVIDEND 2016:

SEK 3.00

SHAREHOLDER INFORMATION

ANNUAL GENNERAL MEETING 2017

Participation at the annual general meeting
Coor's Annual General Meeting will take place on 4 May at 3:00 pm at the Kista Entré conference facility, Knarrarnäsgatan 7, Kista. Shareholders wishing to participate at the Annual General Meeting are required to register this in advance. Details on the registration procedure are provided in the notice of the meeting.

Proposals or inquiries in the notice of the meeting
Shareholders who wish to have a specific inquiry or proposal included in the notice to the meeting are able to do so, on the condition that such inquiries or proposals are provided in good time before the notice is distributed. The final date for proposals is stated on Coor's home page in accordance with the stipulations of the Code.

Distribution of notice and registration information
The notice was published on 30 March 2017. The final date to register for participation at the Annual General Meeting is 27 April 2017.

Record date
8 May 2017.

FINANCIAL CALENDAR 2017

4 May 2017	Interim report in January - March 2017
4 May 2017	Annual General Meeting 2017
20 July 2017	Interim report January - June 2017
27 October 2017	Interim Report January - September 2017
February 2018	Year-end Report

An up-to-date financial calendar is available at coor.com/Investors.

DISTRIBUTION POLICY

All reports are available in English and Swedish and are currently published on Coor's home page until the tab **coor.com/Investors**.
A printed version of Coor's annual report is distributed only to shareholders specifically requesting a copy via email: **ir@coor.com**

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COOR

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