Interim report

Q3 2023

October 25, 2023

COOR

Agenda

1. Key highlights in the quarter
2. Financial performance
3. Sum-up and Q&A

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Andreas Engdahl, CFO and IR Director

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1. Key highlights in the quarter
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Key highlights in the quarter

- Business activity:
  - New IFM contract with **Swedbank**
  - New partnership agreement with **ATP Ejendomme** in Denmark
  - 5-year prolongation of IFM contract with **Aibel** in Norway
  - Structured exit of **Ericsson** contract with continued delivery of some advanced services
- Integration of **Skaraborgs Städ** progressing well
- Strong results in annual customer satisfaction survey
- **Net Zero 2040** ambitions approved by Science Based Targets
- Continued growth opportunities in the Nordic market with organic growth as priority and a more cautious view on M&A

Stable cash generation but margin below financial target

Business responsibility	Q3 2023	Q3 2022	LTM	Mid-long term target
Organic Growth	3%	1%	1%	**4-5%** Organic net sales growth over a business cycle
Acquired Growth	4%	10%	3%	**n/a**
Adj. EBITA-Margin	4,2%	4,4%	4,8%	**~5,5%** Adj. EBITA margin
Cash Conversion[1]	93%	91%	93%	**>90%** (Adj. EBITDA – CAPEX – ΔWC) / Adj. EBITDA
Leverage[1]	2,4x	1,8x	2,4x	**<3,0x** Net debt / Adj. EBITDA LTM
Customer Satisfaction[2] **Customer satisfaction index** (CSI)	71	71	-	**≥70**

[1] LTM [2] Survey conducted once a year

Action program to strengthen profitability

- benefit from Coor's leading position in the Nordics

WHY

Successful growth journey, despite termination of a few large contracts

Growth in combination with external factors has put pressure on the operating margin

HOW

Accelerate towards financial target by;

- Increased cost restrictions
- Increased focus on procurement to better utilize Nordic economies of scale
- Increased harmonization of underlying processes to enable a more efficient administration and operation and realize synergies in staffing

EFFECT

Action program fully implemented estimates an annual effect of ~SEK 100 million from staff reductions and procurement cost reductions

Majority of activities implemented during Q4 2023 and Q1 2024

Costs for the action program estimated to ~ SEK 40 million, majority will be included in the result for the fourth quarter as IAC

Net Zero 2040 ambitions approved by Science Based Target

Social and environmental responsibility	Q3 2023	Q3 2022	FY 2022	Mid-long term target
Engaged and motivated employees[1] **Employee motivation index** (EMI)	76	76	76	≥70
Safe work environment[2] **Total Recorded Injury Frequency** (TRIF)	6,6	7,9	7,0	≤3,5 Total number of accidents x 1,000,000/ number of hours worked
Equal opportunities **Share female / male managers**	52% / 48%	50% / 50%	50% / 50%	50% / 50%
Environmental responsibility				
Scope 1 – From our vehicles **Reduction of green house gases**[2]	17%	29%	25%	-50% Total CO_2e emissions from Scope 1 and 2 compared to baseline in absolute numbers (tCO_2e)
Scope 2 – From our premises **Reduction of green house gases**[2,3]	N/A	N/A	-57%	
Scope 3 - From F&B **Reduction of green house gases**[2]	-18%	-16%	-16%	-30% Total CO_2e emissions from purchased food raw material in kg/total number of kgs purchased food raw material ($kgCO_2e/kg$)
Scope 3 – SBTi aligned suppliers **Reduction of green house gases**[2]	12%	N/A	4%	75% of suppliers by emissions will be aligned to Science Based Targets

[1] Survey conducted once a year [2] LTM [3] Measured at year end

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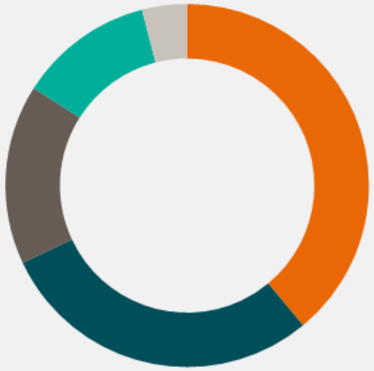
Net Sales segmentation

Turnover by contract type

- IFM 57%
- Single services 43%

Turnover by service



- Cleaning 39%
- Property 29%
- Workplace 16%
- Food & Beverage 12%
- Other 4%

Turnover by customer segment

- Public 32%
- Manufacturing 21%
- Energy 14%
- IT & Telecom 9%
- Real estate & Construction 10%
- Other 14%

Net Sales (LTM)

12.2 bnSEK

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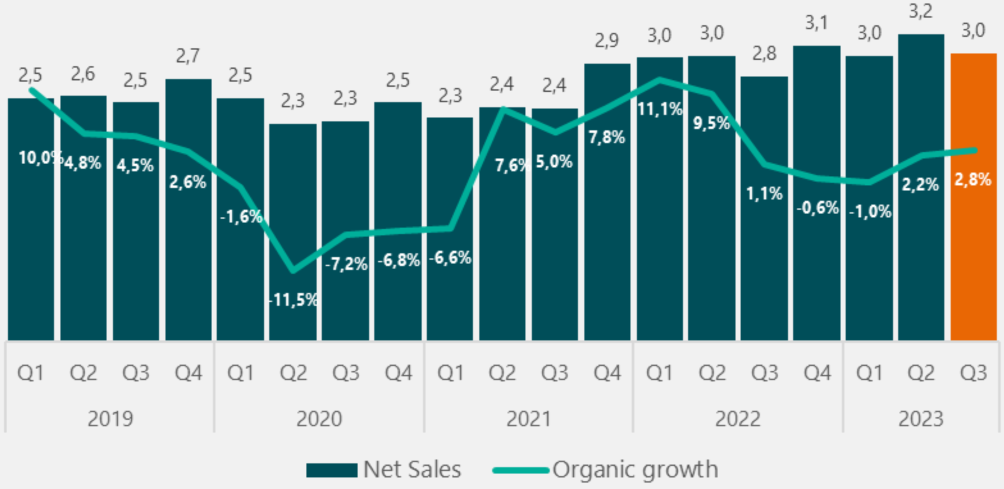
Sales and Adj. EBITA development

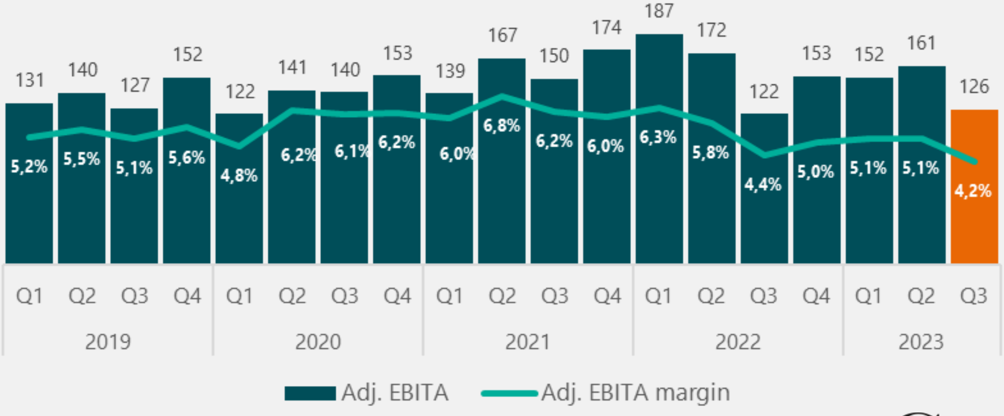
Profit & Loss

	Q3 2023	Q3 2022	Chg.	LTM Q3	Helår 2022
Net sales	**3 016**	**2 766**	249	**12 244**	**11 789**
Adj. EBITA	**126**	**122**	4	**592**	**634**
Adj. EBITA margin	*4,2%*	*4,4%*	*-0,2%*	*4,8%*	*5,4%*
IACs	-18	-21	3	-79	-69
Amortization	-31	-32	1	-139	-156
EBIT	**78**	**70**	8	**374**	**408**
Financial net	-38	-19	-19	-127	-72
Income tax	-12	-12	0	-68	-79
Net income	**28**	**39**	**-11**	**179**	**257**
Add-back amortization	31	32	-1	139	156
Adj.Net income	**59**	**71**	**-12**	**318**	**414**

Net Sales development, bnSEK



Adj. EBITA development, mSEK



By geographic region

SWEDEN
Share of Net Sales

53%

- Organic growth affected negatively from lost contract with Ericsson, partly balanced by new midsized contracts (S:t Göran and Alstom) and continued high variable volume
- Margin negatively affected by union-agreed wage increases for low-paid employees and discontinued government subsidy of social security cost for young employees that have not yet been fully transferred to customer via indexation
- Skaraborgs Städ contribute to EBITA while Ericsson affects negatively

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Organic Growth (%)	6	0	-4	3	-1
Acquired Growth (%)	21	8	1	4	7
EBITA Margin (%)	8,4	9,4	9,9	9,3	7,7

DENMARK
Share of Net Sales

24%

- Organic growth from indexations, offset by lower variable property volume compared to the same period last year as well as a couple of lost small contracts
- Stronger EBITA and margin mainly explained by positive effects from indexation and some effect of the adaptations of the Danish organization that were carried out during the second quarter of this year
- EBITA and margin in the same period last year were also negatively affected by a high inflation

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Organic Growth (%)	24	15	18	6	0
Acquired Growth (%)	-	-	-	-	-
EBITA Margin (%)	2,8	4,1	4,1	4,5	3,8

NORWAY
Share of Net Sales

17%

- High organic growth from several midsized contracts started first half of this year
- Negative development of EBITA and margin explained by initially high costs for staffing in newly started contracts as well as increased raw material costs in food and beverages during the quarter

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Organic Growth (%)	-27	-16	-9	-4	18
Acquired Growth (%)	-	-	-	-	-
EBITA Margin (%)	3,9	4,5	4,2	3,7	3,3

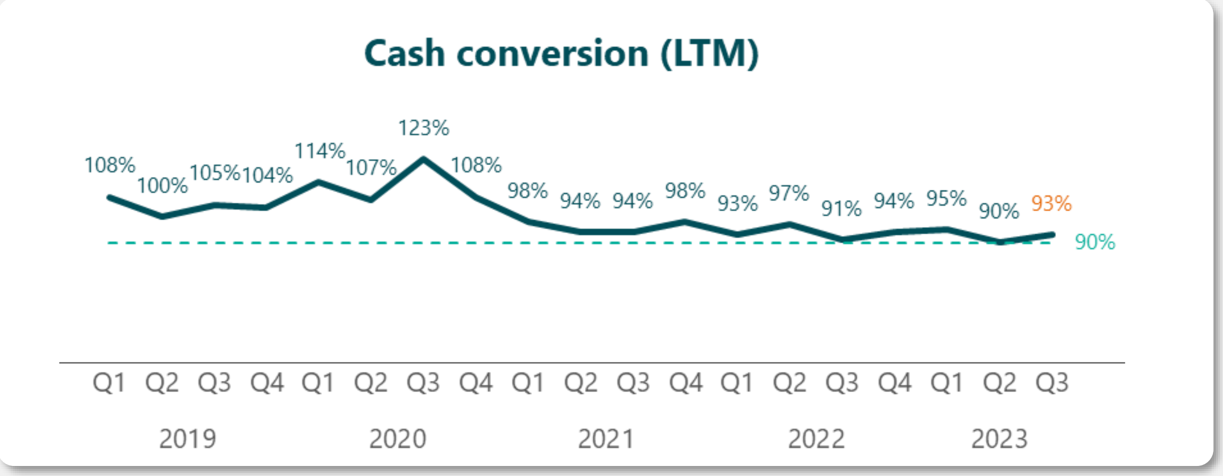
FINLAND
Share of Net Sales

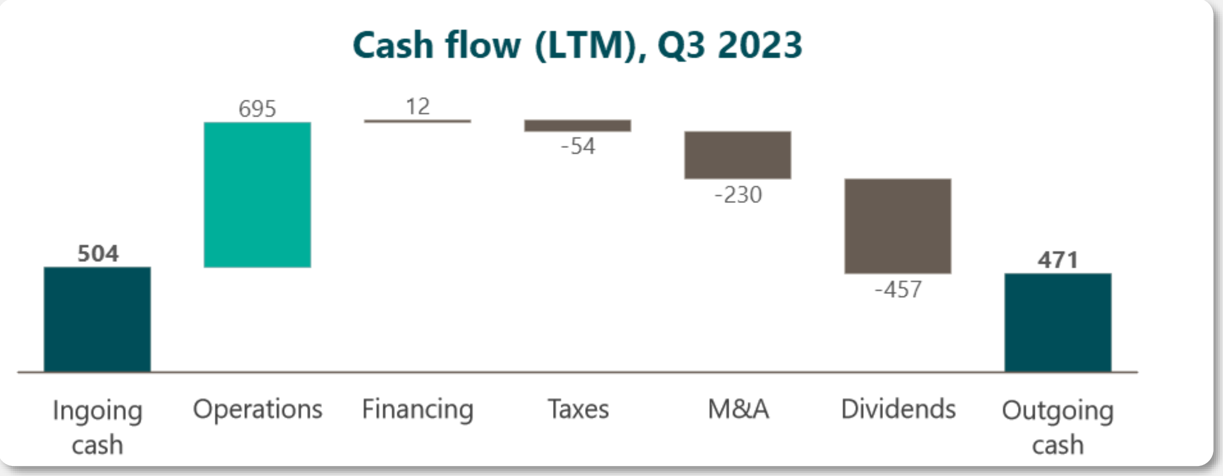
6%

- Organic growth from new contracts and high variable volumes, partly offset by a couple of small loss-making contracts in northern Finland
- EBITA and margin stronger than LY explained by a couple of small loss-making contracts in northern Finland as well as implemented efficiency actions

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23
Organic Growth (%)	-5	-6	-10	3	4
Acquired Growth (%)	-	-	-	-	-
EBITA Margin (%)	5,0	0,2	0,7	1,2	5,8

Stable cash conversion

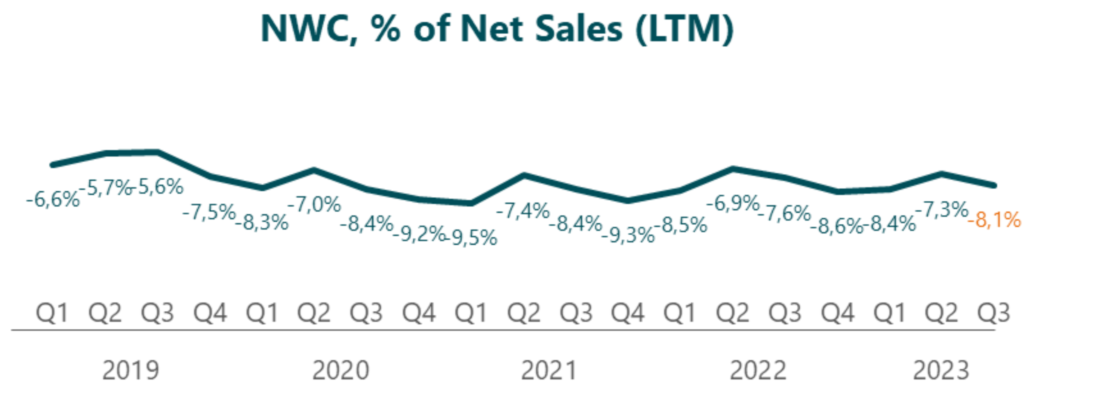


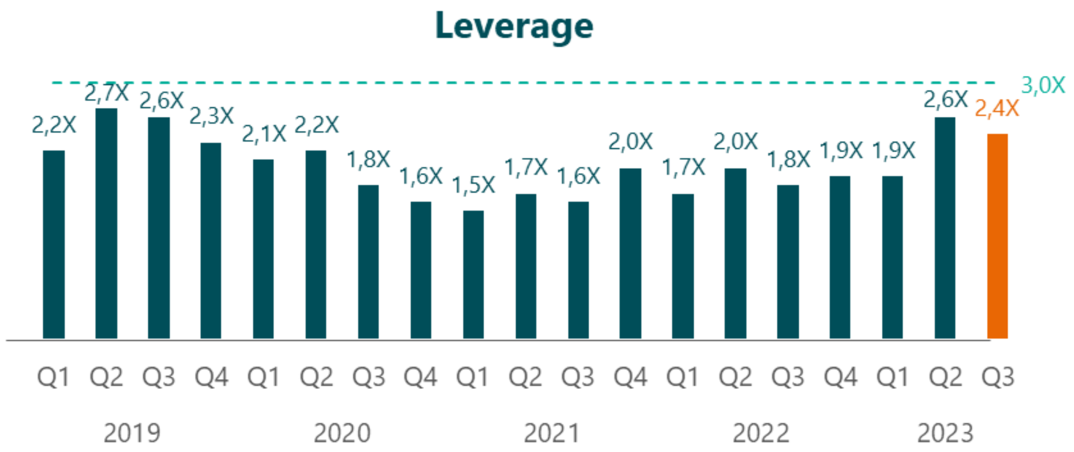


Key comments

- Continued stable contribution from operations, cash conversion at 93% (LTM) in Q3 2023
- Stable pattern on customer payments
- M&A related to Skaraborgs Städ in Sweden

Balance sheet





Key comments

- Net Working Capital as % of Net Sales (LTM) at -8%, in line with Q3 last year
- Leverage at 2.4X and well in line with target of staying below 3.0x
- Ambition to further decrease leverage. With increasing interest costs and where dividend is a priority, we focus on margin improvements, continued stable cash generation and a more cautious view on M&A

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Summary of the third quarter

Business

New important contract wins and prolongations

Continued growth opportunities in the Nordic market

Profitability

Action program to strengthen profitability towards margin target of 5.5%

Leverage

Solid cash flow generation

Ambition to further de-leverage over time with a cautious view on M&A

Dividend - a capital allocation priority

Q&A

Coor aims to create the happiest, healthiest and most prosperous workplace environments in the Nordic region

We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best