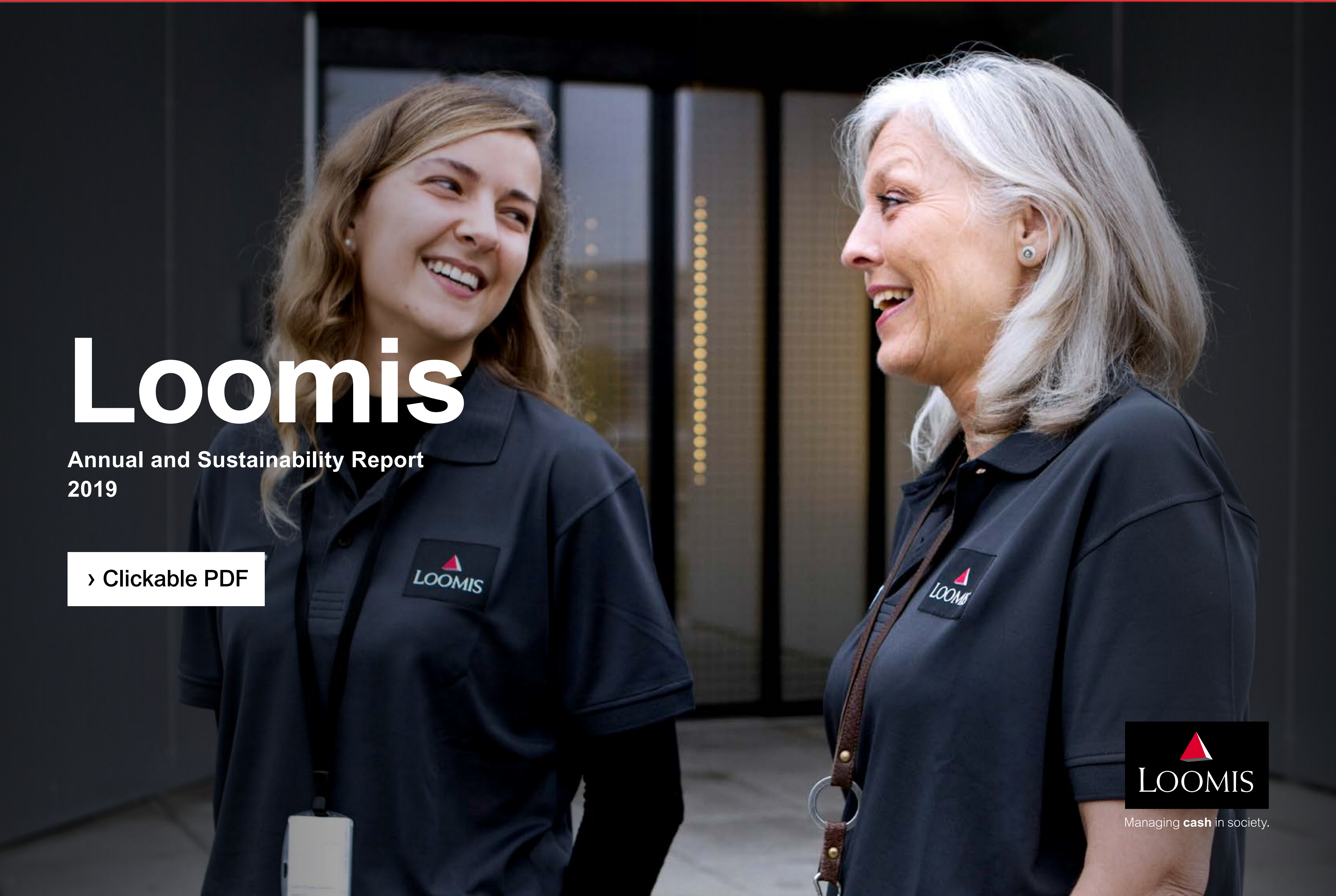


# Loomis

## Annual and Sustainability Report 2019

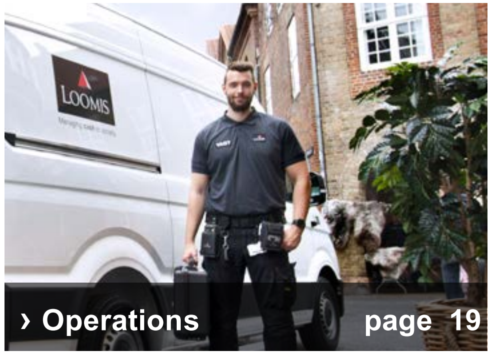
› Clickable PDF

LOOMIS

Managing **cash** in society.

# Contents

All page references are clickable.






## Date 2020

Loomis's Annual General Meeting 2020 will take place at on May 6 at 5 pm CEST at Stockholm Concert Hall, Stockholm, Sweden. <Read more on page 151.

| | |
|---|---|
| Interim Report Jan – March | May 6, 2020 |
| Interim Report Jan – June | July 24, 2020 |
| Interim Report Jan – Sept | November 5, 2020 |

## About this report

The formal Annual Report is presented on pages 87–143. Sustainability is integrated into the Group's operations, The statutory Sustainability Report, including the GRI Index, is presented on pages 59–85.

*This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.*

*Unless otherwise specified, Loomis's internal investigations and studies have been used.*

# The year in figures

## 2019 - another strong year

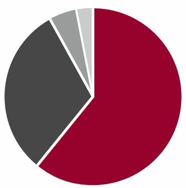
**21**
SEK bn net sales

**2.6**
SEK bn operating income

**22**
SEK earnings per share

**25**
thousand full-time employees

### Loomis's services as a % of total revenue in 2019




*Includes revenue from SafePoint, which in Loomis's accounts is split between CIT and CMS.*

## Loomis has operations in 23 markets, +400 branches

>For more key ratios, see Loomis's Administration Report starting on page 87. >Loomis's Sustainability Report starts on page 59.

# Loomis is improving cash flow efficiency in society


Cash is the most common payment method in the world. Bank notes and coins circulate among banks, consumers and retailers every day. With skilled employees, secure CIT vehicles and technically advanced equipment, Loomis ensures that cash circulates quickly, cost-effectively and securely – both in the local community and internationally. The success of the business is based on customer trust, a high level of safety and security and processes that are more cost-effective and sustainable, enabling Loomis to guarantee that the right amount of cash is at the right place at the right time. Loomis's sustainability work is integrated into the daily operations and summed up in six focus areas: zero vison for injuries, environmental responsibility through reduced carbon emissions and plastic usage, being a responsible employer, zero tolerance for unethical behavior and Loomis's role as a local player.

# Specialist in cash handling

**Cash in Transit (CIT)**
Every day Loomis collects daily receipts, provides retailers and banks with change orders and foreign currency, and replenishes and services ATMs. By carefully planning routes and the number of stops on a route, it is possible to maintain a high level of operational efficiency. Loomis’s cash in transit teams work according to strict routines to minimize the risks associated with transporting cash, and have vehicles and equipment that provide maximum safety and security.

**Cash Management Services (CMS)**
Daily receipts and cash from retailers, bank branches and ATMs are normally transported to one of Loomis’s cash centers. There, Loomis's employees using state-of-the-art equipment, process, quality assure, package and store bank notes and coins. Loomis also provides services for analysis, forecasting and reporting of customer cash flows, as well as customized solutions for retailers (see SafePoint).

**SafePoint**
SafePoint is a comprehensive solution developed by Loomis for retailers. The customer deposits receipts on an ongoing basis in the secure unit where the funds are registered and safely stored at the store until they are collected by Loomis’s cash in transit team. The customer’s bank account is credited no later than the day after the deposit is made. In addition to faster access to liquid funds, the SafePoint concept provides significant cost savings and efficiency improvement for users, while also improving employee safety. The SafePoint offering is constantly being developed and includes a comprehensive solution for depositing and withdrawing cash, which is also called a cash recycler.

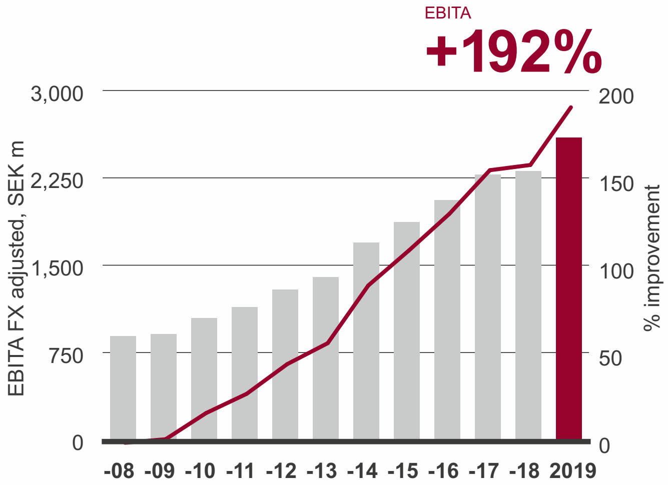
**International Valuables Logistics (Valuables in Transit, VIT, Valuables in Storage, VIS)**
Loomis International transports, processes and stores cash, precious metals and other valuables such as watches, jewelry and credit cards across borders. Loomis International organizes the entire chain, offering a one-stop shop solution by collecting the valuables, providing cross-border transportation, customs clearance assistance and temporary or long-term storage, before finally delivering the valuables to an end-recipient. In addition to the countries where Loomis has a local presence, Loomis International also uses a global network of agents and partners.

# Loomis's priorities

### Deliver on financial and sustainability targets

- Since the stock market listing in 2008, Loomis has established strategy periods and targets to monitor the Group's financial and sustainable development. So far all targets for each strategy period have been reached.

- The current strategy period is 2018–2021. The 2019 results show that the financial targets are well within reach. Progress has also been made toward the sustainability targets.

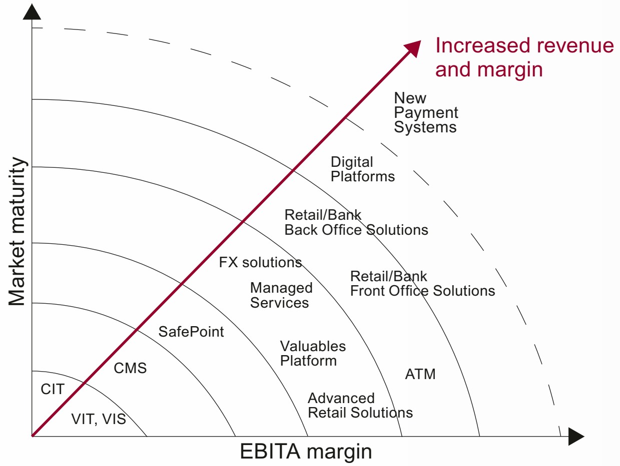



Real EBITA growth, 2008–2019.

### Outsourcing trend creates business opportunities

- Loomis's stable growth and increased profitability has been supported by a strong outsourcing trend among banks and retailers for both cash in transit and cash management services.

- A new wave of outsourcing is now emerging, involving more and more advanced services, including management of physical foreign exchange (FX) and comprehensive ATM services. This creates new business opportunities for Loomis.

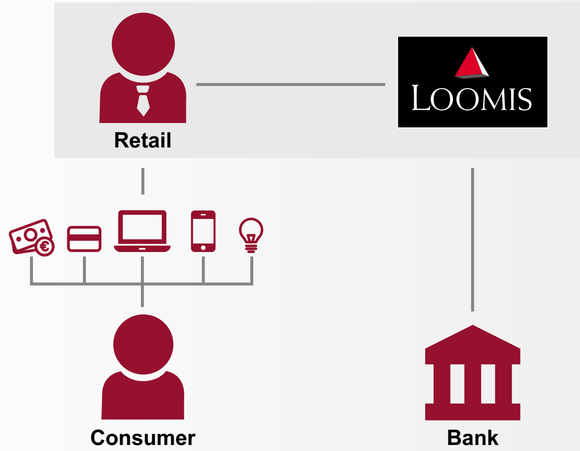



Move up the customers' value chain.

### New services and payment solutions

- New payment platforms and payment solutions are quickly being developed in the system of transactions that links banks and retailers. Loomis has strong relationships with all parties involved and has a well-established position in the market.

- Loomis's strategy prioritizes in-house and acquired innovation and product development, within payment and transactions, to advance Loomis further up the value chain and thereby achieve higher profitability and continued growth.




New payment solutions strengthen Loomis's retail business.

"2019 is a new record year and we are well within reach of our 2021 targets."

**Patrik Andersson,**
President and CEO

# Well on the way to reaching our targets

*Based on increased customer trust and intensive efforts to develop and expand our core business, we can summarize 2019 as a new record year for Loomis. Halfway through the strategy period we can deliver both good growth and increased profitability, and we are holding a clear course toward our long-term targets.*

**On a stable course toward our financial targets**
2019 was yet another successful year for Loomis. We are continuing to develop our core business in Cash in Transit and Cash Management Services, and we can offer our customers services with constantly improved quality. This is largely due to our ongoing focus on measures to improve operational efficiency. These efforts gain strength from our decentralized organizational structure, which is distinguished by a spirit of competition and a clear desire to deliver better results year after year.

Revenue in 2019 was SEK 21 billion, which shows that our revenue target of SEK 24 billion for the current strategy period, ending in 2021, is within reach. Profitability – our EBITA margin – was 12.4 percent for 2019. Our profitability target for the strategy period is within the range of 12–14 percent. We are therefore well on our way to reaching the targets we established for the period.

**Leading the transition in our market**
The accelerated business development that has been taking place in recent years has shown us that there are more good business opportunities within Loomis's reach. The single most important driver of our market development is the willingness of banks and retailers to outsource within our service areas. In the Nordic region outsourcing has come a long way, while in some other countries it is just getting started. For Loomis, this means that we can add services and implement solutions that are already tried and tested within our company in more markets as they develop.

One such area is physical foreign exchange (FX). Here, Loomis can offer banks and other actors services that are cost-effective and that we can integrate in our other operations. Loomis has already accumulated good experience in this business area in the Nordic countries and in France. FX offers good profitability and growth opportunities, and our ambition is to achieve annual revenue of SEK 1 billion over the next three years.

Another area where we are see strong opportunities to develop our service offering is cash ATMs. Here Loomis can take the overall responsibility as an operator, which means taking on a broader role than in the past. In addition to replenishing cash, we can add services such as forecasting, service and maintenance in cooperation with both established and new actors. Our assessment is that the value of Loomis's European markets is around SEK 10 billion and we are aiming to reach a market share of one fifth within five years.

During the year we took additional steps to develop our position in the cash management and payment solutions market – a market in a period of strong transition. Loomis is at the center of this transition due to our extensive network, strong brand and relationships which are built on trust. We often meet our customers several times a week. This is an ideal starting point from which to develop and subsequently add new services that our customers need, whether it be physical or digital payments. We see many options going forward. We can either develop the concept ourselves, acquire companies or form partnerships with other actors. The goal is to constantly expand our core business and reach higher up in the customer's value chain. A number of initiatives are being developed. >Read, for example, how our partnership with Sonect has developed during the year on page 13.

**Acquisition focus – geography and new technology**

At the end of July the acquisition of Prosegur's French operations was concluded. This supplements our own operations – both in terms of the customer portfolio and the location of the branches. France is a large market and we expect the integration to be concluded in 2020, and for it to contribute to long-term positive financial results. Unfortunately, we were informed in December that the German competition authority stopped our acquisition of Ziemann. The German market is still very attractive for Loomis and we are now investing in growth based on our existing platform.

**A valuable lesson**

Although this has been a successful year for Loomis overall, in May 2019 we were accused in the Danish media of having delivered currency to Danish foreign exchange offices suspected of being involved in money laundering. After we were made aware of the situation, we initiated both internal and external investigations and we have taken a number of steps to ensure that we are in compliance with the law. Although Loomis has not been accused by the legal authorities in any country, this has been an important lesson for us. Through the changes we have implemented to strengthen our organization and our internal processes, we are even better equipped today.

**We prioritize sustainability initiatives**

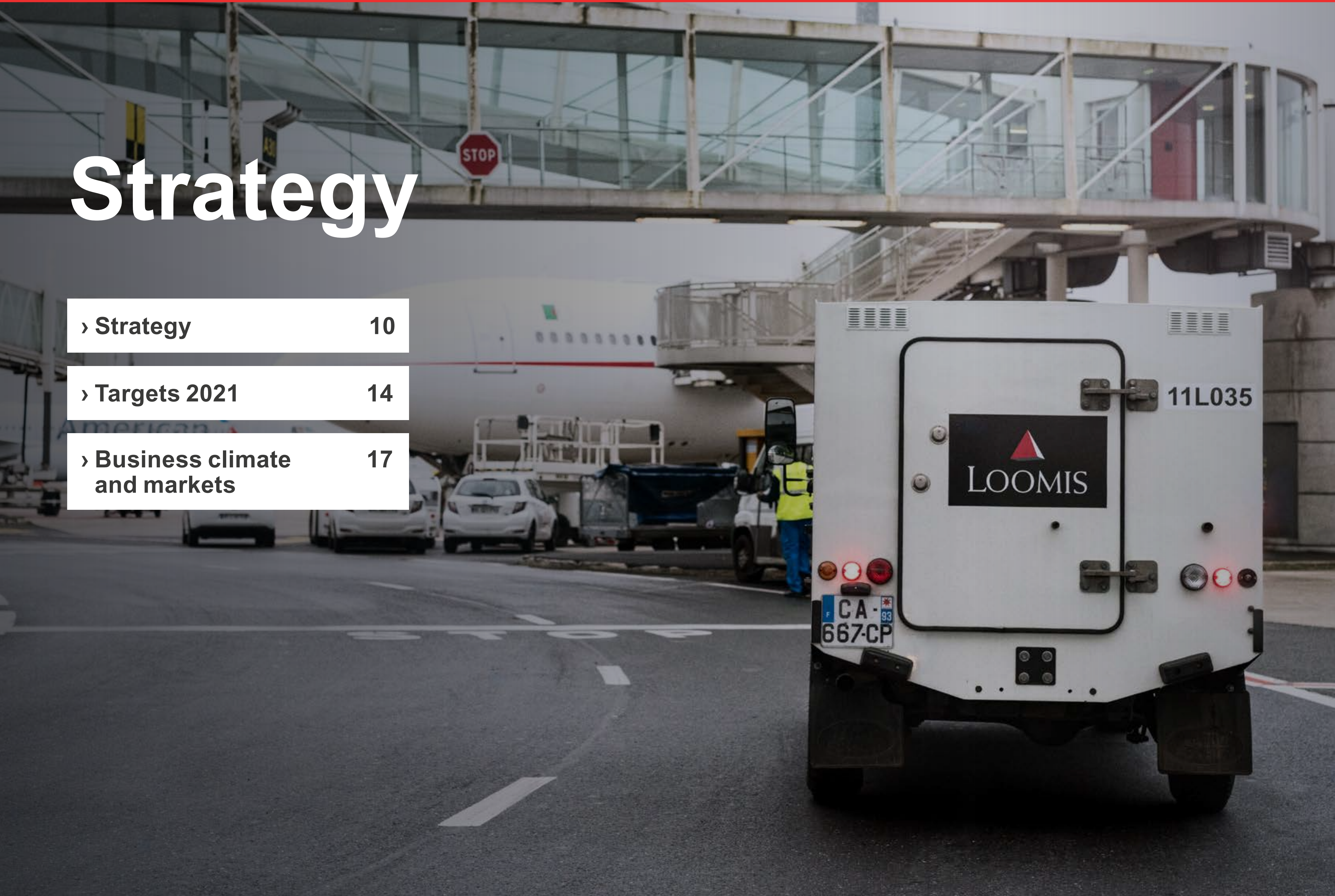
The efforts to reach our sustainability targets have involved new initiatives during the year. Our focus is on employee safety and the environment. To increase employee safety, we intend to, among other things, implement a comprehensive training program for all of our employees through our digital training platform, the Loomis Academy. On the environment, we have made good progress in our efforts to reduce the use of plastic bags. Cash is collected from and delivered to our customers in special security bags made from plastic. We have succeeded in reducing plastic usage by 22 percent compared to the base year, 2017. To reduce our carbon emissions we entered into dialogue with our main fuel suppliers aimed at gaining better access to renewable fuel in the form of HVO fuel. Increased access to renewable fuel is crucial if we are to reach established carbon emission target.

Finally, I would like to thank all of my colleagues for the high level of ambition and strong commitment you show to developing and improving our company. It is a great pleasure to lead "Team Loomis." A heartfelt thank you also to our customers, shareholders and other stakeholders for placing your trust in us.

**Patrik Andersson**
President and CEO,
Stockholm, April 3, 2020

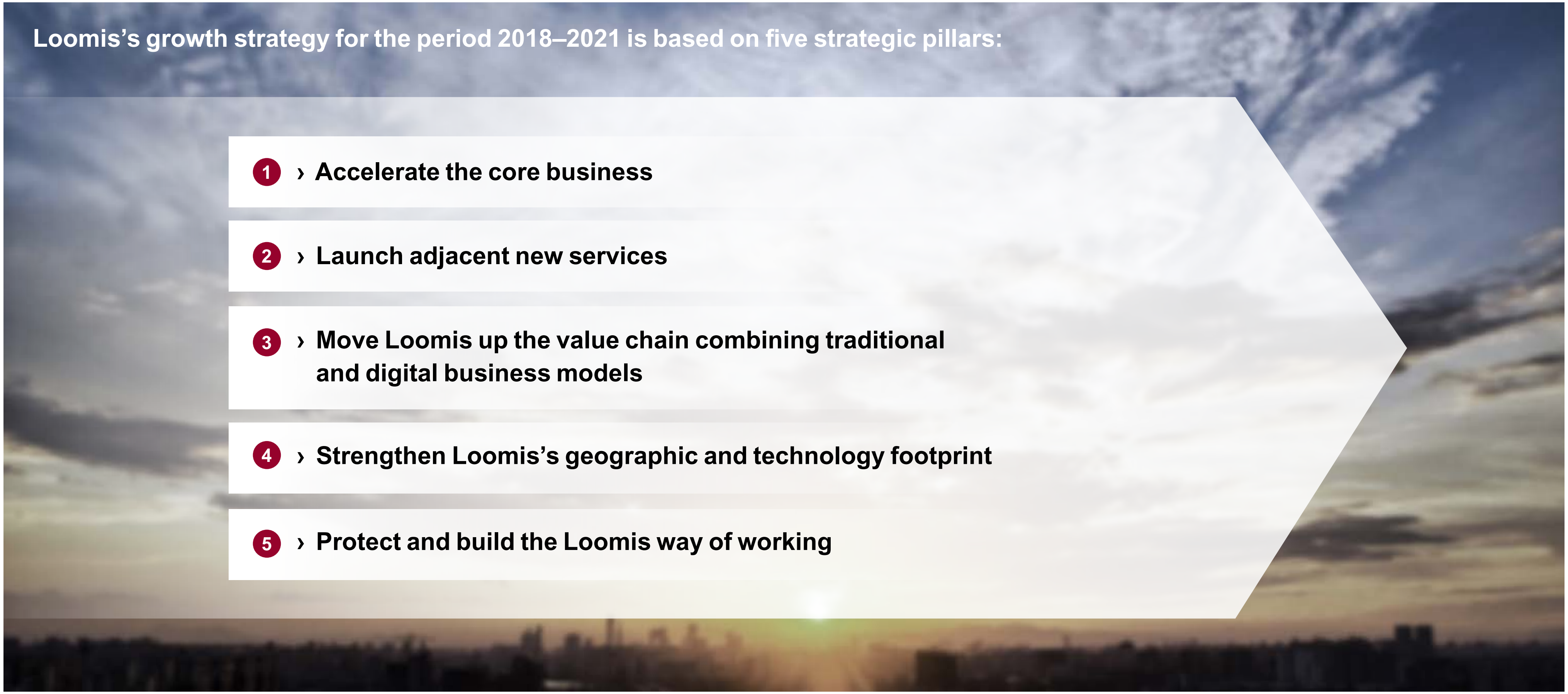
# Strategy





# Leading the transition of cash management in society

*The current Loomis strategy period is 2018–2021. Increased growth and profitability will be achieved by developing the Company's core business, but also by advancing further up the cash management value chain and into new payment services. We will also emphasize making acquisitions in existing markets and selected growth markets, in combination with acquisitions and partnerships with other companies that add new technology.*



**Loomis's growth strategy for the period 2018–2021 is based on five strategic pillars:**

1. › **Accelerate the core business**
2. › **Launch adjacent new services**
3. › **Move Loomis up the value chain combining traditional and digital business models**
4. › **Strengthen Loomis's geographic and technology footprint**
5. › **Protect and build the Loomis way of working**

# Growth strategy components

### 1 Accelerate the core business

The cash and valuables markets continue to grow in pace with economic growth. There is also an increased willingness among banks and retailers to outsource increasingly advanced processes to external providers like Loomis to improve their cost efficiency and security. Cash in transit is usually outsourced first, followed by other aspects of cash management and adjacent services. This creates good opportunities for Loomis to boost the core business, and offers significant potential for increased organic growth and improved margins.

### 2 Launch adjacent new services

The same potential exists by adding new adjacent services to the core offering in more of Loomis's markets. The rollout of the Group's SafePoint concept over the past few years in market after market is a very successful example. A service from Loomis which offers the ability to buy and sell physical foreign exchange is another. Most of the development of the SafePoint offering and other solutions for retailers takes place at the Group's Center of Excellence in Houston, USA. The Center of Excellence in Madrid, Spain, is focusing on further developing the cash in transit and cash management services offerings.

### 3 Move up the value chain

At the core of Loomis's strategy is a focus on moving up the customers' value chain by combining traditional and digital business models. This work is taking place at the Group's Innovation Center in Stockholm, in close cooperation with the rest of the organization and by utilizing insights from customers. In pilot projects, new products and services are tested in the market and the response from customers form the basis for evaluation and decisions on the next step. One example is Loomis's own ATMs which offer foreign exchange directly to the consumer. These have recently been launched in Norway. Other examples of services being developed are new digital payment platforms and new payment solutions.

### 4 Strengthen Loomis's geographic and technology footprint

The strategy is also based on an assessment that consolidation in the market will continue and increase in the years ahead. This gives Loomis – with its strong financial position – good potential for making attractive acquisitions. The intention is to continue to make value added acquisitions. Loomis expects half of the growth during the strategy period to be achieved through acquisitions. The acquisition strategy is based on two criteria: 1) growing the Company's core business in existing markets as well as selected growth markets, and 2) seizing business opportunities offered by new technology in mature markets.

### 5 Protect and build the Loomis way of working

An important aspect of the strategy is also to develop Loomis's successful business model, the Loomis Model, to protect the key ingredients in the recipe for success and further raise operational quality. The Loomis Model is based on a highly decentralized organizational structure and gives substantial local responsibility to branch managers, with a clear focus on measuring and evaluating the business and sharing experience and acquired knowledge with others in the Group. The new strategy emphasizes the need to develop and encourage new capabilities and skills. Compliance is a high priority, and the Company's control systems ensure sound internal governance and control. The Group's sustainability work can be summed up in six focus areas and its platform is integrated in the business model. Three sustainability targets are linked to the strategy period: zero workplace injuries and a 30 percent reduction in both carbon emissions and plastic usage.

# Continued movement up the value chain

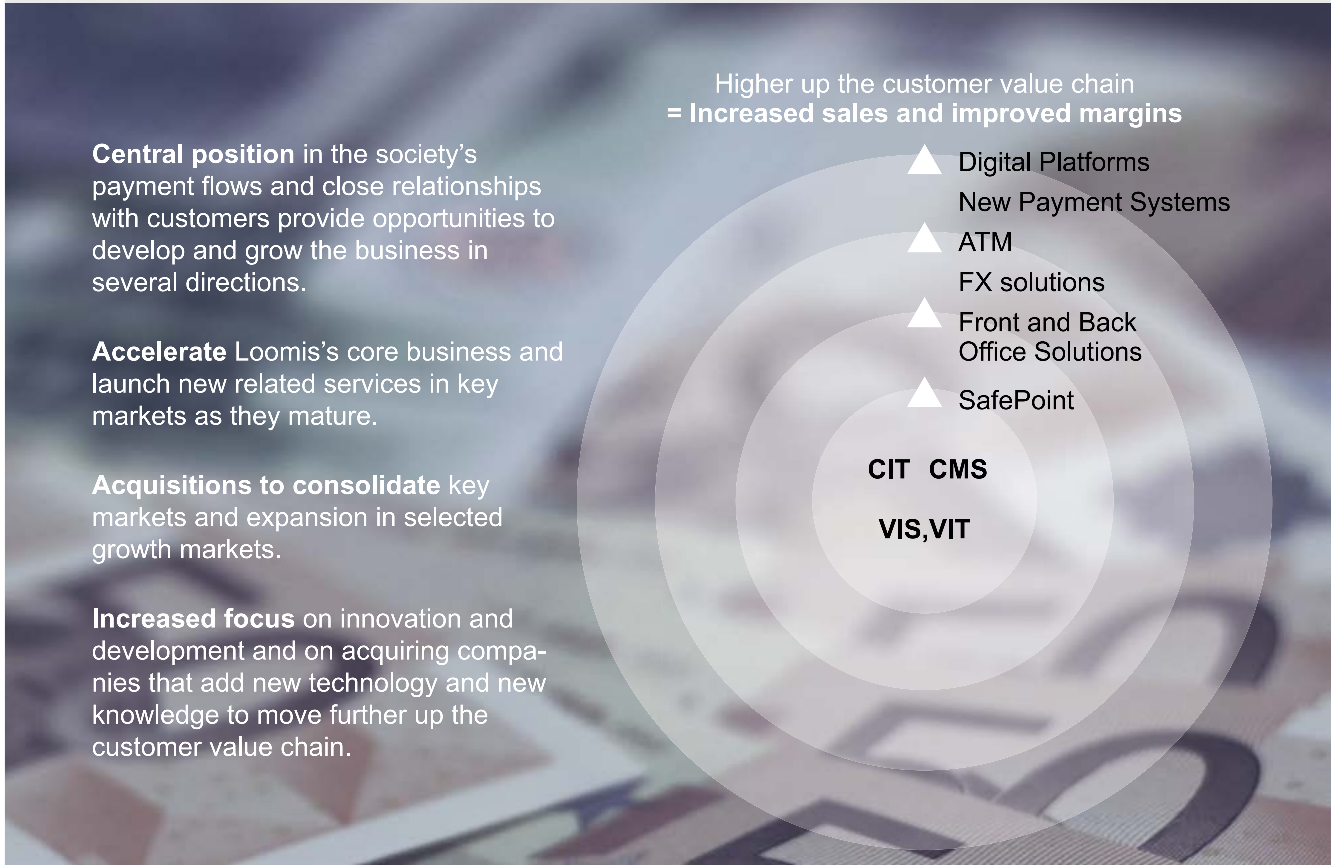
**Key position in society's flows of payments**

Loomis has a solid core business in a cash in transit and cash management services market that continues to grow. The business is based on close relationships with customers in the banking and retail sectors, which over time have given Loomis a strong position in the center of society's flows of payments. As more and more functions are outsourced, Loomis has built trust in its ability to manage more and more of the customers' flows. This in turn has enabled Loomis to develop and add new services based on the customers' evolving needs. Demand for more complex and integrated comprehensive solutions is steadily increasing, as is the need for innovation and new technology. Loomis's offering in physical foreign exchange, comprehensive solutions for ATMs and new services for payment platforms are examples of these solutions.

**Physical foreign exchange management**

Banks have initiated another wave of outsourcing, this time involving physical foreign exchange (FX). The Nordic countries have made the most progress and Loomis is a leading provider in that region. The acquisition of the French credit institution CPoR Devises, finalized at the end of 2018, helped to expand Loomis's growing offering to include France, which is the world's largest tourist market. In the role as a wholesaler, Loomis meets the needs of both consumers and customers buying and selling foreign currencies. The solutions are adapted to each respective market. In France, local bank branches still play an important role, while ATMs are increasingly becoming the primary supplier of foreign currency in more mature markets such as the Nordics. The focus going forward is to expand the offering of FX ATMs by, for example, increasing the number at airports and introducing complementary web-based services. Loomis

**Moving up the customers' value chain**



has, for example, during 2019 launched foreign exchange to consumers in Sweden through Benify, a tech company which has developed a cloud based platform for compensations to employees. The ambition for Loomis is to reach annual revenue from FX of SEK 1 billion over the next three years.

**Comprehensive solutions for ATMs**

Loomis's strong local presence, broad core offering and integrated business model are the foundation for new business opportunities as ATM management is increasingly being outsourced and fast-growing actors are looking for partners. Loomis's new global ATM offering enables the Company to take responsibility for the entire value chain. In addition to secure transportation of cash and cash management, Loomis offers, among other things, forecasting, service and maintenance. Loomis has the expertise and capacity regardless of type of ATM – both traditional ATMs and new solutions for cash withdrawal – and can offer the latest technology. The ATMs can dispense both local and foreign currency. The offering gives customers full insight into the process which includes verification and monitoring options. This, in combination with Loomis's established SafePoint technology, is the basis for the target of reaching a market share in Europe of 20 percent within five years with annual revenue of around SEK 2 billion.

**New services on new payment platforms**

Today's payment landscape is in transition and the EU's PSD2 Payment Services Directive is opening the way for entirely new providers and payment solutions. This means additional growth opportunities for Loomis. Through access to a comprehensive network of retail customers, banks, partnerships and acquisitions, Loomis can create a new position in the market. The strategic partnership with Switzerland-based Sonect began in 2018 and is the first example of this. Sonect provides virtual ATMs through an app that connects private individuals with the cash distributor closest to them, such as a conveniance store or grocery store around the corner. The funds are withdrawn directly from the customer's account regardless of who they bank with. Sonect and Loomis are building the infrastructure together and so far more than 2,000 virtual ATMs are in operation in Switzerland alone. This makes Sonect's solution the country's largest ATM network. The partnership with Sonect involves an attractive revenue model and creates synergies with Loomis's other business areas. Work on expanding into more markets is under way and analysis of the development potential of this service is continuing.

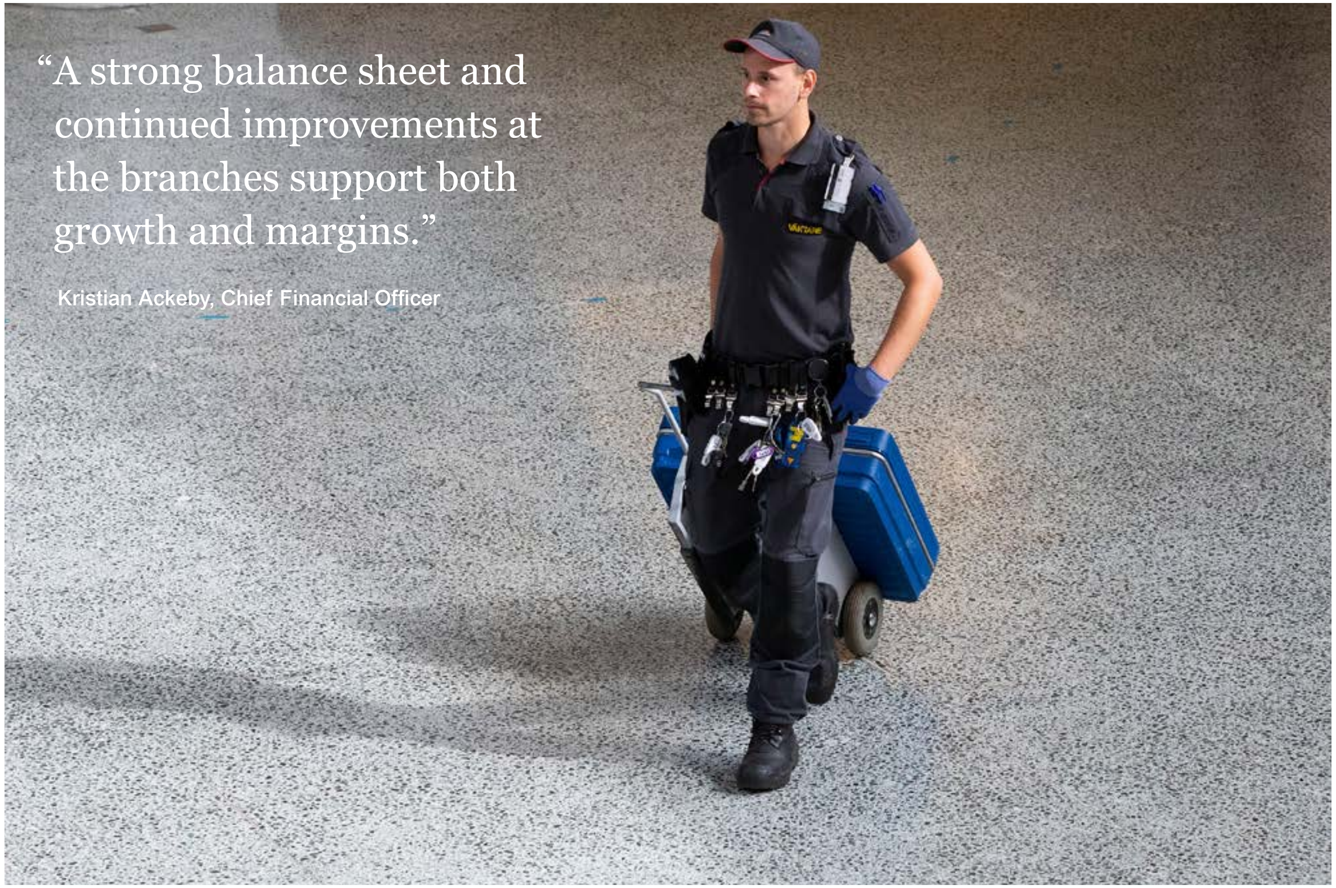
> "Numerous fintech companies are coming up with new, groundbreaking payment solution concepts. Sonect is one example. We intend to make more acquisitions and enter into more partnerships going forward."
>
> Kristoffer Wadman, Chief Innovation Officer

# 2021 targets within reach

*Since the stock market listing in 2008, Loomis has established targets on an ongoing basis to monitor the Group's financial development within set strategy periods. The fourth strategy period is from 2018 to 2021 and includes clear sustainability targets. The outcome for 2019 is positive and shows that Loomis, as usual, is delivering on expectations.*

**Focus on growth, profitability and dividend policy**
Loomis is one of the leading international providors in the growing market for cash handling and valuables logistics services. Loomis is number one or two in most of the markets where the Company operates. This is a strong starting point. The combination of a strong financial position and accelerated innovation and development of new services gives Loomis strong potential for continued growth and improved profitability. The strategy is built on five pillars and the financial targets were created based on these. They are targets for growth, profitability and a dividend policy, presented on the next page. >Read more about Loomis's strategy on page 10.

Linked to the 2018–2021 strategy period are also three sustainability targets. These are workplace injuries, reduced carbon emissions and reduction of plastics. >Read more about Loomis's sustainability work on page 23.

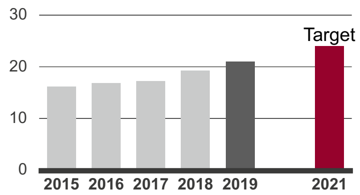


# Financial targets

| Revenue target | Revenue 2015–2019, SEK bn | 21.0 SEK bn (2019) |
|---|---|---|

**24**

SEK billion by 2021

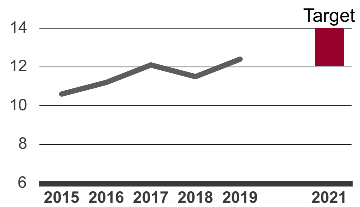



Loomis's real growth was positively affected by the acquisitions in France as well as the acquisition implemented in Chile in June 2018. Spain, Belgium, Turkey and South America were the main contributers to the positive organic growth in Segment Europe. In the USA, revenue increased from ATM management as well as from an increase in the number of installed SafePoint units. However, the project to restructure the international operations as well as a slightly lower growth rate for CIT and CMS resulted in a slightly slower growth rate in the USA.

| Operating margin target | Operating margin (EBITA) 2015–2019, % | 12.4% (2019) |
|---|---|---|

**12–14%**

operating margin by 2021

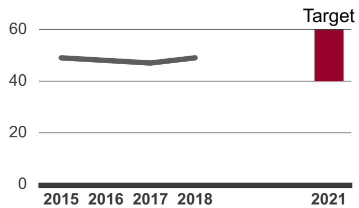



The restructuring programs in France and Sweden implemented in 2018 have had a positive effect on the operating margin. An increase in the number of installed SafePoint units in the USA continues to improve profitability there. The ongoing efficiency improvement at the branches in Europe and the USA produced good results. The restructuring program under way in 2019 within the international operations in the USA has also helped to raise the operating margin.

| Dividend target | Divided 2015–2019, % | Proposal 2019 |
|---|---|---|

**40–60%**

of the net income for the year




On March 27, 2020 the Board of Directors resolved to withdraw its earlier communicated proposal to the 2020 AGM of a dividend of SEK 11 per share for 2019. Furthermore, the Board of Directors informed that a final decision of dividend is expected to take place on an extraordinary general meeting when the consequences of the corona pandemic have become more clear.

>For more key ratios, see Loomis's Administration Report starting on page 87.

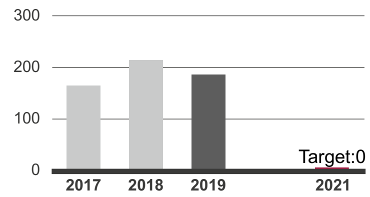
# Sustainability targets

## Workplace injuries target

**0**

workplace injuries by 2021

### Number of injuries 2017–2019




### 186 injuries (2019)

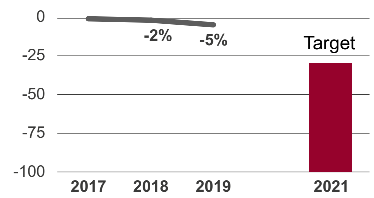
In 2019 the number of injuries[1] in traffic and/or as a result of violence was 186. 20 percent stem from violence and the remaining 80 percent are traffic-related injuries. This breakdown is in line with the previous year. The 2019 results show a clear improvement in most markets. Most of the injuries were in a few countries that have an aggressive traffic culture. Efforts to proactively promote safe driving behavior continue.

## Carbon emissions target

**30%**

reduction in carbon emissions by 2021

### Carbon emissions 2017–2019, change %




### -5% (2019)

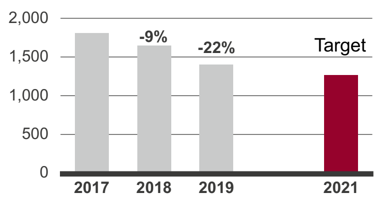
In 2019 the Group reduced carbon emissions from its own transport[2] operations by 3 percent in absolute numbers. This is despite adding several markets since the base year, 2017. Relative to operational volume, carbon emissions were reduced by 5 percent in 2019. The reduction includes the effects of operations in the USA moving to lighter and smaller vehicles that are more energy efficient. This is also part of the Group's continual efforts to improve transport efficiency, resulting in increased route density.

## Plastic usage target

**30%**

reduction in plastic usage by 2021

### Plastic usage 2017–2019, tkg




### -22% (2019)

Progress toward the Group's target to reduce plastic usage by 30 percent in absolute numbers is satisfactory. The result for 2019 is a reduction of 22 percent compared to the base year 2017. The main driver of this progress is the European operations, which had a total reduction of 29 percent. As a result of the segment's new framework agreement for security bag production, all of the bags are now made from 80 percent recycled materials.

*Recently acquired companies are not included in the results.*

*1) Injuries from external violence and/or traffic that results in absence from work.*
*2) Direct carbon emissions equivalent to Scope 1.*

>For more key ratios, see Loomis's Sustainability Report starting on page 59.

# Keeping up with market growth

*High cash usage has a positive impact on the demand for cash in transit services. Reduced cash usage makes banks more willing to outsource cash management processes to companies that can make it more cost-efficient. Demand for value-adding comprehensive solutions and for providers with increased understanding of customer needs is therefore growing. This in turn, requires new technology and innovation.*

**A diversified market**

Cash is the dominant payment method in the world. The total volume of cash is increasing in line with economic growth. Significantly more than half of all payment transactions are cash payments in the USA and Europe[1]. In large parts of the rest of the world the percentage is even higher. The payment methods used in different types of transactions, the structure of payment systems and how cash is viewed as a payment method are determined by a number of factors, such as traditions and the political and economic environment. The cash in transit and cash management services markets have many similarities, but development and level of maturity between the countries differ. Loomis has operations in more than 20 countries and the Company's business is therefore tailor-made for each market.

**A market characterized by consolidation**

The total global market for cash in transit and cash management services is estimated at around USD 20 billion[2]. Most of the markets are still fragmented and it is estimated that there are more than 500 providors altogether. A few are global but the majority are smaller and only operate in a local market. The general trend is toward consolidation in the cash industry, which works in Loomis's favor with its strong position and ambition to be a market leader in the markets where the Company operates.

**Willingness to outsource cash handling**

Over time the degree of outsourcing has increased in all of Loomis's markets, but the reasons for this – trends and development timeframes – vary significantly. Experience shows that cash in transit is usually outsourced first, followed by different aspects of cash management, and then adjacent services. The third or fourth wave of outsourcing by banks and other actors includes areas such as management of physical foreign exchange and service offerings in the ATM market. Generally speaking, high cash usage in a market has a positive impact on demand for cash in transit services from banks and retailers. Reduced cash usage, on the other hand, increases the willingness of banks to outsource their cash management processes because handling it themselves is more costly when the volumes go down and a player like Loomis can perform these types of services on a larger scale and more cost-effectively.

**Sustained strong outsourcing trend**

In the Scandinavian countries and Spain, the degree of outsourcing of cash handling processes by banks is

*1) Source:  McKinsey.*

*2) Source: Freedonia and management estimates.*

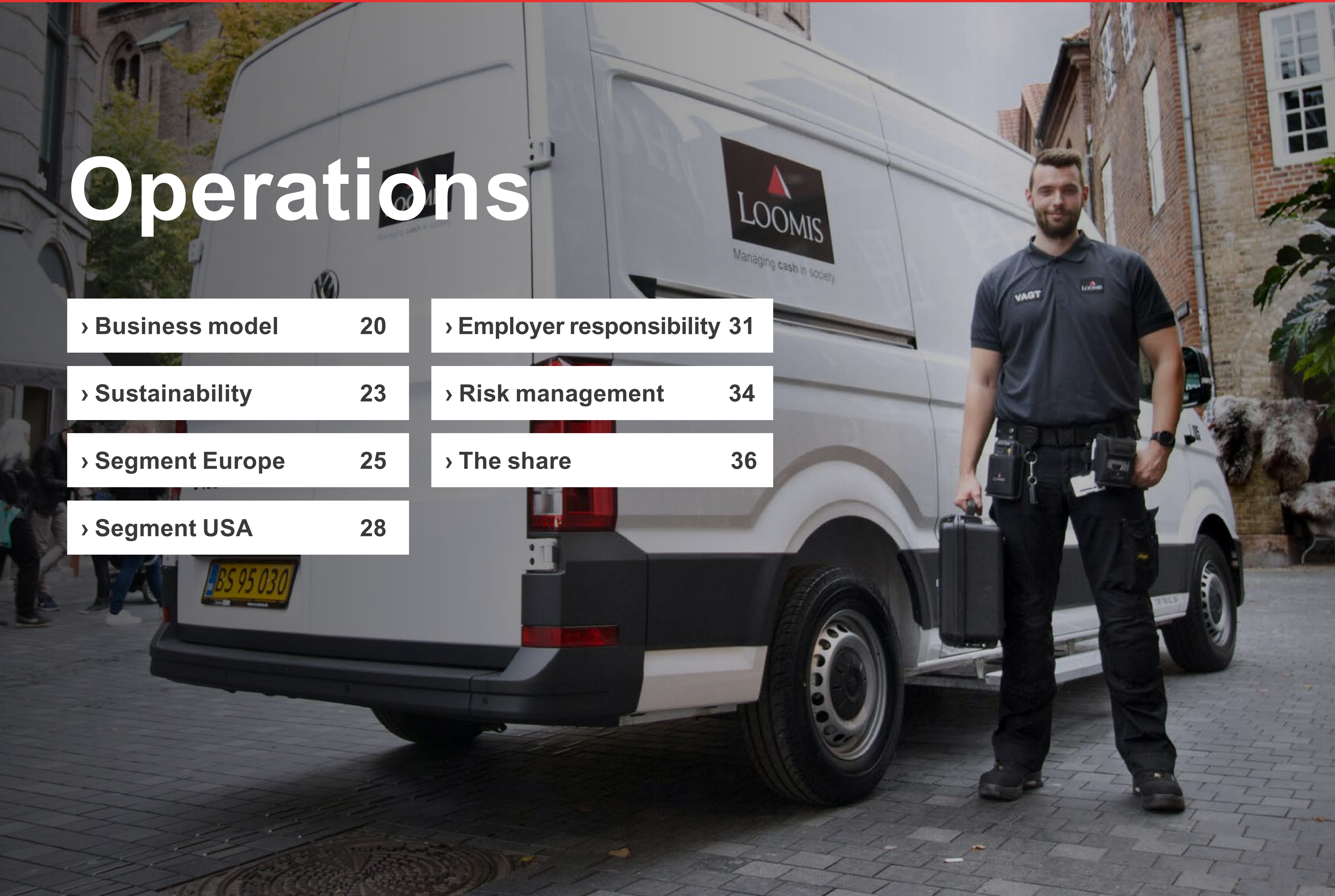
very high. The USA also has a strong outsourcing trend driven by a number of nationwide, regional and local banks that are looking for more cost-effective solutions and have an increasing desire to focus on their core business. In many of Loomis's other markets, such as Germany, Turkey, Chile and Argentina, the outsourcing trend is at an early stage. Loomis has positioned itself as a market leader in a number of markets where the outsourcing trend started early. This enables the Company to benefit from its knowledge and experience to identify profitable business, and to implement tried and tested business models in new markets.

### Value-creative comprehensive solutions, new technology

As customers are increasingly focusing on their core business, demand is growing for advanced and integrated payment solutions. New technology is playing a key role. Innovation in the cash management market is taking place in small incremental steps. It is important to increase efficiency and find smart products and solutions that provide direct benefits to end customers. A good example is Loomis Value Solutions, a concept that saves time and simplifies processes for customers by taking over internal cash management and providing a closed system where cash can circulate internally at the customer's end. Other situations, such as the fast-moving payment market where new payment methods are emerging, require more radical innovation and entirely new solutions. New work processes and methods are needed as well as the right skills and leadership, and a different attitude to investment returns and financial key ratios in general. For Loomis this means increasing the focus on innovation and development, as well as acquiring companies that add new technology and expertise. This is being pursued at the Group's Innovation Center in Stockholm. Sweden.

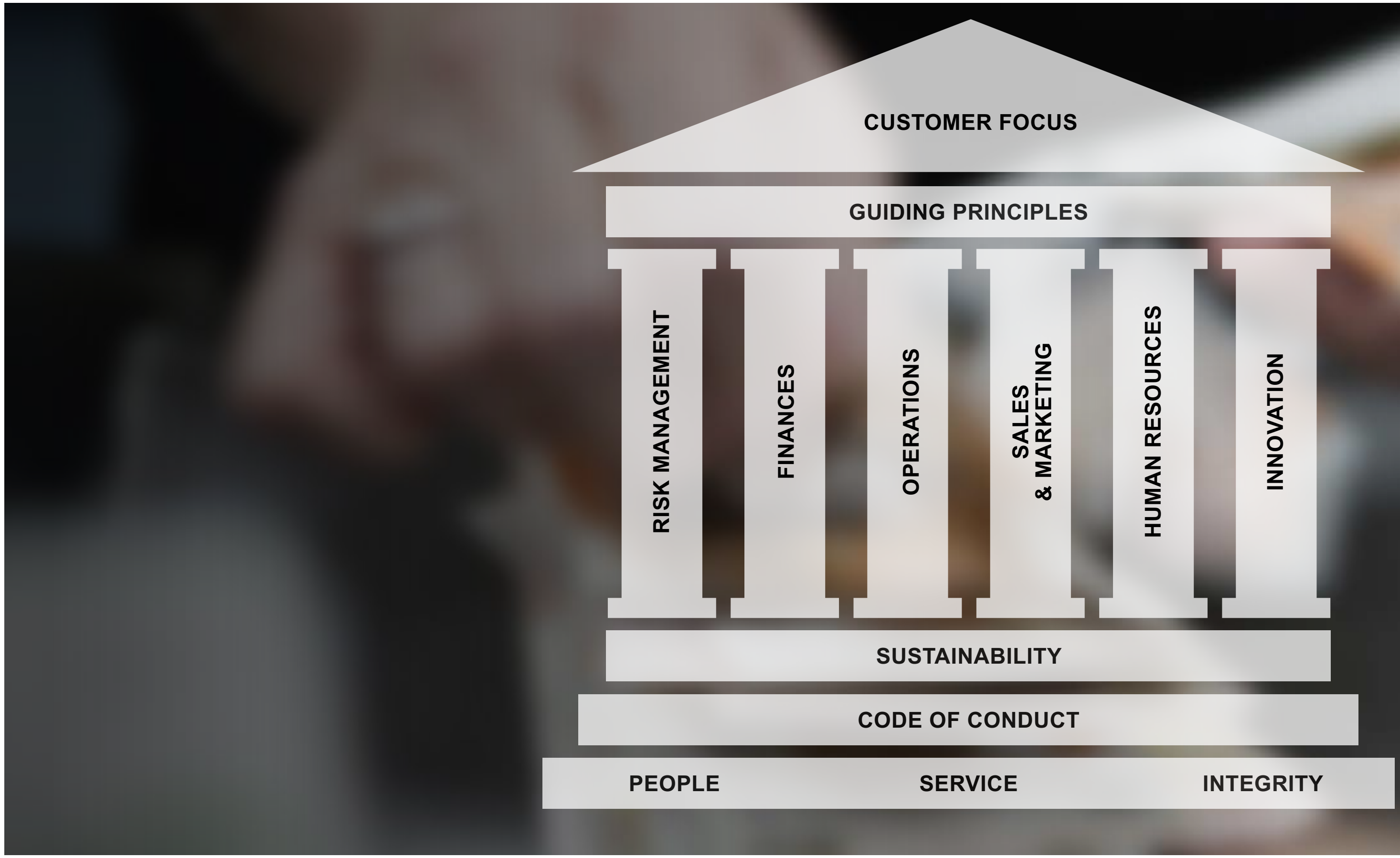
# Operations





# The Loomis Model

*The Loomis Model describes the common principles, processes, routines and policies for operational management. The business model has undoubtedly contributed to the steadily increasing operating margins since the stock market listing in 2008. The operation margin has improved from 6.6 percent in 2008 to 12.4 percent in 2019. Digitalization is accelerating knowledge transfer and stimulating implementation of new innovative services.*




*Many years of experience and knowledge within the Group are described in a simple and clear business model.*
*>Read more about the Loomis Model on the next page.*

# Components of the Loomis Model

## Core values

*Loomis operates its business based on its three core values: ”People, Service and Integrity”:*

- **People**: We are committed to developing quality people and treating everyone with respect.
- **Service**: We strive for exceptional quality, innovative capacity, adding value and exceeding customer expectations.
- **Integrity**: We perform with honesty and vigilance while adhering to high ethical and moral standards.

## Code of Conduct

The Company's Code of Conduct provides ethical and cultural guidance for all of Loomis's employees and helps to ensure compliance with rules. Living up to the Code promotes a culture of mutual trust based on integrity and respect to reduce the risk of unethical behavior and irregularities. The Code is the foundation for consistency in the way our people treat each other and all of our external partners. In 2019 close to 22,000 employees went through a compulsory course online which included studying the Group's Code of Conduct.

## Sustainability

The role as one of the world's leading cash handling companies requires responsible behavior for the long term. Creating lasting value for customers, employees and shareholders – today and in the future – is a key aspect of our responsibility. In 2017 our current sustainability platform was developed and integrated into the Loomis Model. >Read more about Loomis sustainability work on page 23.

## Business processes

Loomis has six business processes to develop and support the business: risk management, finance, operations, sales & marketing, HR and innovation. The Company's operations are the core of the business model and the other processes support the operational process.

## Guiding principles

The Loomis Model has ten guiding principles that are key to how the business is governed. They include guidelines on how to produce business targets, an ongoing exchange of experience, and measurement and follow-up processes. The principles provide the foundation for a healthy and cost-aware organization which focuses on delivering high quality and good profitability. Loomis is a highly competitive Company and encourages comparisons between different branches. Loomis is of the opinion that measuring leads to action.

## Customer focus

At the top of the Model is customer focus. For Loomis this means above all understanding the customers and listening carefully to their needs – what they are today and what they might be in the future. By listening actively to the customers, Loomis has the opportunity to develop better solutions and new business models in traditional operations, and to explore new opportunities and services. To achieve a strong understanding of customer needs, Loomis regularly conducts customer surveys.

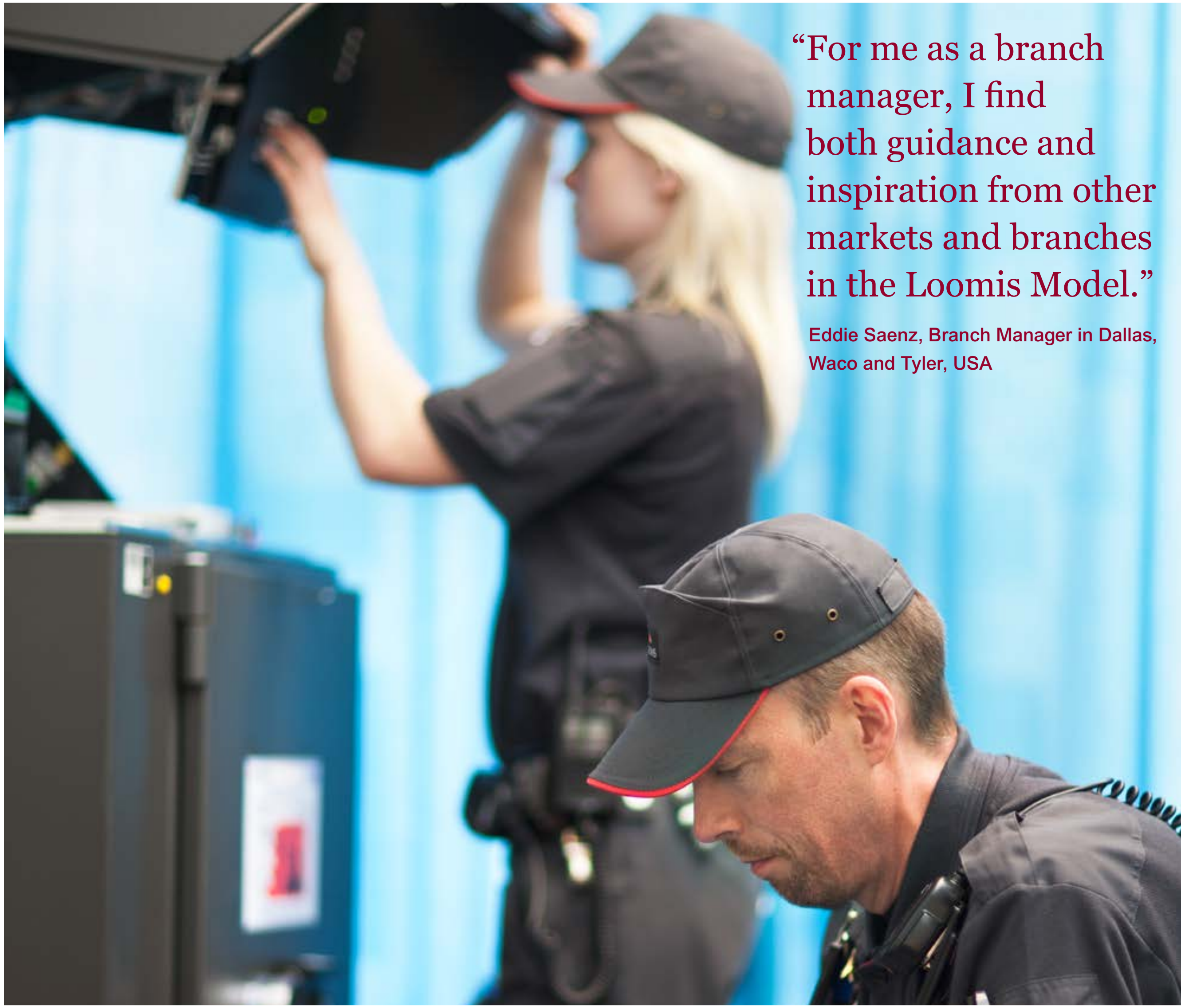
# A business model that delivers results

**Firmly rooted at the branches**

The Loomis Model is updated as and when new experience, knowledge and business opportunities arise. Without losing the core aspects of Loomis's recipe for success, the new strategy launched in 2017 added innovation, customer focus and sustainability. The Loomis Model is based on a decentralized organizational structure. It assigns a high level of local responsibility with a clear focus to measure and to evaluate business operations, and sharing experiences within the Group. The Model has been particularly valuable when new operations are being incorporated into the Group or when new managers and employees are recruited.

**Digitalization for increased impact**

Digitalization of the Loomis Model and the creation of a best practice system are enabling knowledge and experience to be more quickly transferred over national borders. Digitalization also facilitates the implementation of additional innovative services in more markets. It also makes the Loomis Model easily accessible to all employees in the Group and simplifies implementation in connection with business acquisitions through a plug-and-play system. Each country is responsible for ensuring that all employees have digital access to the Loomis Model in their local language.



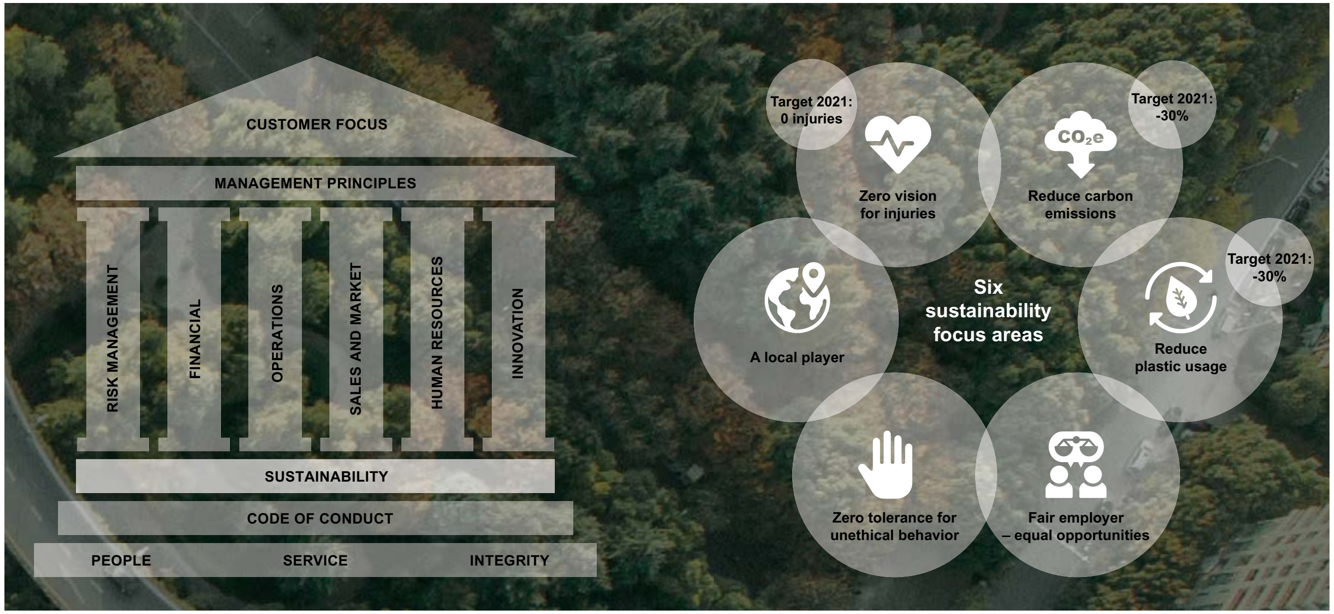
"For me as a branch manager, I find both guidance and inspiration from other markets and branches in the Loomis Model."

Eddie Saenz, Branch Manager in Dallas, Waco and Tyler, USA

# Loomis's sustainability work

*Loomis's sustainability work is based on a platform with six focus areas addressing responsibility for employees, the environment, safety and unethical behavior. Sustainability is integrated into the Company's business model and three sustainability targets are linked to the 2018–2021 strategy period, supplementing the financial targets. Sustainability efforts are monitored on an ongoing basis and outcomes are reported in the Annual Report.*

**Focus on employees, safety and the environment**
Loomis's sustainability work is based on dialogue with the Company's stakeholders and on an analysis of material aspects relevant to the operations. Key elements are the responsibility for employees, risk and safety procedures and the environment. This is summed up in six focus areas (see illustration). Three sustainability targets have been linked to the Group's 2018–2021 strategy period: zero workplace injuries and a 30 percent reduction in carbon emissions and a 30 percent reduction in plastic usage.




**Progress during the year**
The Group's sustainability platform was produced in 2017 and integrated into the business model in 2018. The emphasis was initially on implementing the framework, training staff and ensuring the collection and reporting of data internally. With this in place, the Group is now increasing its activities and initiatives. Progress toward the targets for workplace injuries, carbon emissions and plastic usage is summarized below.

*Zero injuries from trafic and violence 2021*
The majority of workplace injuries in 2019, 80 percent, were still traffic related, which confirms the importance of driving behavior to the safety of individual employees. During the year Loomis con-

tinued to emphasize the safety aspects and to train driver guards in safer driving. The specialized software that assists cash in transit teams by providing information on driving behavior, is now installed in 76 percent of the Group's CIT vehicles, compared to 20 percent in 2017.

*-30 percent carbon emissions 2021*

Several parallel initiatives are under way to reduce the Group's carbon emissions. Increased fuel efficiency (including through improved CIT team driving behavior), renewable fuel, diversification of the vehicle fleet and optimization of transport routes are the most important measures. Some short-term gains are evident, but most will be achieved over the longer term. Diversification of the vehicle fleet is a longer-term effort. Older vehicles are replaced with lighter and more fuel-efficient vehicles where safety and regulatory aspects permit this. The most important component to successfully reduce emissions to desired levels is, however, replacing fossil diesel with renewable HVO diesel. However, this is a challenge as there often is a shortage of HVO fuel outside the Nordic region. In 2019 Loomis was in contact with politicians and fuel suppliers in all of the Company's markets to draw attention to the situation.

*-30 percent reduction of plastic usage 2021*

One of the most important successes is the new contract for security bags, that has been signed and implemented in 2019, within Loomis's European operations. This important initiative has resulted in reducing the number of sizes and formats from 106 to eleven. This represents a substantial reduction in plastic usage and a big step toward the 2021 target. In addition, the European operations have also managed to ensure that all bags are made of at least 80 percent recycled plastic. Within Loomis's US operations, initiatives are under way to increase the percentage of recycled plastic in production, and changes will become apparent over the next two years.

>Read more about Loomis's sustainability work in the Sustainability Report on pages 59–85.

# A stronger and more profitable Europe

*2019 was a successful year in many ways for Loomis's European operations. Synergies continue to improve efficiency and lower costs. The core business is growing at the same time as the integration of new acquisitions is preparing the organization for the future.*

**Standardization provides higher margins**

After merging Loomis's three separate European regions in 2017, the focus has been on developing the decentralized organizational structure and taking advantage of economies of scale. This includes standardization of internal routines and sales processes and producing common tools. At the initiative of Loomis AB a Center of Excellence was opened in autumn 2017 in Madrid, Spain, to support the European and US operations. The Center provides systematic internal knowledge transfer and a proactive process to identify common optimal solutions. In 2019 this provided good results and significant cost savings. Among other initiatives, an evaluation of selected markets with lower profitability has led to action plans to increase productivity. Cash processing equipment and SafePoint solutions have been tested to define a European standard. The number of business systems will be reduced to two – one of which was developed in-house – and the internal rollout is in full swing. Procurement of a common work uniform has been concluded, and standardization in the use and purchase of security bags has been completed.

**Sustained growth and product development**

Loomis's offering in cash management is growing as the degree of outsourcing increases. At the Center of Excellence a study is being conducted on how the core business can be developed with the help of modern technology. Interest in more advanced SafePoint services in the form of cash recyclers is increasing, as is interest in

comprehensive solutions for ATMs. Offerings are also being developed in international valuables logistics, foreign exchange and precious metals. This is good business in times of international uncertainty.

### New acquisitions are a source of strength

New acquisitions in existing markets lead to synergies. In 2019 the acquisition of the French cash handing company Prosegur Cash Holding in France from Prosegur was completed. This acquisition made Loomis a national provider with full geographical capacity in France and is creating good opportunities for increased sales, high transport density and improved efficiency. It is also a good complement to the acquisition of the French company CPoR Devises (CPoR), completed in December 2018. An acquisition in the Canary Islands, Spain, has also strengthened the business. To obtain maximum benefits from synergies and the full potential of acquisitions, it is important to quickly integrate acquired operations into the Loomis Group. In 2019 the integration of Compañia Chilena de Valores S.A (CCV) and CPoR, which were acquired the previous year, went well. Operations acquired in 2019 are now part of the same structured integration process. These acquisitions give Loomis access to new expertise which, together with investment in existing personnel, strengthens the organization to meet future challenges.

### Sustainability in day-do-day operations

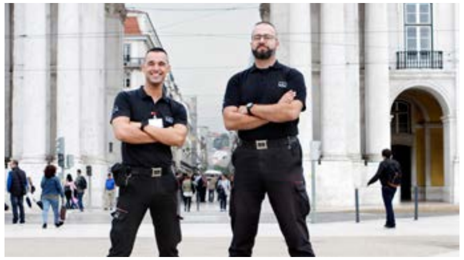
Based on the Group's sustainability platform and day-to-day operations, a number of initiatives have been launched that are expected to have their full effect over the next few years. To reduce carbon emissions an intense search for fossil-free diesel is under way. Another measure is the implementation of software that guides CIT teams' driving behavior. The CIT process is becoming safer and less resource-intensive. To diversify the vehicle fleet, a pilot project is under way to test electric vehicles on certain routes. Loomis is working with customers to improve efficiency in logistics and to optimize the number of routes, particularly in low density areas. The new security bag contract is resulting in a sharp reduction in plastic volumes. Also, all bags are made of at least 80 percent recycled plastic with carbon offset of 100 percent.

> "Systematic focus on plastic reduction is having positive results. We've reduced plastic purchases by 29 percent since the base year 2017, and we're emboldened as we continue with this effort."

Georges López Periago, Regional President Europe

**A structured approach when integrating companies after closing**

## About Segment Europe

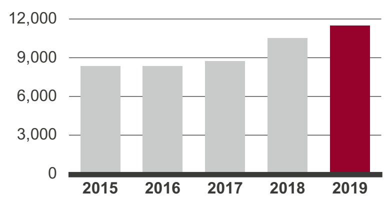


In addition to operations in 14 European countries, Segment Europe also includes Argentina, Chile and Turkey, as well as Loomis International's operations in Hong Kong, Dubai, Shanghai and Singapore. The cash handling market varies from country to country. While the degree of outsourcing in the Nordic region is high, many banks in other parts of Europe manage their cash processes in-house. There is, however, a clear trend of an increasing willingness to outsource cash management to cash handling companies like Loomis. In emerging markets, such as Turkey, Chile and Argentina, cash usage is very high. Banks perform a significant portion of their cash processes themselves and, although outsourcing is increasing, it is still relatively unusual. Loomis holds a strong position in Europe where Loomis is number one or two in the market in most of the countries where the Company operates.

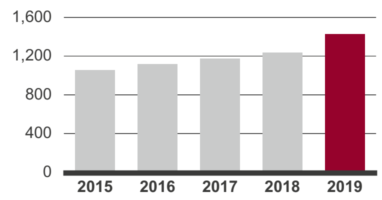
** Austria, Belgium, Denmark, Finland, France, Germany, Norway, Portugal, Slovakia, Spain, Switzerland, Sweden, the Czech Republic and the United Kingdom.*

## Key ratios

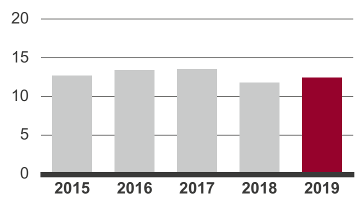
### Revenue, SEK m



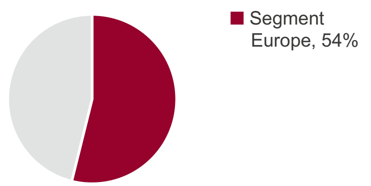

### Operating income, SEK m



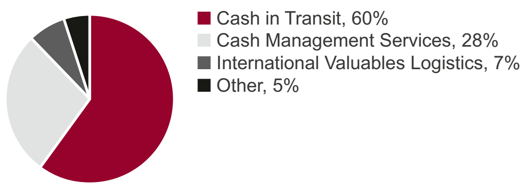

### Operating margin, %



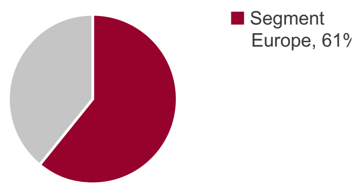

### Share of Loomis's total revenue 2019



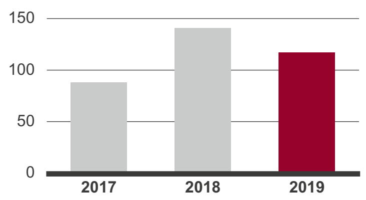

### Service line's share of Segment Europe's revenue 2019




### Share of Loomis' total number of full-time employees 2019

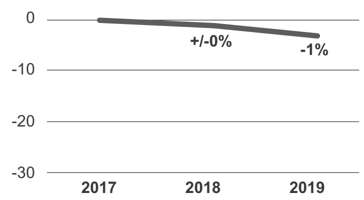



### Number of workplace injuries



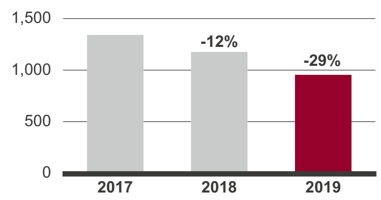

*Injuries from external violence and/or traffic that results in absence from work.*

### Carbon emissions/kilometer, change %




*Change carbon emissions/kilometers compared to base year, 2017. Data from operations in Chile and Germany were added 2018.*

### Plastic usage, tkg




*Change in plastic usage in absolute numbers compared to base year, 2017.*

*Data for 2017 and 2018 are updated from volumes from the International segment's operations. Recently acquired companies are not included in the results.*

>For more key ratios, see Loomis's Administration Report on pages 87–144. >See also the Group's Sustainability Report on pages 59–85.

# Profitability improvement sustained in the USA

*High cash usage in combination with increased outsourcing by banks is driving positive development in the US market. In 2019 Loomis launched a new organizational structure with an increased focus on quality, efficiency, new technology and business development. This supports Loomis's movement up the value chain.*

**Cash Management and SafePoint drive growth**

The outsourcing trend among banks continues and Loomis is well-positioned with a strong core business in cash management and cash in transit services. Meanwhile the use of cash continues to increase, particularly in low-value transactions, which is driving the use of ATMs and the SafePoint offering in the retail market. Demand for automated comprehensive solutions is an important growth opportunity, where a key success factor is the development of soft-ware solutions and new technology. Partnerships and acquisitions of tech companies will be crucial for long-term growth.

**Quality is the key to success with customers**

Historically, providors in the US market have mainly competed on price, but the trend is quickly changing. As customers focus more and more on their core business and outsource peripheral services, even greater value is placed on quality and high safety in cash handing services. Loomis holds a strong position in the USA where the Company is number two in the market, and quality, high service capacity and good operational efficiency have always been at top priorities. By systematically measuring, monitoring and then taking action, the quality of the offering is improved step by step. This creates deeper customer relationships, which provides good potential for continued growth.

**New organizational structure in place**

High quality, professionalism and customer focus are still key priorities in the new structure in place in the USA. 17 districts have been consolidated into four regions, each with its own regional manager. This results in a faster decision making process and greater efficiency. It also gives Loomis a stronger position and increased growth opportunities. To explore new customer oriented technology that can enable the Company to move up the value chain, a new head of business development has been added to the management team. This will improve the process of identifying new opportunities to make acquisitions. A new head of

sales & marketing and a new head of HR have also been added to the managment team. The unemployment rate is low in the USA, which is a major challenge for American service companies in general. A centralized, standardized but also modernized process to recruit and retain personnel is therefore a priority. During the year the integration of Loomis International US business was completed with successful results.

**Sustainability in day-do-day operations**

In 2019 there was steady progress in sustainability work. To reduce carbon emissions Loomis is now using more lighter weight vehicles, making the vehicle fleet more resource efficient. Through a pilot project in California, Loomis is the first cash handling company in the USA to use two electric armored cash in transit vehicles. Loomis is also studying a number of alternatives to traditional diesel, and software in vehicles is guiding driver guards to drive safer and more economically. This also leads to lower emissions and reduces the risk of accidents. Employee safety in day-to-day operations is critical and ongoing efforts focused on safety routines are showing positive development. Loomis's use of security bags made from recycled plastic has continued to increase and today represents around 25 percent of all bags used.

"We're taking advantage of the strengths in our infrastructure and existing operations. We will link the current business with the digital payment market and technology of tomorrow."

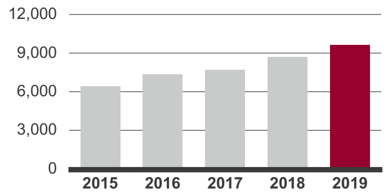
Aritz Larrea Uribiarte, Regional President USA

## About Segment USA

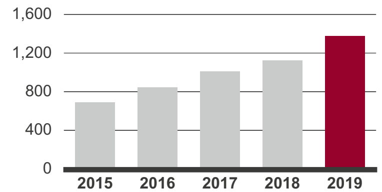
With approximately 30 percent of the market, Loomis is one of the market leaders in cash handling in the USA. Loomis operates across USA , including Alaska, Hawaii and Puerto Rico. The integrated network provides services to financial institutions and retail companies throughout the country. The combination of services and comprehensive solutions creates an extensive, secure cash management ecosystem.

## Key ratios

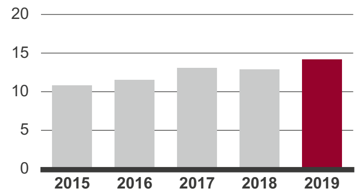
### Revenue, SEK m



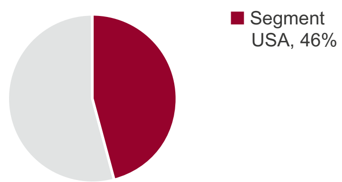

### Operating income, SEK m



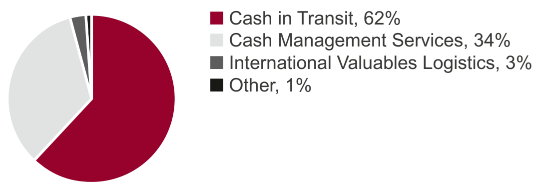

### Operating margin, %



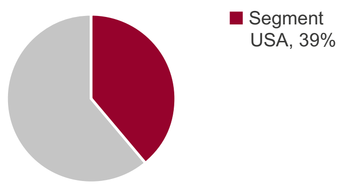

### Share of Loomis's total revenue 2019



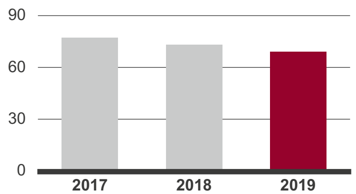

### Service line's share of Segment USA's revenue 2019




### Share of Loomis' total number of full-time employees 2019

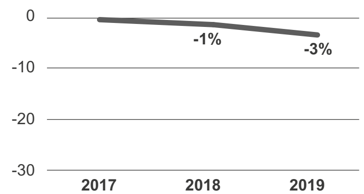



### Number of workplace injuries



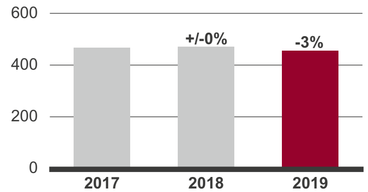

*Injuries from external violence and/or traffic that results in absence from work.*

### Carbon emissions/kilometer, change %




*Change carbon emissions/kilometers compared to base year, 2017.*

### Plastic usage, tkg




*Change in plastic usage in absolute numbers compared to base year, 2017.*

*Data for 2017 and 2018 are updated from volumes from the International segment's operations. Recently acquired companies are not included in the results.*

>For more key ratios, see Loomis's Administration Report on pages 87–144. >See also the Group's Sustainability Report on pages 59–85.

# Importance of the right skills and leadership

*Loomis operates in more than 20 markets. Regardless of how the payment market develops in general and in individual markets, Loomis must be prepared to handle changes in demand. Having an organization with leaders and employees with the right skills and values that are firmly established in the culture, is crucial.*

**Three strategic areas of responsibility**
Loomis's focus as an employer can be summarized in three strategic and closely interlinked areas of responsibility: 1) continued investment in the common core values, 2) increased investment in professional development for managers and employees, and 3) greater knowledge transfer between countries. In 2019 a number of activities were implemented to support development in these areas.

*1) Common core values*
The key to Loomis's successful relationships with customers and other stakeholders is the employees' ability to perform their duties based on Loomis's common core values and Code of Conduct. These are guiding principles for the ethical and moral standards that permeate the entire organization – regardless of market or task – and are integrated in the Group's business model, the Loomis Model.

*2) Professional development*
Loomis operates in an international arena and demands on leadership and critical competencies differ from market to market based on the various conditions and challenges. Regardless of the situation in an individual market, it is essential for new skills to be acquired and leadership to be developed to help Loomis move higher up the value chain. A leadership program initiative has been produced with a planned launch in 2020. The Loomis Improvement Method has also been created, aimed at facilitating self-help in business development and continual renewal for local country management teams. In 2020 the goal is to get country management teams that are interested to take part in pilot projects. More countries will take part based on lessons learned during this process.

*3) Knowledge transfer and best practice*
Common tools for and knowledge transfer between countries are increasingly important factors. A key source of support in this effort is the digital internal meetingplace, the Loomis's business model, Loomis Model 2.0. The model was produced to increase aware-

ness and knowledge of Loomis's strategy, business operations and work processes. All of the Group's employees have been given an introduction and access to the digital tool on their phone or computer. Loomis Model 2.0 is also used in recruitment contexts, for internal management training and in the meetings with customers. Feedback from the organization has pointed to benefits relating to the simplicity, availability and user-friendly content. The focus in 2020 and onwards is to further develop content and internal communication to promote interaction and maintain Loomis Model 2.0 as an active internal meetingplace.

**Development and training at Loomis Academy**

Loomis Academy is the Group's common digital development and training platform and has been used in many of the above-mentioned initiatives. The platform has offered training in both the Loomis Model and compliance for anti money laundering and counter terrorist financing. In 2019 the compulsory online courses in the Company's Code of Conduct and anticorruption policy continued, and the platform has also been used for other types of local training. Going forward Loomis Academy will also be used to more proactively share knowledge and lessons learned about existing and new products to increase efficiency and profitability in the group. There are ample opportunities to replicate and spread knowledge about optimal cash management routines from a country with high profitability to countries with lower profitability, or to provide training to employees on new products.

**Focus on local responsibility**

Loomis's sustainability work is an integrated part of the Company's employer responsibility and covers social issues, employees and anticorruption. Transparency in attitude measurements linked to employer responsibility is one of several important factors that are assessed and evaluated. See the next page for key ratios. The Group's sustainability platform has six focus areas, one of which is about being a local actor. In 2019 Loomis launched a global initiative aimed at Loomis's local organizations finding one or more partners. Essentially, this involves identifying local partners that are making a difference for young people in the form of educational opportunities or a better environment in which to grow up. The prospects of these young people can be improved and this reduces the risk of them falling into a criminal lifestyle. It benefits the individual and the local community, and helps ensure a safer working environment for Loomis employees.

"In Switzerland we are marketing Loomis Academy on our external website. This allows us to reach not only our employees but also customers and potential new colleagues."

Ernesto Zimmermann, Head of HR, Loomis Switzerland

"Loomis Model 2.0 is part of my introduction to the Company and it gives me a clear picture of who we are and how we work at Loomis."

Jukka Kärkkäinen, HR specialist, Loomis Finland

## Loomis as an employer

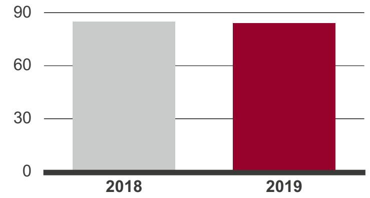

It is in the interactions with Loomis's 25,000 employees that the customers meet Loomis. As an employer it is the responsibility of management to ensure that all employees have the right conditions, training and skills to perform their duties. In a decentralized organizational structure this work is done through both local and group-wide programs and initiatives.

The percentage of employees working within Segment Europe is 61 percent and in Segment USA 39 percent. The gender distribution in the Group is 32 percent women and 68 percent men.

## Key ratios

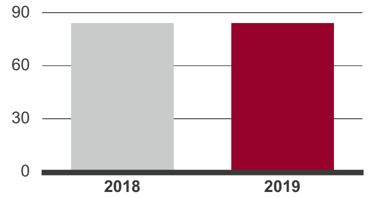
**Employee perception, %**

1) "At Loomis we are treated fairly regardless of age, ethnicity, gender, sexual orientation or disability."



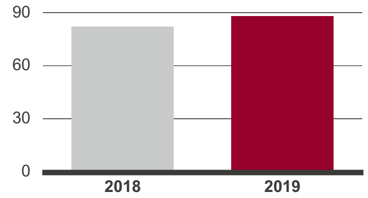

**Employee perception, %**

2) "I consider Loomis to be a responsible and equal-opportunity employer."

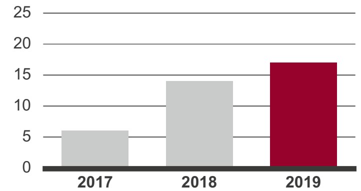



**Customer perception, %**

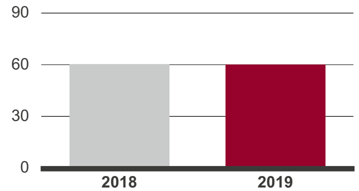
3) "I consider Loomis to be an equal-opportunity and responsible employer and member of society."



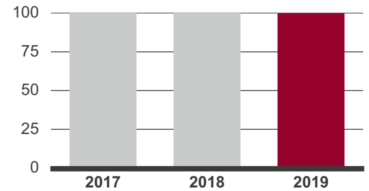

**Average number of training hours/ employee**




**Employees receiving annual policy training in the Loomis Code of Conduct, %**




**Reports of unethical behavior being followed up, %**




>Read more in Loomis's Sustainability Report on pages 59-85.

## Loomis Code of Conduct

Every Loomis employee must contribute to making Loomis the most attractive employer in the industry, help to reduce the Company's environmental impact and never accept unethical behavior.

## Loomis core values

### People

Loomis is committed to developing quality people and treating everyone with respect.

### Service

Loomis strives for exceptional quality, innovative capacity, adding value for customers and exceeding customer expectations.

### Integrity

Loomis performs with honesty and vigilance while adhering to high ethical and moral standards.

# Proactive risk management in the operating activities

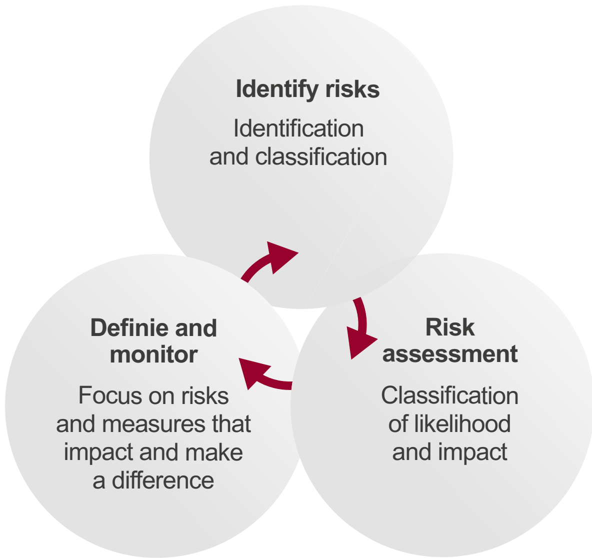
*The Group's risk management strategy is based on two fundamental principles: no loss of life, and a balance between profitability and the risk of theft and robbery. This requires a continuous and systematic effort to identify, evaluate, manage and monitor risks in our operations. There are common guidelines for the processes but responsibility rests at the local level.*

**Common guidelines, processes and tools**
Loomis's business is directly associated with a number of risks. There is a risk of personal injury and also the risk of loss of cash and valuables due to criminality or failures in procedures. Risk management is controlled from the corporate level through common guidelines, processes and tools to ensure that risk mitigation procedures are part of Loomis's operations in all parts of the organization.

**Loomis's risk management process**
Assessment of risk and safety is an obvious aspect of every new business transaction. Loomis has established routines and processes to identify, mitigate and monitor risks. Risks are evaluated based on two criteria: the likelihood that an event will occur and the severity of the consequences should the event occur. In the next stage, the risk is weighed against how profitability will be affected. When an identified risk is accepted, it is monitored constantly because conditions can change over time.

**Central management but local responsibility**
Around 200 people within Loomis work on operational risk management at the Group, regional and national levels. Risk management is controlled at the corporate level and all of the branches have a common structure, processes and systems for their own risk mitigation work. Operational responsibility for risk management is delegated to each branch. One important principle is that the local managers own their operational risk. Local managers have local knowledge and are therefore best equipped to evaluate and manage the risks in their own operations. The risk departments at the national, regional and Group levels support local managers in their risk mitigation work.

**Monitoring and best practice**
Local risk management is carried out from the Group guidelines. Plans are followed up systematically in each region and country. At regular global risk meetings the risk mitigation processes in the various countries are compared to best practice to identify areas



where improvements can be implemented and to maintain a strong risk management culture. There are also structures in place for branches and countries to share their experiences with each other for ongoing development of risk mitigation.

### Targets for a safer workplace

The safety of the employees is always the main focus of risk management and the safety routines are carefully developed. One key target in Loomis's sustainability focus is zero workplace injuries. In particular, it relates to injuries in connection with external events, such as threats, violence and robbery, as well as traffic-related injuries. A focus on ethics and values, as well as clearly defined work routines, are key aspects of the employees' professional development. Actively monitoring the external environment also enables Loomis to anticipate possible incidents. Employees at all levels must understand and be able to manage the risks associated with their job. A focus on recruiting the right people and providing good training programs are other important ways in which Loomis minimizes risk.

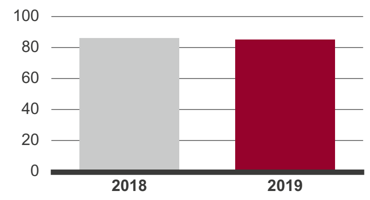
> ”During 2019, the number of incidents related to violence against our employees was lower than ever.”

Martti Ojanen, Group Head of Risk

## Key ratios

**Employee perception, %**

“Loomis's processes and routines are designed to ensure a safe environment for me in my work.”




>Read more in Loomis's Sustainability Report on pages 59–85.

# Strong share price performance and changed ownership

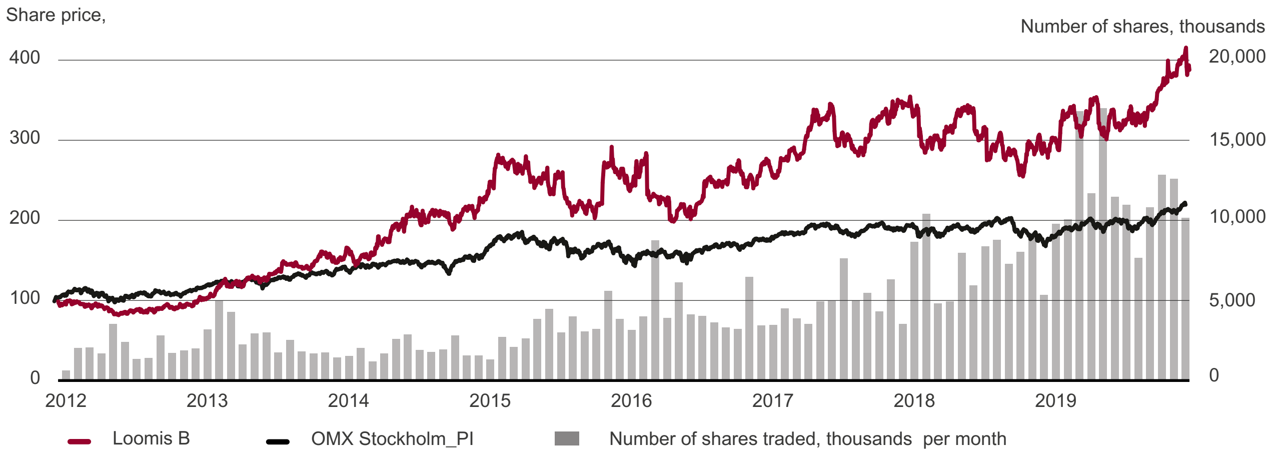
*The Loomis Class B share has been listed on Nasdaq Stockholm since 2008 and is part of the Industrial Goods and Services sector. Loomis's market capitalization as of the end of 2019 was SEK 29.2 billion (21.5).*

## Share price performance

The last price paid for the Loomis share on December 30, 2019 was SEK 387.80 (SEK 286.00 on December 28, 2018), representing an increase, excluding dividends, in the share value in 2019 of 35.6 percent (-17). In 2019 Nasdaq Stockholm (OMXSPI) increased by 29.6 percent (7.7) and the index Industrial Goods and Services (SX2700PI), which includes Loomis, increased by 44.6 percent (-16.0).

Loomis's total return, i.e. return including share price performance and divided in 2019 amounted to 39.0 percent (-14.0). Nasdaq Stockholm's total return (SIX-RX) amounted to 35.0 percent (2019) in -4.4. The share is traded under the ticker symbol LOOMB and the ISIN code is SE0002683557.

### Share price performance and turnover volume




| Key ratios and share data | 2019 | 2018 |
|---|---|---|
| **Share price performance** | | |
| Share price Dec 31, SEK | 387.80 | 286.00 |
| Market cap Dec 31, SEK m | 29,178 | 21,530 |
| Share price performance in 2019, % | 36 | –17 |
| Highest price paid | 416.60 | 356.80 |
| Date highest price paid | Dec 18 | Jan 8 |
| Lowest price paid | 280.80 | 254.20 |
| Date lowest price paid | Jan 2 | Oct 23 |
| **Trading** | | |
| Trading on Nasdaq Stockholm, % | 40 | 37 |
| Turnover, millions of shares | 140.9 | 166.7 |
| Average daily turnover, thousands of shares | 561.4 | 664.1 |
| Average turnover rate, % | 187 | 221 |
| **Shareholders** | | |
| Number of shareholders, Dec 31 | 14,979 | 15,481 |
| **Key ratios** | | |
| Earnings per share before dilution, SEK | 21.88 | 20.45 |
| Earnings per share after dilution, SEK | 21.88 | 20.45 |
| P/E ratio | 17.7 | 14.0 |
| Earnings per share after dilution, SEK | 127.51 | 111.95 |

### Share capital

At the start of 2019 the number of Class A shares in Loomis was 3,428,520 and the number of Class B shares was 71,851,309, the Class A shares entitled the holder to 10 votes and Class B shares to one vote.

In March 2019 there was a change in ownership of all of Loomis AB's 3,428,520 Class A shares. The sellers were Latour Förvaltning AB and Melker Schörling AB. The transaction corresponded to 4.6 percent of the capital and 32.3 percent of the votes in Loomis. The buyer subsequently requested conversion of the Class A shares to Class B shares in accordance with the Articles of Association of Loomis AB. As a result, there are no longer any Class A shares issued. The conversion was able to take place due to the option provided to holders of Class A shares to request conversion of Class A shares to Class B shares, a provision introduced into the Articles of Association at an extraordinary shareholders' meeting of Loomis on September 5, 2018. The number of Class B shares has therefore increased by 3,428,520 shares and the number of Class A shares has been reduced by the same number. The number of votes has decreased by 30,856,680.

As of December 31, 2019 the total number of shares and votes in the Company amounted to 75,279,829. All of the shares have a quota value of SEK 5 and an equal share of the Company's earnings and capital. The total number of treasury shares as of December 31, 2019 was 53,797 (53,797). At the end of 2019, Loomis's share capital amounted to SEK 376 million (376).

### Ownership structure

Loomis's largest shareholders are primarily long-term international and Swedish equity funds. At the end of 2019, SEB Fonder, Polaris Capital Management and Handelsbanken Fonder were Loomis's three largest shareholders. After Latour Förvaltning AB and Melker Schörling AB, in March 2019, divested their holdings of Class A shares they are no longer shareholders in Loomis. It can also be noted that the total number of shareholders decreased in 2019 from 15,481 to 14,979.

#### Ownership structure as of December 31, 2019

| Number of shares | Number of shareholders | Share of total capital, % | Share of total votes, % |
|---|---|---|---|
| 1–1,000 | 14,386 | 2.2 | 2.2 |
| 1,001–5,000 | 362 | 1.0 | 1.0 |
| 5,001–10,000 | 57 | 0.6 | 0.6 |
| 10,001–100,000 | 95 | 4.5 | 4.5 |
| 100,001– | 79 | 80.1 | 80.1 |
| Anonymous | | 11.7 | 11.7 |
| **Total** | **14,979** | **100** | **100** |

*Source: Modular Finance AB.*

#### 10 largest shareholders as of December 31, 2019

| | Number of Class B shares | Votes, | Kapital, % |
|---|---|---|---|
| SEB Fonder | 7,408,317 | 9.8 | 9.8 |
| Polaris Capital Management | 3,851,610 | 5.1 | 5.1 |
| Handelsbanken Fonder | 3,793,289 | 5.0 | 5.0 |
| BlackRock | 3,740,198 | 5.0 | 5.0 |
| Fidelity Investments | 3,204,556 | 4.3 | 4.3 |
| Swedbank Robur Fonder | 3,055,120 | 4.1 | 4.1 |
| Mawer Investment Management | 2,732,505 | 3.6 | 3.6 |
| Vanguard | 2,679,344 | 3.6 | 3.6 |
| BNP Paribas Asset Management | 2,535,471 | 3.4 | 3.4 |
| Norges Bank | 2,487,291 | 3.3 | 3.3 |
| **The 10 largest shareholders** | 35,487,701 | 47.2 | 47.2 |
| Other shareholders | 39,792,128 | 52.8 | 52.8 |
| **Total** | **75,279,829**[1] | **100** | **100** |

*1) Includes 53,797 shares held in treasury as of December 31, 2019.*

*Source: Modular Finance AB.*

#### Shareholders per category, as of December 31, 2019

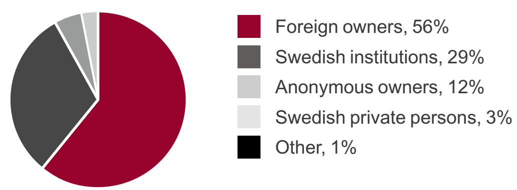



*Chart does not sum up to 100% due to rounding.*
*Source: Modular Finance AB.*

#### Geographical ownership distribution, as of December 31, 2019

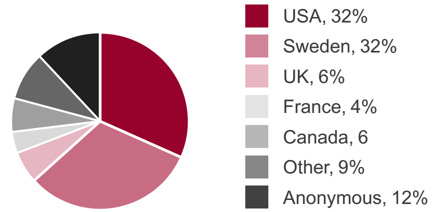



*Chart does not sum up to 100% due to rounding.*
*Source: Modular Finance AB.*

## Dividend and dividend policy

Since 2010 the Loomis dividend policy is to distribute 40–60 percent of the Group's net earnings to the shareholders. The dividends should give the shareholders a good return and dividend growth. On March 27, 2020 the Board of Directors resolved to withdraw its earlier communicated proposal to the 2020 AGM of a dividend of SEK 11 per share for 2019. Furthermore, the Board of Directors informed that a final decision of dividend is expected to take place on an extraordinary general meeting when the consequences of the corona pandemic have become more clear.

## Contact information

Anders Haker
Chief Investor Relations Officer
anders.haker@loomis.com
+1 (281) 795 8580

## Calendar 2020

| | |
|---|---|
| Interim Report January – March 2020 | May 6, 2020 |
| Annual General Meeting 2020 | May 6, 2020 |
| Interim Report January – June 2020 | July 24, 2020 |
| Interim Report January – September 2020 | November 5, 2020 |

## Analysts who follow Loomis

| Company |
|---|
| ABG Sundal Collier |
| Carnegie |
| Danske Bank |
| DNB Bank ASA |
| Goldman Sachs International |
| Handelsbanken Capital Markets |
| Kepler Cheuvreux |
| Nordea Markets |
| SEB |


# Corporate Governance Report

# Corporate governance

*The primary goal of Loomis's corporate governance is to create clear goals, strategies and values that effectively protect shareholders and other stakeholders by minimizing risk. They should also form a solid foundation from which to generate value. To achieve this, Loomis has developed a clear and efficient structure for the delegation of responsibility and control.*

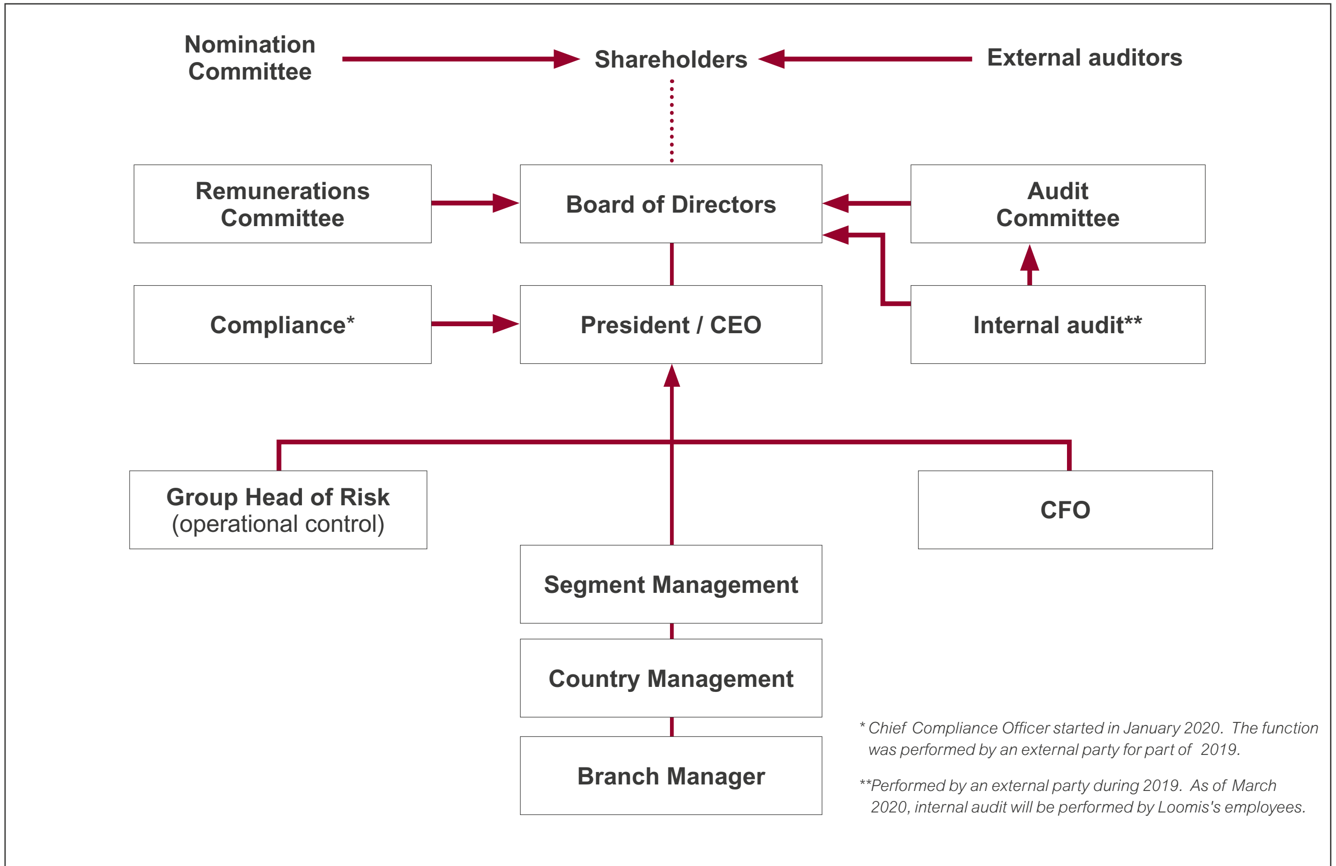
**Compliance with the Swedish Corporate Governance Code**

Loomis AB is a Swedish public limited liability company that has been listed on Nasdaq Stockholm since 2008. In addition to the legal or other statutory requirements, Loomis applies the Swedish Corporate Governance Code (the Code). This Corporate Governance Report has been prepared in accordance with the stipulations in the Annual Accounts Act, chapter 6, section 6 and chapter 10 of the Code. The Code follows the principle of "comply or explain," according to which entities applying the Code may deviate from individual rules but must then report the deviation and state the reason for it, and describe the solution they have chosen instead. In 2019 Loomis complied with all parts of the Code with the exception of sections 2.4, and 9.7.
>The Code is available at www.bolagsstyrning.se

According to section 2.4 of the Code, neither the Chairman of the Board nor any of the other board members are to be appointed as chairman of the Nomination Committee. The chairman of Loomis AB's Nomination Committee for part of 2019 was Jan Svensson, who is also a member of the Board, which is a deviation from the Code's stipulation. The reason Jan Svensson's was appointed chairman of the Nomination Committee for part of 2019 was that this could be considered a natural choice taking into account Loomis AB's ownership structure. Jan Svensson was formerly President and CEO of Investment AB Latour which, through Latour Förvaltning AB, was one of Loomis's two principal owners in terms of voting power.

The second deviation relates to the Code's section 9.7, which states that the vesting period for share-related incentive programs or the period from the commencement of an agreement to the date a share may be acquired is to be no less than three years. >As described on page 87 under the heading "Other significant events during the year," one of Loomis's two incentive schemes allows shares to be acquired by a third party at the market price for a portion of the allocated bonus. These shares are allotted to employees the following year as long as they are still employed by the Group. The scheme replaced a cash-based system with immediate disbursement and was not approved as additional remuneration over and above existing incentive schemes. As such, the Board regards a two-year period from the start of the scheme to the allotment of the shares to be warranted and reasonable in meeting the objective of the incentive scheme.

# Corporate governance – organization




## Annual General Meeting

The general meeting of shareholders (Annual General Meeting, AGM) is held once a year to address matters including the following:

- Amendments to the Articles of Association.
- Election of board members and decision on board fees.
- Discharging the board members and the President from liability.
- Election of auditors.
- Adoption of the statement of income and balance sheet.
- Appropriation of the Company's profit or loss.
- Resolution on guidelines for remuneration for the President and other members of Group Management.
- Decision to possibly introduce share-related incentive schemes.

## Annual General Meeting 2019

The 2019 AGM for Loomis AB (publ) was held on May 8, 2019 in Stockholm. Shareholders in attendance, in person or by proxy, represented 45.7 percent of the votes in the Company. The AGM was also attended by members of the Board and Group Management, as well as the auditor in charge. >For more information on Loomis' Annual General Meetings and the 2020 AGM, refer to Loomis' website, www.loomis.com >See also page 150.

## Extra General Meeting 2019

On August 28, 2019, an Extra General Meeting was held. Shareholders in attendance, in person or by proxy, represented 49.1 percent of the votes in the Company. At the Extra General Meeting it was resolved, in accordance with the proposal by the nomination committee, that the number of board members shall be seven, with no deputies. The Extra General Meeting also resolved, in accordance with the proposal by the nomination committee, that Lars Blecko and Johan Lundberg should be elected as new board members. >For further information about Loomis Extra General Meeting on August 28, 2019, please see Loomis webpage, www. loomis.com

### Shareholders

Shareholders exercise their right to vote at the general meeting of shareholders, which is the Company's highest decision-making body and the forum where the shareholders exercise their right to vote on company matters. All registered shareholders who have notified Loomis by the deadline of their intention to attend have the right to attend the general meeting and cast votes corresponding to the number of shares they hold. Shareholders who are unable to attend in person may be represented by proxy.

Loomis AB's share capital as of December 31, 2019 consisted of 75,279,829 Class B shares. Each Class B share entitles the holder to one vote. In March 2019 the number of votes in Loomis AB was changed due to conversion of all 3,428,520 Class A shares to a total of 3,428,520 Class B shares, which means there are no longer any issued Class A shares in the Company. The conversion was able to take place due to the option provided to holders of Class A shares to request conversion of Class A shares to Class B shares. This provision was introduced into the Articles of Association at an extraordinary shareholders' meeting of the Company on September 5, 2018. The number of Class B shares has therefore increased by 3,428,520 shares compared to on December 31, 2018, and the number of Class A shares has been reduced by the same number of shares. The number of votes has decreased by 30,856,680. As of December 31, 2019 the total number of shares and votes in the Company was 75,279,829.

Loomis AB's largest shareholders and ownership structure as of December 31, 2019 are presented in the table below.

**10 largest shareholders as of December 31, 2019**

| | Number of Class B shares | Votes, % | Capital, % |
|---|---|---|---|
| SEB Fonder | 7,408,317 | *9.8* | *9.8* |
| Polaris Capital Management | 3,851,610 | *5.1* | *5.1* |
| Handelsbanken Fonder | 3,793,289 | *5.0* | *5.0* |
| BlackRock | 3,740,198 | *5.0* | *5.0* |
| Fidelity Investments | 3,204,556 | *4.3* | *4.3* |
| Swedbank Robur Fonder | 3,055,120 | *4.1* | *4.1* |
| Mawer Investment Management | 2,732,505 | *3.6* | *3.6* |
| Vanguard | 2,679,344 | *3.6* | *3.6* |
| BNP Paribas Asset Management | 2,535,471 | *3.4* | *3.4* |
| Norges Bank | 2,487,291 | *3.3* | *3.3* |
| **The 10 largest shareholders** | **35,487,701** | ***47.2*** | ***47.2*** |
| Other shareholders | 39,792,128 | *52.8* | *52.8* |
| **Total[1)]** | **75,279,829** | ***100*** | ***100*** |

*1) Includes 53,797 treasury shares as of December 31, 2019.*
*Source: Modular Finance AB.*

### Nomination Committee's work in preparation for the 2020 AGM

The Nomination Committee is a body established by the AGM and tasked with preparing for the election of a chairman for the meeting, election of board members and the Chairman of the Board, proposals regarding board fees and their distribution among the Chairman and other members, fees for committee work and any changes in the instructions for the Nomination Committee. Ahead of AGMs at which auditors will be elected, the Nomination Committee also consults with the Board and the Audit Committee to prepare for the election of auditors and decisions on auditors' fees and related matters. The Nomination Committee has applied section 4.1 in the Swedish Corporate Governance Code as its policy to ensure diversity on the Board of Directors. Ensuring diversity is an important element of the Committee's nomination process. The Nomination Committee constantly strives to maintain a gender balance and to achieve a breadth of qualifications, experience and backgrounds among the board members. This is reflected in the composition of the current Board.

The 2019 AGM voted in favor of the Nomination Committee's proposal on principles for forming the Nomination Committee. These principles state that the Nomination Committee is to consist of representatives from the five largest shareholders in terms of voting power who are recorded in the share register maintained by Euroclear Sweden AB as of August 31, the year prior to the year of the AGM. The Company's Chairman convenes the Nomination Committee to its first meeting and is also a co-opted member of the Committee. If any shareholders decline to participate in the Nomination Committee, a representative from the next largest shareholder is to take that person's place. The composition of the Nomination Committee ahead of the AGM is to be announced no later than six months prior to the AGM. If at least three months prior to the AGM, one or more shareholders who have appointed members of the Nomination Committee are no longer among the five largest shareholders in terms of voting power, the members appointed by these must resign their positions and the shareholder/shareholders who are now among the five largest shareholders in terms of voting power will have the right to appoint their representatives. If there are only marginal changes in the number of votes or the changes take place within three months of the AGM, the Nomination Committee's composition is not to be changed unless there is a particular reason for doing so. If a member leaves the Nomination Committee before completing her/his duties and the Nomination Committee wishes to appoint a replacement, the replacement must be a representative from the same shareholder or, if this shareholder is no longer among the largest ones in terms of voting power, from the shareholder next in line. Changes to the composition of the Nomination Committee are to be announced immediately. The Nomination Committee's term continues until the composition of the next Nomination Committee has been announced.

Information about the members of the nomination committee can be found in the table below. >Information about the members of the nomination committee is also published on the Loomis webpage, www.loomis.com

The duties of the Nomination Committee are established in specific Work Procedures for Loomis AB's Nomination Committee. Four Nomination Committee meetings were held in 2019.

**Nomination Committee as of December 31, 2019**

| Nomination Committee member | Representing | Independent of major shareholders |
|---|---|---|
| Hans Ek (chairman) | SEB Fonder | Yes |
| Barnard Horn | Polaris Capital Management | Yes |
| Helen Fast Gillstedt | Handelsbanken Fonder | Yes |
| Olivia Woo | Mawer Investment Management | Yes |
| Marianne Nilsson | Swedbank Robur Fonder | Yes |

## Auditors

The 2019 AGM voted to appoint Deloitte AB as the external auditor for one year, with Peter Ekberg as auditor in charge.

The auditors examine the Company's Annual Report, consolidated financial statements and accounts, as well as the administration of the Company by the Board and the President. The auditors perform their duties in accordance with an audit plan established in consultation with the Audit Committee and the Board. The auditors attend all Audit Committee meetings and present their audit conclusions to the entire Board at the board meeting held in conjunction with the closing of the annual accounts. The auditors also inform the Board on an annual basis about services they have provided over and above the audit, about fees for such services and about other circumstances that may have a bearing on the independence of the auditors. The auditors also attend the AGM and present their work, findings and conclusions. During the year the auditors met with the Audit Committee when no members of Group Management were present.

The audit is performed in accordance with the Swedish Companies Act, the International Standards on Auditing and generally accepted auditing standards in Sweden, which are based on the international auditing standards issued by the International Federation of Accountants (IFAC).

The fees paid to the auditors are presented in the table below.

>For more information on audit fees and other remuneration, see Note 10. >For a more detailed presentation of the auditor in charge, Peter Ekberg, see page 55.

**Audit fees**

| | Group | | Parent Company | |
|---|---|---|---|---|
| SEK m | 2019 | 2018 | 2019 | 2018 |
| Audit assignment | 16 | 15 | 3 | 3 |
| (of which Parent Company's auditor) | (3) | (3) | (3) | (3) |
| Audit work in addition to the audit assignment | – | 0 | 0 | 0 |
| (of which Parent Company's auditor) | (–) | (0) | (0) | (0) |
| Tax advisory services | 0 | 0 | 0 | – |
| (of which Parent Company's auditor) | (0) | (–) | (0) | (–) |
| Other services | 0 | – | 0 | – |
| (of which Parent Company's auditor) | (0) | (–) | (0) | (–) |
| **Total elected auditors** | **17** | **15** | **3** | **3** |
| Other auditors - Audit assignment | 3 | 3 | – | – |
| **Total** | **20** | **18** | **3** | **3** |

## Board of Directors

*The Board's work procedures and responsibilities*

The Board of Directors bears ultimate responsibility for the organizational structure and administration of the Company and the Group in compliance with the Swedish Companies Act, and appoints the President and CEO and the Audit and Remuneration Committees. The President and CEO is responsible for the Company's day-to-day operations in accordance with the guidelines issued by the Board. The Board also determines the salary and other remuneration for the President and CEO.

The duties of the Board and division of responsibilities between the Board and the Group Management are stipulated in the Work Procedures for the Board, which are documented in written instructions and adopted at least once a year. According to the Work Procedures, the Board is to take decisions on matters such as the Group's general strategy, financial reporting, acquisitions and divestments, sizeable investments and financing, and is to establish a framework for the Group's operations by approving the Group's budget. The rules include a work plan for the President and CEO as well as financial reporting instructions.

The work procedures also prescribe an annual evaluation of the work of the Board of Directors. On an annual basis, all board members submit their answers to a questionnaire issued by the Nomination Committee about the quality of the work in the Board. The aim is to obtain a sound basis for the Board's own evaluation work and to provide the Nomination Committee with information for its nomination duties.

The Board is also responsible for ensuring that the Company has good internal control, and for an ongoing evaluation of the efficiency of the Company's internal control systems. The Board is to ensure that the Company has formal routines to guarantee compliance with the adopted principles for financial reporting and internal control. >This is described in more detail in the Board's Report on Internal Control and Risk Management starting on page 47.

The Board has adopted a number of policies for areas of key importance for Loomis. >See the section under the heading "Control environment" starting on page 50.

### Composition of the Board

| Board member | Elected | Board fees[1] (SEK) | Committee fees[1] (SEK) | Board meetings (16 total) | Remuneration Committee (5 total) | Audit Committee (5 total) | Independent of major shareholders | Independent of the Company |
|---|---|---|---|---|---|---|---|---|
| Alf Göransson (Chairman)[5] | 2007 | 1,000,000 | 169,000 | 15 | 5 | 1 | Yes | Yes |
| Patrik Andersson (President) | 2016 | – | – | 16 | – | 5 | Yes | No |
| Ingrid Bonde | 2013 | 425,000 | 100,000 | 15 | – | 5 | Yes | Yes |
| Cecilia Daun Wennborg | 2013 | 425,000 | 200,000 | 16 | – | 5 | Yes | Yes |
| Gun Nilsson[2) 5)] | 2017 | 132,000 | 31,000 | 11 | – | 4 | Yes | Yes |
| Jan Svensson[5] | 2006 | 425,000 | 50,000 | 15 | 5 | – | Yes | Yes |
| Lars Blecko[3] | 2019 | 293,000 | – | 4 | – | – | Yes | No |
| Johan Lundberg[3] | 2019 | 293,000 | – | 4 | – | – | Yes | Yes |
| Sofie Nordén | 2017 | – | – | 15 | – | – | | |
| Jörgen Andersson[4] | 2017 | – | – | 12 | – | – | | |
| Janna Åström | 2018 | – | – | 9 | – | – | | |

*1) Fees approved by the 2018 Annual General Meeting. The fees are compensation for the period between the 2018 AGM and the 2019 AGM. For fees expensed in 2019, see Note 11.*
*2) Resigned on August 28 2019, the appointed time period included 12 board meetings and 4 audit committee meetings.*
*3) Appointed as board member on August 28 2019, the appointed time period included 4 board meetings.*
*4) Resigned on November 1, 2019, the appointed time period included 14 board meetings.*
*5) Did not participate in the board meeting which discussed approval of transfer of Class A-shares and request for conversion of Class A-shares to Class B-shares, due to conflict of interest.*

*Chairman of the Board*

The Chairman is responsible for ensuring that the Board performs its duties in accordance with the Swedish Companies Act and other relevant laws and regulations. This includes monitoring operating activities and ensuring that all of the board members receive the information they require. The Chairman monitors operations by being in regular contact with the President and is responsible for ensuring that other board members receive adequate information on which to base decisions. The Chairman also ensures that the above-mentioned annual evaluation of the work of the Board and the President takes place. The Chairman represents the Company in ownership-related matters.

*Composition of the Board*

Loomis's Board of Directors is to consist of at least five and no more than 10 members elected by the Annual General Meeting, with no deputies. The board also has two employee representatives and two deputies for these members. >For information on Loomis board members, see the table on page 44. >As well as pages 54-55.

The Board meets at least five times a year, including the statutory meeting following the Annual General Meeting, and convenes additional meetings if the situation requires this. Each board meeting is also attended by the Group's Chief Financial Officer and the Secretary of the Board, who was Attorney Mikael Ekdahl up to the end of the 2019 Annual General Meeting. Attorney Hans Petersson took over the role after the end of the 2019 AGM. The Company's auditors attend the board meeting held in conjunction with the closing of the annual accounts. When reporting is necessary on specific issues, other employees of the Group also attend board meetings. >For more information on board member attendance at board meetings, see the table on page 44.

*Independence*

Five of six board members elected by the 2019 AGM are regarded as independent of the Company and its management. All of board members elected by the 2019 AGM are considered independent of the Company's major shareholders. After the changes made to the Board's composition at the extraordinary shareholders' meeting on August 28, 2019, five of seven board members are considered independent of the Company and its management. All are considered independent of the Company's major shareholders. Loomis AB is therefore of the opinion that the current composition of the Board of Loomis AB meets the independence requirements as set out in the Code. >For information on which board members are regarded as independent of the main shareholders and the Company, see the table on page 44.

All of the board members have relevant experience from other listed companies. >For additional information, see pages 54-55.

*Work of the Board in 2019*

In 2019 the Board convened a total of 16 meetings, two of which were statutory meetings. Matters of importance dealt with during the year include:

- Business strategy.
- Interim reports and the Annual Report.
- Presentation of the Group the business plan and budget of selected countries for 2020, and approval of the 2020 budget.
- Investments and acquisitions and divestments of operations.
- Guidelines for remuneration and bonuses, and other HR-related issues.
- Matters relating to internal control.
- Matters relating to compliance.
- Matters relating to accusations of money laundering in Denmark. This led to steps being initiated to address the short-comings that became apparent in internal and external investigations.
- Audit-related matters.
- Financing.
- Annual evaluation of the Board's work.

**Audit Committee**

The Board has appointed an Audit Committee which consists of three board members and is instructed to review all of the financial reports submitted to the Board by Group Management and to submit recommendations regarding their adoption. The Audit Committee's work also involves focusing on risk management in connection with cash processing and on promoting risk awareness throughout the Group. The Committee works according to instructions and to an appendix to the Board's Work Procedures stipulating, among other things, the Committee's purpose, responsibility, composition and reporting requirements. The Committee's duties include:

- Examining the Company's financial reports.

- Examining internal control and corporate governance.
- Addressing auditing and accounting issues.
- Evaluating and verifying the auditors' independence.

In 2019 particular emphasis was placed on compliance and strengtening of the Loomis organization for this.

The Audit Committee is an independent body. The items above are addressed and presented to the Board in preparation for board decisions. In 2019 the Audit Committee consisted of board members Cecilia Daun Wennborg (chairman), Ingrid Bonde, Gun Nilsson (until the extraordinary shareholders' meeting on August 28, 2019) and Alf Göransson (from the extraordinary shareholders' meeting on August 28, 2019). All are regarded as independent of the Company and its management. The Audit Committee meetings are normally also attended by the Company's auditor, the President and CEO, the CFO and the Head of Financial Control & Treasury. When reporting is required on specific matters, other employees of the Group participate as well. In 2019, the Committee held a total of five meetings.

### Remuneration Committee

The Board has appointed a Remuneration Committee tasked with addressing all issues relating to salaries, variable remuneration, pension benefits and other forms of compensation for Group Management and, if the Board so decides, other levels of management as well. The Remuneration Committee is also tasked with monitoring and evaluating compensation structures, variable remuneration programs that are ongoing or were concluded during the year for senior executives, and monitoring and evaluating the application of the guidelines for remuneration of senior executives which, by law, are to be determined by the AGM. The Committee presents its proposals to the Board in preparation for board decisions. The Remuneration Committee consists of board members Alf Göransson (chairman) and Jan Svensson. In 2019 five meetings were held by the Remuneration Committee.

### Loomis Group Management

Group Management has overall responsibility for ensuring that Loomis's ongoing operations are in accordance with the strategies and long-term targets and goals established by the Board of Loomis AB, and that risk management, governance, organizational structures and processes are satisfactory. Group Management currently consists of the President and CEO, Regional President USA, Regional President Europe, Chief Financial Officer, Chief Human Resources Officer, Group Head of Risk, Head of M&A and Chief Innovation Officer, and from January 2020, the Group's Chief Compliance Officer. >For more information on Group Management, refer to pages 56-57.

*Principles for remuneration and other conditions of employment*

The 2019 AGM resolved on the following principles for remuneration and other conditions of employment for senior executives within Loomis. Remuneration for the President and CEO and other members of Group Management consists of a fixed salary, variable remuneration, pension benefits and other benefits. Variable remuneration is based on results in relation to performance targets and growth targets in the individual areas of responsibility (Group, region or subsidiary) and is to be consistent with the interests of the shareholders. Variable remuneration within the scope of the Company's so-called AIP (Annual Incentive Plan) amounts to a maximum of 85 percent of fixed annual salary for the President and CEO and a maximum of 100 percent of fixed annual salary for other members of Group Management.

An extraordinary shareholders' meeting on September 5, 2018 approved a long-term saving share-based incentive scheme (LTIP 2018–2021). >For more information on LTIP 2018–2021, refer to page 103.

>For the Board's proposal on guidelines for remuneration to senior executives based on agreements entered into after the AGM 2019, see page 91. >Additional information on remuneration to the President and other members of Group Management, see Note 11.

# The Board's Report on Internal Control and Risk Management

*According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors has overall responsibility for ensuring that the Group has an efficient system for internal control and risk management. Loomis's Board of Directors continually examines the efficiency of internal control of financial reporting, compliance and risk management and takes action to promote improved internal control.*

**Internal control and risk management**

Loomis's internal control and risk management relating to financial reporting is designed to ensure that the processes for preparing financial reports are highly reliable and that Loomis as a listed company complies with all relevant accounting standards and other requirements. Internal control is an integrated part of Loomis's corporate governance and also involves operational risk management as this is a key aspect of the Company's operations. Internal control involves the Board, senior executives and other employees at all levels within the organization. Loomis's internal control system is designed to manage, rather than eliminate, the risk of failing to reach business targets, and can provide reasonable, but not absolute, assurance that no material errors or shortcomings will arise in financial reporting.

**Compliance**

In 2019 Loomis further developed internal control and risk management for operations subject to regulatory over-sight, with a particular focus on compliance, and has initiated measures to strengthen the compliance function. Through this initiative Loomis's compliance and risk management function will follow the three lines of defense model for the division of roles and responsibilities:

- First line of defense – business operations risk management: all risk management activities carried out by the Company.

- Second line of defense – independent support and control function: work focused on regulatory matters carried out by the compliance function, which includes certain risk and risk management activities to prevent, among other things, money laundering. The function will support and follow-up the work, in the first line of defense, on risk management and compliance. The function will work independently from business operations and will report directly to the President and CEO. The function will also provide the President with complete, comprehensive and factual information and analysis of Loomis's risks and compliance.

- Third line of defense – internal audit: an independent audit of business operations. In 2020 the audit procedures will include an independent audit function that will report to the Board. In 2019 Loomis used a third party expert to perform the internal audits. The Board makes an annual evaluation to determine if the Board needs to introduce a formal internal audit function. In 2019 the decision was made to recruit an internal auditor and a work instruction for internal audit was adopted. If needed, the Board can also decide on the additional work in this area to be performed by both the Company's employees and/or by external parties.

**Financial reporting**

Loomis's group-wide internal control of financial reporting is managed by the financial departments of the Group and the segments. Group Management and the Group's financial department have joint responsibility and are to oversee and verify that the Group has local routines in place to meet the stipulations in both global and local laws and regulations, and to ensure that financial reporting is accurate. Loomis has a segment structure responsible for monitoring and guiding the countries in each segment. However, responsibility for the application of laws and regulations, adherence to the Group's routines and procedures and internal control, as well as accurate financial reporting, are the responsibility of each subsidiary and country management team.

Group Management and the Group's financial department are also responsible for following up on the work of external auditors. Any observations and recommendations from the external auditors are analyzed and discussed with the subsidiary in question and any action plans are communicated to the persons responsible, who then take the necessary steps, which in the next phase, are followed up. The results of the work are reported to the Audit Committee upon request.

**Operational risk management**

Handling cash and other valuables is associated with significant risk to both personnel and property. Sound operational risk management is therefore one of Loomis's most important success factors. For this reason, in addition to the process described above for internal control of financial reporting, Loomis has established a risk department to focus on operational risk management. This department has developed a strong understanding of the risks the Company is exposed to.

Understanding the risks is essential in order to assess which operational risks should be avoided entirely and which can be managed. Loomis's employees play a crucial role in controlling and reporting the operational risks that the Company has decided are acceptable. Loomis's operational risk management strategy is based on fundamental principles that are easy for all of the employees to understand:

- No loss of life.
- Balance between profitability and risk of theft and robbery.

The operational risk management strategy is designed to identify strengths to build upon, weaknesses that need to be addressed, and opportunities and threats that require action to be taken. It also takes into account the changes that may take place in Loomis's external environment, such as new technology or changes to laws. Each assignment is assessed using criteria such as profitability and security where commercial opportunities must be weighed against possible risks. Even if a risk is accepted, it must be monitored continuously as the external environment changes constantly. Significant business processes are documented and risks associated with a specific process is identified and defined in a comprehensive risk register. The global risk management policy adopted by Loomis stipulates how the Group is to work actively with operational risk management in accordance with other established policies and the Company's Code of Conduct. Although Loomis's aim is to minimize operational risk through internal routines and procedures, the Group also has extensive insurance coverage.

The Board of Directors evaluates future business opportunities and risks and prepares a strategy for the Group. Group Management and the respective country management teams are responsible for managing operational risks. Group Management is responsible for identifying, evaluating and managing risk, and for implementing and maintaining risk control systems in line with the policies adopted by the Board. Every country/segment management team is responsible for ensuring that there is a process in each country aimed at promoting risk awareness. Branch managers and individuals responsible for operational risk management in each country are to ensure that risk management is an integral part of the local operations at all levels in the country. Reviews of business risk and risk assessment are routinely conducted throughout the Group. Group Management, the Audit Committee and the Board are informed on an ongoing basis of significant risks and any risk control shortcomings. >Refer to pages 34-35 for more information on the Group's operational risk management.

## Compliance risk management

Some of Loomis's operations, including, the foreign currency operations in Norway, payment services operations in Sweden and foreign currency operations in France, require permits or are subject to regulatory oversight by the respective country's supervisory authority. These operations are required to meet certain legal obligations and comply with regulations or other rules that apply for the operations for which permits are required. In 2019 Loomis strengthened the group organization and processes for compliance. Through a third party, a compliance function was created. In January 2020 a Chief Compliance Officer was recruited to head the compliance function. Compliance work is risk-oriented and thus prioritizes the resources in the areas where the most significant compliance risks exist. The duties of the compliance function are established in policies and instructions. The most significant duties of the Chief Compliance Officer are:

- To identify and monitor the risks that exist if the Company does not fulfil its obligations according to the requirements and rules that apply to the operations requiring permits, and to monitor and verify that the risks are managed by the relevant departments in the Group company in question.
- To supervise and verify compliance with regulations and other rules, and with the Group's internal rules.
- To review and assess on a regular basis whether the Group's routines are appropriate and effective.
- To provide ongoing recommendations to relevant parts of the organization based on the observations made by the compliance function.
- To provide advice and support to the Company's staff, President and Board on the regulations and other rules that apply for operations requiring permits and the Group's internal rules.
- To inform and educate relevant individuals on new and amended rules and regulations.
- To quality assure and continually update the Group's internal rules.
- To verify that new or significantly changed, products, services, markets, processes, IT systems, as well as material changes in the Company's operations and organizational structure, are in compliance with the regulations and other rules that apply for the Company's operations requiring permits.
- To inform and report to the Company's Board and President on a regular basis.

## Internal audit

The internal audit is aimed at improving the Company's operations by evaluating risk management, governance and internal control. The internal audit also focuses on prevention by proposing internal control improvements. The internal audit follows the guidelines for professional execution of an internal audit and the professional code established by the Institute of Internal Auditors and the guidelines established in the International Professional Practices Framework.

In 2019 Loomis's internal audit had a two-part structure: one involved subsidiaries with regulated operations undergoing an internal audit, which was reported to the respective subsidiary's board of directors, and the other was a Group-wide internal audit focusing on business operations and specific issues which were reported to the Audit Committee of the Group's Parent Company. To implement these internal audits Loomis engaged professional external parties who are experts in the area. The process of building up the control structure included a decision by Loomis's Board to employ a person to be responsible for the internal audit from 2020. Work instructions for this role have therefore been adopted. According to the instructions, the internal audit function will be responsible for ensuring that there is supervision and an independent audit of the work carried out within the Company's organization and by the independent control functions.

Accordingly, the internal audit function will work according to a relevant and risk-based audit plan established by the Board of Directors involving reviewing and regularly evaluating the following:

- Whether the Company's structure, governance procedures, IT systems, models and routines are appropriate and effective.
- Whether the Company's internal control is appropriate and effective and if the business is carried out according to the Company's internal rules.
- Whether the Company's internal rules are suitable and consistent with laws, regulations and other rules.
- The reliability of the Company's financial reporting, including contingent liabilities.
- The reliability and quality of the work performed as part of the Company's other control functions.
- The Company's risk management based on the adopted risk strategy and risk acceptance.

The internal audit function will also provide recommendations to relevant entities and individuals based on the observations the function has made, and will follow up on actions taken within a reasonable time frame. The function will also report regularly to the Company's Board of Directors.

**Internal control system**

Loomis has a well-established process aimed at ensuring a high level of internal control and risk management. Loomis's framework for internal control includes the following areas: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication and 5. Monitoring activity.

*1. Control environment*

The control environment forms the foundation for internal control by creating the culture and the values, on which Loomis operates. The internal control structure includes the organization's core values and how authority and responsibility structures are communicated and documented in governing documents such as internal policies and instructions. The Board has adopted a number of policies for areas of key importance for Loomis and these are evaluated and updated annually or as needed. Below are brief descriptions of policies adopted by Loomis and a number of the most important internal control documents.

**Authorization matrix**: contains the structure for delegation of decision-making. The Loomis Group is a decentralized organization where managers are given clear targets and the authority to make their own decisions and develop their operations in close proximity to their customers.

**Financial Policy**: contains guidelines to achieve transparent, cohesive and accurate financial reporting, proactive risk management and constant improvement of the Company's financial processes.

**Information Security Policy**: provides a general framework aimed at ensuring that a reasonable level of information security is maintained in a number of key areas.

**Purchase procedures**: provide a general framework to achieve efficient procedures for significant fixed asset purchases.

**Insider Policy**: supplements the current Swedish insider laws and European regulations regarding insider trading. The Policy establishes routines for the management of insider information and logbooks etc. and defines when trading in financial instruments issued by (or attributable to) Loomis AB is prohibited. The Policy applies to all individuals reported to the Swedish Financial Supervisory Authority as insiders in Loomis AB, including subsidiaries, as well as certain other categories of employees.

**Internal Control Requirements**: include important routines and control measures not indicated in other governing documents.

**Communication Policy**: aims to ensure that the Company meets the requirements relating to the disclosure of information to the stock market.

**Customer Contract Policy**: specifies criteria for the content of contracts and when customer contracts must be approved by the Board.

**Policy regarding prior approval of auditing and non-auditing services**: contains guidelines on approval of auditing services performed by Loomis's external auditors as well as non-auditing services performed by the auditor in charge. The purpose of the Policy is to ensure that the auditors are independent of Loomis.

**Competition Law Compliance Policy**: aims to ensure that Loomis acts in compliance with applicable competition laws.

**Risk Management Policy**: provides a framework for the general structure for organizing, controlling and monitoring operational risks.

**Routines relating to trade sanctions**: contain a description of general trade sanctions, highlights high risk countries and provide general guidelines for how businesses are to be run to ensure that Loomis is in compliance with international and local laws and regulations regarding trade sanctions.

**The Code of Conduct and Anti-Bribery Policy:** is aimed at ensuring that companies in the Group maintain and promote business practices with the highest possible ethical standards.

**Anti Money Laundering Policy**: is aimed at establishing the Group's guidelines and requirements for operations within the Group that are required to have permits. The Policy contains guidelines for actions to prevent money laundering, such as know your customer (KYC), transaction monitoring, special verification measures for politically exposed persons (PEPs) and verification against sanction lists.

**Sustainability Policy**: contains a description of the Group's focus areas to actively and consciously balance the interests of various stake-holders for the Company's long-term profitability, environmental impact and social justice.

*2. Risk assessment*

The Group's financial and risk functions, and where applicable the compliance function, are responsible for ensuring that every subsidiary has routines aimed at promoting risk awareness. Country Presidents and individuals responsible for risk management in each country are to ensure that risk management is an integral part of the local operations at all levels in the country.

The Group has systems and routines for managing risk. These are integrated in the Group's business planning and performance follow-up processes. The annual risk analysis and the resulting risk register are coordinated and maintained at the Group level. In addition to this, business risk reviews and risk assessments are routinely performed throughout the Group.

*3. Control activities*

Control activities include procedures and activities to ensure compliance with adopted guidelines and policies, and the accuracy and reliability of internal and external financial reports. Examples of control activities within Loomis are:

**Self-assessment**: Each operating entity within the Group regularly conducts a self-assessment of insight into and adherence to the Group's requirements on internal control. The Group's external auditors validate the completed self-assessment. This is to enable comparisons to be made between countries and for results to be compiled at the Group and country levels. Reports are made available to each country management team, segment management, Group Management and the Audit Committee.

**Internal control activities**: Over the past years Loomis has developed methods for reviewing and monitoring internal control within the Group. Loomis's internal control activities consist primarily of:

- Developing the Group's general policies and guidelines.
- Following up on the external auditor's work and attending to material observations and recommendations.
- If necessary, conducting specific investigations and acting as project manager on behalf of Group Management in compliance related matters.
- Through visits to different countries, where Loomis conducts business, by Loomis's own employees or with the assistance of external parties, monitor financial reporting as well as significant routines and control processes.
- Cash auditors within the Loomis Group review reconciliation routines at the operational cash handling operations on a regular basis. This work includes making an inventory count of cash stored at Loomis's cash centers. This inventory count is carried out in addition to daily reconciliations, which are to be performed at all of the cash centers.

**Financial monitoring**: Local CFOs in Group companies play a key role in creating the environment required to ensure that financial information is transparent, relevant and current. Country Presidents and country CFOs are responsible for ensuring that the adopted policies and guidelines are complied with and that routines for internal control of financial reporting are working efficiently in the respective countries.

**Letter of representation**: The Group has a system for the ratification of the annual financial statements whereby, at the end of the year, Country Presidents and Country CFOs sign a Letter of Representation in which they confirm that the Group's policies and guidelines have been followed and that the reporting provides a true and fair representation of the financial position.

**Managing and monitoring risk**: In addition to operational risk management carried out by the subsidiaries and regions, the Loomis Group has a global risk department. The risk department works to prevent operational losses, such as loss of life and health, as well as financial losses. The Group Head of Risk reports to the President and CEO, and on a regular basis to the Audit Committee. Loomis measures, reports and monitors operational risk on a regularly basis. The Group's overall risk management is also reinforced by a comprehensive insurance coverage.

**Monitoring and management of compliance**: Loomis takes active steps to prevent money laundering and financing of terrorism. Operations within the Company requiring permits perform risk assessments on a regular basis and actions are taken as needed. Training of employees is an important aspect in managing the risk of money laundering. Preventive measures include know your customer (KYC), transaction monitoring and special verification with respect to politically exposed persons (PETs), as well as verification against sanction lists. Any suspected transactions are reported to the relevant authorities. In addition to the monitoring and reporting process, within the relevant subsidiaries, in 2019 a structure for reporting compliance to Loomis AB was created. The compliance function, which reports to the CEO, was established to ensure central monitoring and evaluation and that the appropriate steps are taken.

*4. Information and communication*

Information and communication are essential for an internal control system to be efficient. Loomis has developed routines and an information system to provide Group Management and the Board with reliable reports on the Company's performance in relation to established targets.

*5. Roles and responsibility – Monitoring activity*

Loomis's Board, President and CEO and CFO monitor internal control of financial reporting. The procedures used by the Board to review the efficiency of the internal control system include:

- Discussions with Group Management, or responsible functions, on risk areas identified by Group Management and the risk analysis performed.

- Addressing important issues arising from the external audit and other reviews/investigations.
- Review of Group Management's monthly business reconciliations where an entity's actual results are compared with budget, deviations, key performance indicators and forecasts are analyzed.

Appointment of an Audit Committee to provide independent oversight of the effectiveness of the Group's internal control system and the financial reporting process. The Audit Committee discusses specific and significant accounting principles as well as the estimates and assessments made when the reports are compiled. The Audit Committee also reviews the interim and annual reports before recommending that the Board approves the reports for publication.

# Board of Directors

## Alf Göransson

Member of the Board of Loomis AB since 2007 and Chairman of the Board since 2009.

Chairman of the Remuneration Committee and member of the Audit Committee.

**Born:** 1957

**Education:** International Economics, University of Gothenburg.

**Experience:** Board member and President & CEO of Securitas AB, President and CEO of NCC AB and CEO of Svedala Industri AB.

**Other appointments:** Chairman of Axfast AB. Board member of Attendo AB, NCC AB, Sweco AB, Hexpol AB, Melker Schörling AB and Sandberg Development Group.

**Shares in Loomis as of December 31, 2019:** 6,000 (privately held)

**Other information:** Independent of major shareholders.

## Patrik Andersson

Member of the Board of Loomis AB since 2016. CEO and President of Loomis AB since May 4, 2016.

**Born:** 1963

**Education:** Master of Science in Business Administration and Economics – International Business Program, University of Lund.

**Experience:** President at Orkla Foods Sverige, President and CEO Rieber & Son, President Wasabröd globally within Barilla Group and senior positions within Unilever Group.

**Other appointments:** Board member of Ecolean AB and AAK AB.

**Shares in Loomis as of December 31, 2019:** 12,919 (privately held)

**Additional shares in Loomis*:** 274

**Other information:** Independent of major shareholders. Not independent of the Company.

## Ingrid Bonde

Member of the Board of Loomis AB since 2013.

Member of the Audit Committee.

**Born:** 1959

**Education:** Master of Business Administration, Stockholm School of Economics.

**Experience:** CFO and Executive Vice President Vattenfall, President and CEO of AMF Pensionsförsäkring AB, Director General of the Swedish Financial Supervisory Authority, Deputy Director General Swedish National Debt Office and Vice President Finance at SAS.

**Other appointments:** Chairman of Hoist Finance AB, Alecta AB and Apoteket AB. Chairman of the Swedish Climate Policy Council. Board member of Securitas AB and the Swedish Corporate Governance Board.

**Shares in Loomis as of December 31, 2019:** 1,940 (privately held)

**Other information:** Independent of major shareholders.

## Cecilia Daun Wennborg

Member of the Board of Loomis AB since 2013.

Chairman of the Audit Committee.

**Born:** 1963

**Education:** Bachelor of Science in Business and Economics, Stockholm University.

**Experience:** Vice President of Ambea AB, President of Carema Vård och Omsorg AB, CFO of Ambea AB and Carema Vård och Omsorg AB, Acting President at Skandiabanken, Head of Swedish Operations at Skandia and President of Skandia Link.

**Other appointments:** Board member of Bravida Holding AB, ICA Gruppen AB, Getinge AB, Sophiahemmet IF/AB, Atvexa AB, Hotel Diplomat AB, Oxfam in Sweden, Hoist Finance AB, Oncopeptides AB and CDW Konsult AB. Board member of the Swedish Securities Council and the Council of Stockholm Chamber of Commerce.

**Shares in Loomis as of December 31, 2019:** 1,400 (privately held)

**Other information:** Independent of major shareholders.

## Lars Blecko

Member of the Board of Loomis AB since 2019.

**Born:** 1957

**Education:** Master of Science, Karlstad University.

**Experience:** Regional President Loomis USA 2013-2018, CEO and President Loomis AB 2008-2013, CEO and President Rottneros AB 1999-2008, Senior Vice President Sales and Marketing Cardo Rail AB, Managing Director Radiopharmaceuticals, Du Pont Group in Belgium, Switzerland, Germany and England

**Other appointments:** Chairman of Polygon AB. Board member of Ramudden AB, Axel Johnson Inc and Chevron Ltd. Lars Blecko performs consultancy services for Loomis Armored US LLC according to an existing ageement between Loomis Armored US LLC and a company owned by him.

**Shares in Loomis as of December 31, 2019:** 51 668 (privately held)

**Other information:** Independent of major shareholders. Not independent of the Company.

*Relating to Incentive Scheme 2018.*

# Board of Directors

## Jan Svensson

Member of the Board of Loomis AB since 2006.

Member of the Remuneration Committee.

**Born:** 1956

**Education:** Mechanical Engineering and Bachelor of Science in Business and Economics, Stockholm School of Economics.

**Experience:** Board member and President and CEO of Investment AB Latour. President of AB Sigfrid Stenberg, which was acquired by Latour in 1993.

**Other appointments:** Chairman of AB Fagerhult, Troax Group AB, Alimak Group AB and Tomra Systems ASA. Board member of ASSA ABLOY AB, Climeon AB, Herenco Holding AB and Stena Metall AB.

**Shares in Loomis as of December 31, 2019:** 2,000 (privately held)

**Other information:** Independent of major shareholders.

## Johan Lundberg

Member of the Board of Loomis AB since 2019.

**Born:** 1977

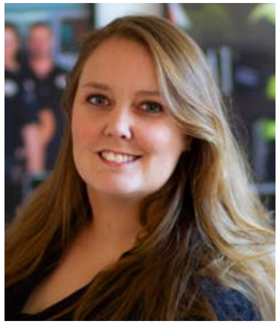
**Education**: Master of Science in Businees, Stockholm School of Economics.

**Experience:** Founder and CEO NFT Ventures AB. CEO Betalo/PFC Technology AB and CEO SoliFast Sverige AB. Management positions in Paytech and Mastercard International.

**Other appointments:** Chairman of Investment AB Stentulpanen, Board member of Betsson AB, Ölands Bank AB and NFT Ventures AB, including NFT Ventures affiliated companies.

**Shares in Loomis as of December 31, 2019:** 0

**Other information:** Independent of major shareholders.



## Sofie Nordén

Member of the Board of Loomis AB since 2017.

Employee representative, appointed by the Swedish Transport Workers Union.

**Born:** 1984

**Shares in Loomis as of December 31, 2019:** 0

**Auditor**
Peter Ekberg
Deloitte AB
**Born:** 1971
Authorized Public Accountant and member of FAR. Auditor in Charge as of 2018.
**Other audit assignments:** Svevia AB and Swedish Match AB.
**Shares in Loomis as of Dec. 31, 2019:** 0
**Address:** Deloitte AB, 113 79 Stockholm.

# Group Management

### Patrik Andersson

President and CEO

**Born:** 1963

**Employed:** 2016

**Education:** Master of Science in Business Administration and Economics**, International Business Program, University of Lund.

**Experience:** President at Orkla Foods Sweden, President and CEO Rieber & Son, President Wasabröd globally within Barilla Group and senior positions within Unilever Group.

**Other appointments:** Board member of Ecolean AB and AAK AB.

**Shares in Loomis as of December 31, 2019:** 12,919 (privately held)

**Additional shares in Loomis*:** 274

### Kristian Ackeby

Chief Financial Officer

**Born:** 1977

**Employed:** 2018

**Education:** Bachelor of Science in Business and Economics**, University of Skövde.

**Experience:** CFO Lindab, Vice President Corporate Control within Autoliv Group and Former Financial Manager of Coop Inköp & Kategori.

**Other appointments:** Board member of Naturstenskompaniet International AB.

**Shares in Loomis as of December 31, 2019:** 4,500 (privately held)

**Additional shares in Loomis***: –

### Sara Björkman

Chief Compliance Officer

**Born:** 1971

**Employed:** 2020

**Education:** Master of Law, University of Stockholm

**Experience:** Head of Compliance Services and HR at Zeb Consulting, Head of Banking law division at The Swedish Financial Supervisory Authority, Head of Corporate Credit and Collection department Nordic at American Express.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 0

**Additional shares in Loomis***: –

### Johannes Bäckman

Head of M&A

**Born:** 1964

**Employed:** 2013

**Education:** Master of Science in Business**, Stockholm School of Economics, Chinese and Thai studies at Stockholm, Lund and Beijing universities.

**Experience:** Corporate Development Director, Managing Director South East Asia and Director of Mergers and Acquisitions at Xylem Inc.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 3,585 (privately held)

**Additional shares in Loomis***: –

### Aritz Larrea

President and CEO USA

**Born:** 1973

**Employed:** 2014

**Education:** Executive Master in Business Administration, Instituto de Empresa.

**Experience:** Country President Loomis Spain, President Grupo Segur, Spain.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 9,259 (privately held)

**Additional shares in Loomis***: 5,444

** Relating to Incentive Scheme 2018.*

*** Or similar education.*

# Group Management

## Georges López Periago

President and CEO Europe and Latam

**Born:** 1965

**Employed:** 1985

**Education:** Master of Science in Business and Economics**, various management courses within the Company.

**Experience:** Regional President Southern Europe, Country President for Loomis France and Spain and Cash Center Manager Securitas CHS.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 15,852 (privately held)

**Additional shares in Loomis***: –

## Mårten Lundberg

Chief Human Resources Officer

**Born:** 1965

**Employed:** 2014

**Education:** Bachelor of Applied Science in HR from Stockholm University and Executive Master in HRM from Bocconi University, Milan.

**Experience:** HR manager Market Units, Eniro AB, HR director Skandia Norden, HR director Swedbank International, Head of Compensation & benefits Swedbank, HR If Skadeförsäkring, Sales and marketing Skandia.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 4,292 (privately held)

**Additional shares in Loomis***: 51

## Martti Ojanen

Group Head of Risk

**Born:** 1962

**Employed:** 2009

**Education:** Master of Science in Business and Economics**, Växjö University.

**Experience:** Vice President Risk Management Marsh AB.

**Other appointments:** –

**Shares in Loomis as of December 31, 2019:** 9,377 (privately held)

**Additional shares in Loomis***: 53

## Kristoffer Wadman

Chief Innovation Officer

**Born:** 1978

**Employed:** 2018

**Education:** Master of Science at Chalmers University of Technology.

**Experience:** Director Business Development at ASSA ABLOY, Global Business Manager at Atlas Copco, Global Product Manager at Atlas Copco, Global Product Manager at ABB.

**Other appointments:** Board member of Sonect AG.

**Shares in Loomis as of December 31, 2019:** 2,868 (privately held)

**Additional shares in Loomis***: –

** Relating to Incentive Scheme 2018.*

*** Or similar education.*

Stockholm, April 3, 2020

Board of Directors of Loomis AB

**Alf Göransson**
Chairman of the Board

**Ingrid Bonde**
Member of the Board

**Cecilia Daun Wennborg**
Member of the Board

**Jan Svensson**
Member of the Board

**Patrik Andersson**
Member of the Board,
President and CEO

**Lars Blecko**
Member of the Board

**Johan Lundberg**
Member of the Board

**Sofie Nordén**
Member of the Board,
employee representative

# Auditor's report on the corporate governance statement

To the Annual General Meeting of Loomis AB (publ.), corporate identity number 556620-8095

### Engagement and responsibility

It is the board of directors that is responsible for the corporate governance statement for the financial year 2019 on pages 39–58 and that it has been prepared in accordance with the Annual Accounts Act.

### Scope and focus of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examina-tion of the corporate governance statement. This means that our examination of the corporate governance state-ment 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 believe that the examination has provided us with a sufficient basis for our opinion.

### Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, items 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

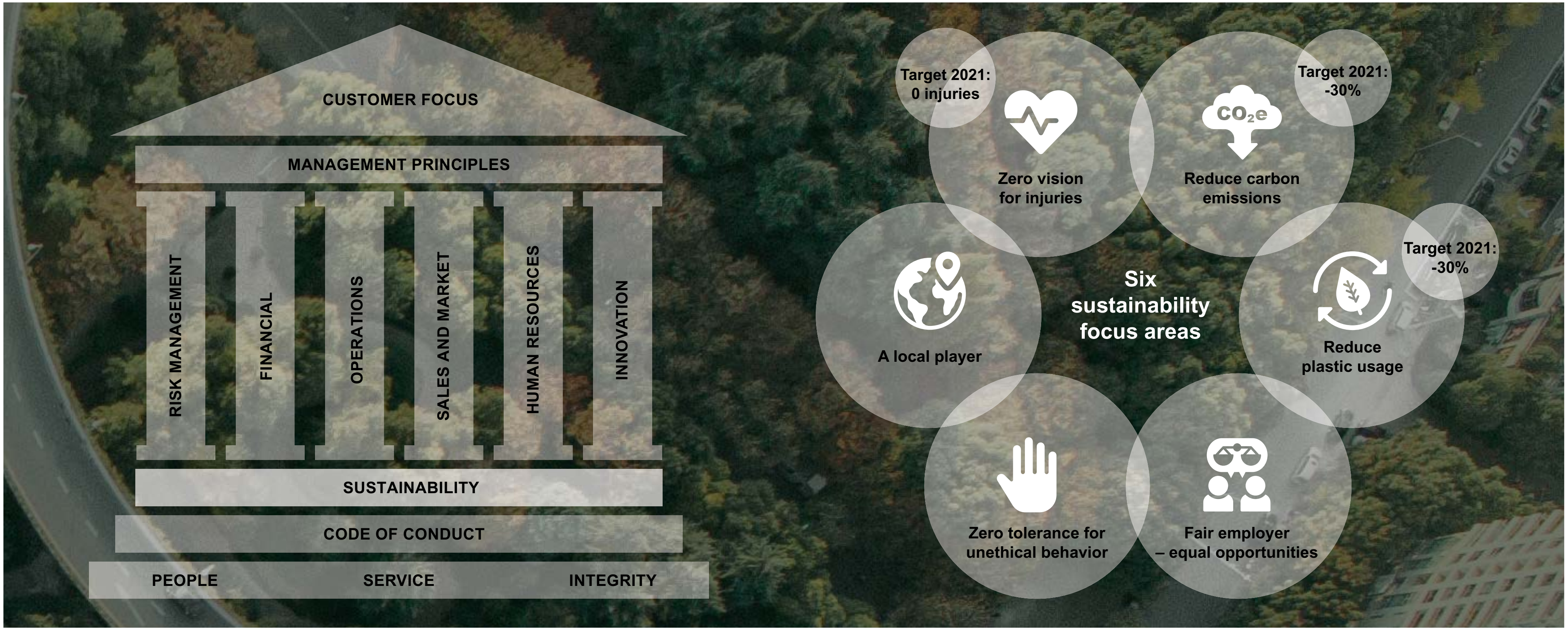
Stockholm, April 3, 2020
Deloitte AB

**Peter Ekberg**
Authorized Public Accountant

# Sustainability Report

# Sustainability Report

*The report[1)] covers the period from January 1 to December 31 2019. It describes the Company's work in terms of the sustainability platform, material focus areas, challenges, key ratios, targets and results. The report was prepared in accordance with the Swedish Annual Accounts Act and follows the GRI methodology.*




Sustainability is a fundament in the Loomis Model as Loomis aims at a business model that is sustainable and long-term and where the sustainability work is integrated into company governance.

*1) This is Loomis's fifth Sustainability Report and the second one to be integrated in the Annual Report.*

# Sustainability Governance at Loomis

Loomis considers that it is its responsibility to run a business that supports sustainable development from a financial, social and environmental perspective. The goal for the sustainability work is to take responsibility by transparently creating lasting and long-term value for the Company's stakeholders. This process is illustrated on page 63, and describes how Loomis works to define and establish the Company's role, responsibility and the value the Company creates through its operations. It also shows which of the UN's Sustainable Development Goals the Company works to address, as well as the policies and targets that steer the course in the right direction. >See page 63.

The strategic focus for Loomis's sustainability work is established by the Board of Directors in the Loomis Sustainability Policy[1]. While the President and CEO bears ultimate responsibility for sustainability work, management of day-to-day sustainability efforts have been delegated to the respective Country Managers, who are also responsible for compliance with the Sustainability Policy. The policy includes six focus areas and incorporates respect for human rights and labor law in line with Loomis's agreements with parties in the respective labor market.

Performance in relation to established KPIs is measured, monitored and reported on a regular basis to the Board of Directors and annually in the Annual Report. The Group's sustainability platform was created in 2017 and integrated into the business model in 2018. It was designed based on a stakeholder dialogue and on the outcome of a materiality analysis[2]. As a transport-intensive company with strong risk and security considerations in day-to-day operations, key areas identified are responsibility for the employees, the environment, risk and security, and ethical behavior. This is concretized in six sustainability focus areas, to which KPI's and targets are linked. >See page 64.

### Three targets for 2021

Three of the six focus areas have been included into the Group's 2018–2021 strategy period. These three areas have 2021 targets: zero workplace injuries, a 30 percent reduction in carbon emissions and and a 30 percent reduction in plastic usage. Progress is measured against the 2017 baseline. The other focus areas are more long-term.

The first target, workplace injuries, is directly linked to Loomis's material responsibility for the employees' safety when they perform duties that are, at times, associated with risk when transporting customers' cash and valuables. Loomis has a zero vision on injuries, and the 2021 target is for no employee to be harmed in traffic or due to external violence.

The second and third target cover the Company's environmental responsibility. To identify improvement measures that tackle the Company's impacts are high on the agenda. This involves decoupling[3] the Company's growth from the increased environmental impact from higher carbon emissions. It also involves mitigating the environmental impact the Company has today by reducing carbon emissions. The target is to reduce the Company's $CO_2$ and plastic usage respectively by 30 percent compared to 2017 levels.

Decoupling growth from environmental impact is addressed in, for example, Loomis's growth strategy of moving further up the value chain. New technology, new services and a new product offering will provide growth in areas that will not necessarily also increase the number of transport routes driven. To mitigate the current impact, the focus is on increasing carbon efficiency by, among other things, supplementing existing products and services with new technology that provides lower emissions and increased operational effi-

*1) >Loomis Sustainability Policy is available on www.loomis.com. 2) Read more about the materiality analysis and methodology on page 76. 3) Decoupling the negative environmental impact of transport logistics from economic growth.*

ciency. SafePoint is a good example. Reducing the Company's dependence on fossil energy sources and fuels and driving a transition to renewable equivalents is another important tool. Loomis also prioritizes measures that increase resource efficiency. A good example is the transition to using recycled plastic instead of newly produced plastic within the organization.

**Looking forward**

The emphasis was initially on implementing the framework, training staff and ensuring the collection and reporting of data internally. Now that this is in place, the Group is increasing its activities and initiatives. Loomis has many years' experience of working toward financial targets. However, the sustainability targets are newer and are an important area of development for the organization. The results from 2019 sum up both progress and challenges. The 2018–2021 strategy period is providing, and will continue to provide, the Company with important insights and development opportunities. For the period up to 2021, the Company's carbon reduction targets are in line with the Paris Agreement[1]. It represents carbon reduction of 7.5 percent per year, which is what the UN requests.

Toward the end of the strategy period, planning and preparation will begin according to the TCFD model[2] and the climate targets, which will continue to be in line with SBTi[3], will be updated with a longer perspective to 2030 and 2050.

**Progress toward the three main targets in 2019**

*Zero injuries in traffic or due to violence*

The majority of workplace injuries in 2019, 80 percent, continued to be traffic related. This confirms the importance of driving behavior to the safety of individual employees. During the year Loomis continued to emphasize the safety aspects and to train drivers in safer driving. The specialized software that assists with driving behavior is now installed in 76 percent of the Group's CIT vehicles, compared to 20 percent in 2017.

*-30 percent carbon emissions 2021*

Several prioritized initiatives are simultaneously under way to reduce the Group's carbon emissions. Increased fuel efficiency (including through improved CIT team driving behavior), renewable fuel, diversification of the vehicle fleet and optimization of transport routes are the most important measures. Some short-term gains are evident, but most will be achieved over a longer period. Diversification of the vehicle fleet is a longer-term effort. Older vehicles are replaced with lighter and more fuel-efficient ones where safety and regulatory aspects permit this. The single most important component in reducing emissions to desired levels is to replace fossil diesel with renewable HVO fuel. Unfortunately, there is a shortage of HVO fuel outside the Nordic region. In 2019 Loomis was in contact with politicians and fuel suppliers in all of the Company's markets to draw attention to the situation. Loomis received responses from a few fuel suppliers and this has led to interesting discussions.

*-30 percent plastic usage 2021*

One of the most important successes this year is the new security bag agreement, which was signed and also implemented at the end of 2019 within Loomis's European operations. This comprehensive initiative is contributing to Segment Europe reducing the number different sizes and formats from 106 to 11. This represents a substantial reduction in plastic usage and a big step toward reaching the 2021 target. The European operations have also managed to ensure that all bags are made of at least 80 percent recycled plastic and that there is a 100 percent carbon offset. The US operations have similar initiatives to increase the use of recycled plastic in production. Impact will be seen by 2021.

*1) A temperature rise of less than 2 degrees Celcius. 2)The Task Force on Climate Related Financial Disclosures is a model for companies to identify climate-related financial risks and opportunities. 3) The Science Based Targets Initiative is a model for companies to set climate targets that are in line with scientific models.*

# Loomis's process for creating long lasting and sustainable values

| Result materiality analysis | Funneled into six focus areas | Loomis policy | Alignment and support of UN SDG:s | ESG-index | Value created |
|---|---|---|---|---|---|
| Risk management, health, security, training | Zero vision for injuries. **Target 2021**: 0 injuries from violence and traffic | Sustainability Policy, Code of Conduct, Risk Policy | 3 Good health and well-being; 8 Decent work and economic growth | Social (S) Governance (G) | Loomis strives to proactively reduce risk and prevent injuries. This supports the creation of a safe environment and builds trust. |
| Carbon emissions, fuel- and energy consumption | Decrease carbon emissions. **Target 2021**: -30% | Sustainability Policy | 12 Responsible consumption and production; 13 Climate action | Environment (E) | To transition to renewable fuel and energy value is created for the environment, for social matters and economic growth. |
| Watste handling, reduce and recycle waste | Decrease plastic usage. **Target 2021**: -30% | Sustainability Policy | 12 Responsible consumption and production | Environment (E) | Reduced usage, transitioning production to recyled material, and increasing sorting at source is value created primarily for the environment. |
| Equal- and human rights, labor issues | A fair and equal-opportunity employer | Sustainability Policy, Code of Conduct | 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities | Social (S) Governance (G) | Loomis's employer responsibility is a matter of of trust, diversity and corporate culture. This helps create an attractive workplace and the right foundation to offer the best customer service and well-being for employees. |
| Ethics, values, anti-corruption | Zero tolerance for unethical behavior | Sustainability Policy, Code of Conduct, Anti-Bribery Policy, AML Policy | 16 Peace, justice and strong institutions; 11 Sustainable cities and communities | Social (S) Governance (G) | Ethics and moral builds trust for the business with all stakeholders, and give the right prerequisites to continue develop the business. |
| Reduce crime, local social projects, stakeholder dialogue | A local player | Sustainability Policy, Code of Conduct | 11 Sustainable cities and communities; 17 Partnerships for the goals | Social (S) Governance (G) | Thru collaboration and dialogue with stakeholders Loomis contributes to a positive development of the society it operates within. |

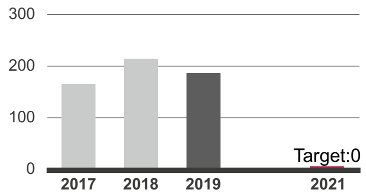
*The goal of the sustainability work is to take responsibility by transparently creating lasting and long-term value for the Company's stakeholders. The illustration shows Loomis's process to define and establish the Company's role, responsibility and the value the Company creates through its operations. It also shows which of the UN's Sustainable Development Goals the Company works to address, as well as the policies and targets that steer the course in the right direction.*

**Workplace injuries target**

# 0

workplace injuries by 2021

**Number of injuries 2017–2019**




**186 injuries (2019)**

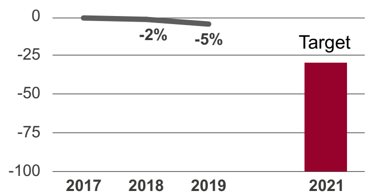
In 2019, the number of injuries[1)] in traffic and/or as a result of violence was 186. 20 percent stem from violence and the remaining 80 percent are traffic-related injuries. This breakdown is in line with the previous year. The 2019 results show a clear improvement in most markets. Most of the injuries were in a few countries that have an aggressive traffic culture. Efforts to proactively promote safe driving behavior continue.

**Carbon emissions target**

# 30%

reduction in carbon emissions by 2021

**Carbon emissions 2017–2019, change %**




**-5% (2019)**

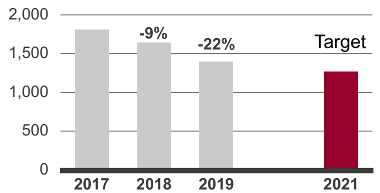
In 2019 the Group reduced carbon emissions from its own transport[2)] operations by 3 percent in absolute numbers. This is despite adding several markets since the base year, 2017. Relative to operational volume, carbon emissions were reduced by 5 percent in 2019. The reduction includes the effects of operations in the USA moving to lighter and smaller vehicles that are more energy efficient. This is also part of the Group's continual efforts to improve transport efficiency, resulting in increased route density.

**Plastic usage target**

# 30%

reduction in plastics by 2021

**Plastic usage 2017–2019, kg 000s**




**-22% (2019)**

Progress toward the Group's target to reduce plastic usage by 30 percent in absolute numbers is satisfactory. The result for 2019 is a reduction of 22 percent compared to the base year 2017. The main driver of this progress is the European operations, which had a total reduction of 29 percent. As a result of segment's new framework agreement for security bag production, all of the bags are now made from 80 percent recycled materials.

*Recently acquired companies are not included in the results.*

*1) Injuries from external violence and/or traffic that causes absence from work.*

*2) Direct carbon emissions equivalent to Scope 1.*

# Loomis's six focus areas for sustainability

This section describes each focus area, why they are considered material, targets, ongoing challenges and risks, sustainability management within the organization, key ratios to monitor the Company's progress over time and lastly 2019's results.

## 1 *Zero vision for injuries*

### Target

Health and safety is a material responsibility for Loomis. Loomis's two most important targets with respect to its employees are zero loss of life and zero workplace injuries. The zero loss of life target has been an integral part of the risk policy for many years. The target of zero workplace injuries from violence and traffic has been a sustainability target since 2018 and is incorporated into the 2018–2021 strategy period. This target has an important connection to the employees' health and safety while on duty securely transporting customers' cash and valuables.

### Challenges, risks and opportunities

For Loomis, risk is part of daily operations as Loomis's business is based on taking on the customers' risk associated with managing cash and valuables. The Company drives just over 270 km every year to ensure that cash is available every day and throughout the year. There are both internal and external risks associated with this assignment, and they are well-known. There is a risk of personal injury and also the risk of loss of the customers' cash and valuables due to criminality or failures in procedures. It is a twofold responsibility and a considerable undertaking for Loomis on a daily basis to minimize risk, maintain high security standards and protect people and property. Loomis's success in this has a direct impact and significance – not only for the employees and customers, but also for how Loomis develops as a company over time. Minimizing risk requires efficient processes and routines, but also seeing opportunities to constantly develop the Company's risk management processes.

### Management and implementation

Effective risk management is a key component for Loomis to maintain control over operational risk. All CIT activities must be safe for the employees, the Company's customers and citizens in the community. These activities must also meet and follow all external safety requirements, laws and regulations, which may vary between different markets.

Given the risk that cash handling involves, an assessment of risk and safety is a natural aspect of every new assignment. Risk management is controlled from the corporate level through common guidelines, processes and tools to ensure that risk mitigation procedures are the same at all levels and all areas of the Company's operations. Around 200 people work on operational risk management at the Group, regional and national levels. Operational responsibility for day-to-day risk management is delegated to the branch managers. They know their customers and the local environment and are therefore in the best position to evaluate and manage the risks that exist.

To manage and minimize risk and to ensure the health and safety of the employees at work, Loomis has a proactive strategy for risk management and health & safety, and common ethical standards and values.

*Risk management*

Robust processes and routines are implemented to proactively and systematically identify, take stock of, evaluate, classify, management, take action on, follow up and prevent various types of risk. Loomis's risk management is regulated by the Company's Risk Management Policy. Risks are evaluated based on two criteria: the likelihood that an event will occur and the severity of the consequences if the event should occur. In the next step, the risk is weighed against how profitability will be affected. The Company has a sophisticated digital risk identification and risk audit system. The system contains global, regional and local control functions to identify potential risks, as well as functions to ensure that risk is managed and monitored. When an identified risk is accepted, it is monitored continually as conditions can change over time. Plans are followed up systematically in each region and country. At regular global risk meetings the risk mitigation processes in the various countries are compared to best practice to identify areas where improvements could be made and to maintain a strong risk management culture.

*Health and safety*

The safety of the employees is always the main focus of risk management and the Company's safety routines are carefully prepared and focused on risk. One key target in Loomis's sustainability focus is zero workplace injuries, a target the Company set in 2017 and is aiming to achieve by 2021. These personal injuries are the type that can occur in connection with external events, such as threats, violence and robbery, as well as traffic-related injuries. To reach the target it is of utmost importance to manage the Company's operations so that all safety routines are firmly established in day-to-day work and that the employees are provided with professional development. All employees handling cash and valuables work according to strict safety routines to minimize risk and to increase safety. To maintain a high and consistent level of safety over time, regular training is provided that covers both theoretical and practical aspects with a particular focus on safety issues. There are simulations of various risk situations and training in self-defense and how to handling weapons. The safety of clothing, equipment and vehicles is also tested. Special software assists CIT teams in driving more safely. All employees at all levels must understand and be able to manage the risks associated with their particular job. They must understand how it affects them personally and their colleagues, but also the people they encounter as they perform their duties. Since the Company is highly decentralized, the systems for health and safety and meeting various certification standards vary between markets, but all work is always governed by and executed based on the health and safety laws and regulations in effect. Audits are performed regularly by both external and internal parties.

*Ethics and values*

Ensuring that the employees' fundamental values are in line with the Loomis Code of Conduct and that the Company is governed based on a common moral compass is at least as important as risk management and health & safety training. Group Management and the management teams in each country have an important responsibility to practice what they preach. There are training programs in the Code of Conduct for all employees, every new recruit goes through an introduction program and there is also a focus on recruiting the right people with the right values. All of this helps to minimize the risk for Loomis's employees and customers. In 2018 Loomis introduced a group-wide digital training platform called Loomis Academy to facilitate implementation of multiple initiatives and to monitor progress. In 2019 the level of activity increased.

### Key ratios and KPIs

Results are measured and followed up quarterly and annually at group level according to KPIs:

- Number of personal injuries from violence and traffic[1].
- Number of traffic accidents/10,000 kilometer.
- Employee perception of the statement: "Loomis's safety routines are designed to ensure my safety.".
- Annual training in the Loomis Code of Conduct and Anti-Bribery Policy.
- Zero tolerance for unethical behavior and a 100 percent follow up on all reports of suspected breaches.

### Follow-up and 2019 results

Each market has ultimate responsibility for ensuring risk minimization and empolyee health and safety.

*1) Injuries from external violence and/or traffic causing absence from work.*

This is because the local managers know their staff, customers, buildings, geographical conditions and national laws, standards and certifications better than anyone else. Proactive steps are continuously taken to maintain high quality risk and safety procedures and to prevent injuries. In 2019, risk and safety plans were updated and internal and external audits were performed according to plan. To maintain a high and consistent level of safety over time, employees are trained and educated on an ongoing basis. In 2019 investments were made in new vehicles, safety vests, uniforms and security cameras in most markets.

Since Loomis introduced its zero vision for injuries from violence and traffic in 2017, there has been an increase in knowledge and insight from a Group perspective on what types of injuries are the most common. Loomis has also identified certain markets as overrepresented in terms of certain types of injuries and incidents. This helps to identify which areas benefit the most from efforts. Injuries from traffic and violence in 2019 totaled 186, compared to 214 in 2018 and 165 in 2017. There are now several new markets and increased operations compared to 2017. A data breakdown shows that the majority of 2019 injuries, 80 percent, were traffic related. This is in line with previous years and confirms the importance of safe driving behavior. During the year Loomis continued to emphasize the safety aspects and to train CIT teams in safer driving. The software that assists with driving behavior is now used in 76 percent of the Group's CIT vehicles, compared to 20 percent in 2017. This is a good tool to high-light safety issues during a shift. The number of traffic accidents per 10,000 km is largely unchanged. Taking into account the extensive annual transport volumes (270 million km) this number is relatively low.

The number of injuries from violence has generally decreased. Unfortunately, we are seeing an increase in the spiral of violence in certain markets and it is therefore just as important as in the past to work proactively on evaluating risk and on employee safety.

Employee perceptions has been selected as an indicator to measure the Company's safety efforts. Since 2018 each employee is asked how they perceive the statement: "Loomis's safety routines are designed to ensure my safety.". Replying to the question is part of the Code of Conduct course that every employee should take annually. This enables Loomis to get clear and uniform feedback and allows every employee to have their voice heard. In 2019, 85 percent agreed with the statement, compared to 86 percent for the base year 2018. In comparison, this year more employees who work directly with cash management processes took the course, and replied. This will also be the case next year and it is therefore reasonable to assume that next year's results may be slightly worse.

## 2 *Reduced carbon emissions*

### Target

Loomis has a general goal of reducing dependence on fossil fuel and fossil energy sources. The target is to reduce the Group's carbon emissions[1)] by 30 percent by the end of 2021 compared to the base year 2017. It is a relative target, i.e. a reduction by 30 percent in relation to the operational volume. It is also an ambitious target given the short timeframe to implement the change.

### Challenges, risks and opportunities

To guarantee an efficient flow of cash and valuables in society, Loomis transports them in cash in transit vehicles. An analysis of the Company's total carbon emissions shows that the vehicle fleet accounts for the majority. Loomis's environmental impact is largely due to the Company's CIT vehicles. The Companies emissions to air are therefore a material focus area. The challenges of having a large-scale operation that is dependent on transport vehicles are: thousands of routes traveled daily involving fuel emissions; the need for frequent vehicle repairs; poor fuel economy due to the many stops and starts; and inefficient route planning and/or driving habits. In future, stricter climate policies at both the national and international

*1) Direct carbon dioxide emissions are equivalent to Scope 1. The company also reports Scope 2 and parts of Scope 3.*

levels will have an impact in the form of emission taxes and tax relief for renewables. Loomis's strategy of climbing up the value chain and increasing new technology provides good opportunities to increase those aspects of the business without direct links to carbon emissions or negative environmental consequences.

**Management and implementation**

Loomis is working on ensuring resource and operational efficiency to remain competitive and to contribute to the sustainable development of CIT operations. Several prioritized parallel initiatives are under way to reduce the Group's carbon emissions. Increased fuel efficiency, renewable fuel, diversification of the vehicle fleet and optimization of transport routes are the most important focus areas.

Some short-term gains are evident, but most will be achieved over a longer period. Diversification of the vehicle fleet is a long-term project. Electric cars are still not an option due to their short range and other security aspects. The most important component to successfully reduce emissions to desired levels is, however, replacing fossil diesel with renewable HVO fuel. This has proved to be a greater challenge than anticipated, as there is a shortage of HVO fuel outside the Nordic region. To reach the carbon target the Company uses the following tools:

- *Transport*: Constantly improving transport efficiency while also reducing environmental impact is a strategy that benefits all parties. One measure introduced in 2016 is an investment in smart software installed in vehicles to monitor and measure fuel consumption and vehicle usage at both the individual and Group level. This reduces vehicle wear and tear, improves fuel efficiency and ensures route optimization, which reduces unnecessary driving. It also impacts the CIT teams' driving behavior, which is also positive from a safety perspective. The software will be installed in all heavier vehicles. Increased rollout and installation of the modern SafePoint technology solution is also helping to improve efficiency in picking up and dropping off cash by reducing the need for frequent collection and thereby reducing the total number of kilometers driven. Increasing route density is a prioritized solution. Overall the Company is aiming to increase business while at same time reduce the number of stops on each km driven.

- *Fuel*: The greatest positive impact on emission levels is through improved fuel efficiency and the transition to renewable fuels. Driving fuel-efficiently reduces fuel consumption and therefore also emissions. Replacing standard diesel with 100 percent HVO or diesel with a high blend of HVO leads to significant reductions in carbon emissions. Development is relatively slow due to limited access to HVO and a sluggish market. Loomis sees it as a responsibility to actively drive development in this area. Another factor making it difficult to reach a higher level of fuel efficiency is the regulatory framework the Company is subject to and which in several large markets stipulates that, for safety reasons, vehicles must remain idling during cash deliveries. A rough estimate shows that many vehicles are idling for up to 50 percent of the time and this accounts for around 10 percent of fuel consumption.

- *Diversification*: 75 percent of Loomis's vehicles are armored for security reasons and therefore heavy. The vehicle fleet is constantly being renewed. Older vehicles are replaced with lighter and more fuel-efficient ones where safety and regulatory aspects permit this. New vehicles have a more efficient engine and lower levels of emission gases. To the extent possible, taking into account local cash handing regulations, Loomis purchases lighter and smaller vehicles that are more fuel-efficient or new technology vehicles. This is not entirely problem-free, however, as these types of vehicles often cannot handle the weight of the armor they need to be equipped with. Pilot projects with electric vehicles are under way in the USA and several European countries.

- *Energy consumption*: Overall the Group's energy consumption accounts for a small portion of the total volume of carbon emissions, 12 percent. To minimize dependence on fossil energy sources and to reduce energy consumption in general, two major initiatives are under way. One is aimed at transitioning to renewable sources such as solar and wind. The other is to identify energy "thiefs", such as data centers. Significant energy savings can be made by consolidating the number of data centers. This has already been done in the USA and a project is launched in Europe to consolidate data centers there. This is expected to result in a significant reduction in kilowatt hours and to reduce energy consumption in data centers in Europe by 70 percent by 2021. All new data centers will be run on renewable energy.

### Key ratios and KPIs

Results are measured and followed up quarterly and annually at group level according to KPIs:

- Change in direct carbon emissions/operational volume, and change in total carbon emissions.
- Fuel consumption/kilometer.
- Percentage of vehicles with smart software installed.

### Follow-up and 2019 results

An overview of the Company's total carbon emissions in 2019 shows that cash circulation accounts for 70 percent, energy 12 percent and third-party transport operations 14 percent (Loomis uses third parties for some circulation of cash). Remaining four percent are made up of business travel and the production of plastic safety bags. The reason why the Company's emissions are 15 percent higher compared to reported numbers for 2017 is the improved control and reporting of third party transport emissions.

Direct emissions from Loomis's own transport operations in 2019 were reduced by 3 percent in absolute numbers compared to 2017. This is despite the fact that the Group operates in more markets today and the business has grown. The Company's target is to reduce the Group's emissions by 30 percent in relation to operational volume. The 2019 results show a five percent reduction in direct $CO_2$e/operational volume compared to 2017.

The US operations contributed the most to the reduction. During the year fewer kilometers were driven, less fuel was consumed and the vehicle fleet was updated with lighter-weight armored vehicles. In 2019 the US vehicle fleet has 463 lighter vehicles, which represents 15 percent of its total fleet. The target for 2020 is to increase this to 20 percent.

Increased efficiency was also noted in 2019 in route optimization with increased density in the number of stops on routes driven. The increase in the number of SafePoint units installed will should over time reduce the number of kilometers driven in relation to sales, yielding further improvements.

A continued challenge for Loomis is the always present risk of violence, which is making it more difficult to transition to lighter and smaller vehicles. Electric vehicles were tested in several locations in 2019. Several countries have tested other smaller and lighter electric vehicles but few can handle the range, weight and safety aspects that a cash in transit vehicle needs to keep the employees and load safe. This means above all that electric vehicles are not a solution that in the short-term will lead to a significant reduction in the Group's carbon emissions.

It is, however, encouraging that the US operations received delivery of two electric, custom-made, armored CIT vehicles – the first in the world produced for CIT teams. This is a project being run by a start-up in California. The unique vehicle weighs more than 12 tons and when loaded can weigh more than 15 tons. The vehicles have been tested for operation in California and a number of challenges have emerged. The main one is range, another is the need for air conditioning which drains the car battery faster and this in turn further limits the range. Attempts to find solutions to these problems are continuing within the US operations. Among other things, a separate battery for the air conditioning system is now being tested. If this is successful, a major order is expected to be placed in the California market. Delivery is expected in 2021. Loomis still assess electric vehicles to be a solution that in the long term can help to reduce the Group's carbon emissions.

HVO fuel[1)] is the single most important key to quickly and effectively lowering carbon emissions from transports. In Sweden, Norway and Finland there is a good supply, however it is not available in other markets. Today the pace of production is too slow and demand exceeds supply.

In 2019 Loomis looked for potential suppliers and infrastructure solutions. To highlight the global problem, address the sluggish market and encourage a solution-oriented attitude to increase the supply of renewable diesel, Loomis reached out to 100 politicians, fuel suppliers and NGOs in Europe, Turkey and the USA. Many contacts were established and several discussions took place. So far Loomis's needs have not been met because the small volume of HVO that exists in the market is used by the EU countries to meet their reduction obligations[2)]. Discussions in the USA have led to the launch of an HVO pilot project California in the first quarter of 2020. Right now this is the only state in the USA that can offer this solution.

Altogether the 2019 result for the reduction of carbon emissions is below the desired level. Not having access to HVO is a challenge that Loomis shares with many peers in the transport industry. It appears that the situation will remain unchanged for at least the next three years. The way in which biofuel legislation and tax policies develop will be highly significant. Renewal of the vehicle fleet to more electric vehicles has proved to be a long development curve. The safety and range requirements mean that existing options will not work for Loomis's particular operations. Loomis is determined to continue working on this and to find viable solutions over time.

The Company's carbon density, $tCO_2e$/MSEK, for the 2017 base year was 9.47. It improved in 2019 to 8.39.

### 3 *Reduction in plastic usage*

**Target**

Security bags for cash are made from plastic because this material effectively meets all of the comprehensive industry standards and safety criteria. The target is increased resource efficiency and reduced raw material consumption in production to reduce the Group's plastic usage by 30 percent by the end of 2021, compared to the base year 2017.

**Challenges, risks and opportunities**

New plastic from fossil materials is produced using the planets finite resources. Loomis has therefore initiated a process of change and has taken steps that will help promote a transition in the production chain.

**Management and implementation**

As one of several means of reducing the Company's climate impact, Loomis is taking steps to address plastic usage in its operations. The standards for security bag design are controlled in minute detail to minimize risk and increase security. To completely abandon plastic for another material is not a viable option today. Loomis is therefore focusing first of all on reduction and efficiency improvement in the plastic usage, to increase the mix of recycled material in production and to ensure that used plastics are recycled.

To reduce the Group's plastic usage in the short term, Loomis has identified two main approaches: using security bags made from recycled plastic or non-fossil plastic, and reducing total volumes through increased efficiency. Loomis has a three-step process to move in the right direction: 1) coordinate purchasing and standardize sizes and formats, 2) engage in dialogue with manufacturers about increasing the use of recycled material in production, with the objective of new

*1)Comparable to fossil diesel, but made from renewable raw materials. 2) Fuel suppliers must increase blending of biodiesel in diesel in order to reduce overall greenhouse gas emissions.*

security bags being made from at least 60 percent recycled material, and 3) increase circularity, i.e. used plastic sorted at source for recycling. Since this initiative was introduced in 2018, steps have been taken for a path to reach the 2021 target.

**Key ratios and KPIs**

Progress and results are monitored based on KPIs:

- Change in total plastic usage.
- Share of recycled plastic.
- Share of plastics sorted at source.

**Follow-up and 2019 results**

In 2019 the European segment signed and implemented a new centralized agreement for security bags. This provides a common solution for manufacturing and delivery. It involves extensive standardization to reduce the number of different formats and designs from 106 to 11. Fewer models yield a reduction in raw material consumption as the bags are smaller and waste is reduced. The plastic bags will also be thinner but offer the same level of security. Loomis has also ensured that all bags are made of at least 80 percent recycled[1)] plastic. To achieve carbon neutrality Loomis has purchased carbon offsets[2)] in advance for all production and associated transportation by the Company's suppliers. Climate offsets are handled by a third party. Loomis's contributions go to the projects *Clean Oceans Plastic Bank Worldwide* and *Forest Protection Pará in Brazil.* The plastic project is based on building infrastructure to collect plastics in countries like Haiti, Indonesia and the Philippines. The collected plastic is exchanged at a local "plastic bank" for money, food, clean water or money for school, to help people with basic needs while also cleaning up plastic in natural environments. The collected plastics are recycled and reintroduced into production. The project in Brazil aims to prevent continued commercial deforestation by providing local families in the state of Pará with alternative sources of income.

In comparison to Loomis's European operations, the US operations have lower volumes of plastic in circulation, mainly because the majority of the customers provide the bags themselves. To reduce the volumes that Loomis can impact, a similar initiative is under way to reduce raw material consumption and introduce recycled plastic into production. Full implementation is expected in 2020. The full effects of the results are expected in 2021.

The 2019 results show that Loomis Europe reduced total plastic usage by 29 percent compared to 2017 levels. The USA reduced total plastic usage by 3 percent compared to 2017 levels. Overall the Group has reduced total plastic usage by 22 percent compared to 2017 levels. The volume of recycled plastic in production has increased to 24 percent compared to 5 percent in 2017. In 2020 the effect of the agreement in Europe should be fully apparent. The Group's sorting of security bags at source has increased to 16 percent from 7 percent in 2017. All in all the results indicate that Loomis is set to reach the 2021 target.

## 4 *A fair and equal-opportunity employer*

**Target**

Loomis's responsibility as an employer has a direct link to matters of trust, diversity and corporate culture. Having motivated employees and ensuring their professional development is one of the cornerstones of a sustainable organization. It is essential in order to offer customers first-class service and a high level of safety every day. Loomis's target is to be a fair and equal-opportunity employer.

**Challenges, risks and opportunities**

As a service company, Loomis is largely dependent on its employees. Their professional skills and ability to gain the trust of the customers are crucial to the Company's bottom line. Competition for talent is significant. It is a challenge in all markets, albeit in varying degrees, to recruit and retain a sufficient number of

*1) Certified by German eco label Blue Angel (1978). 2) Climate compensation is to pay a fee that goes to projects (mainly in developing countries) that will reduce emissions of carbon dioxide or other greenhouse gases corresponding to the emissions that have been caused.*

personnel. As an employer Loomis has a responsibility to create a stimulating workplace to attract and develop employees. This guarantees high-quality delivery and continued development of the business.

**Management and implementation**

Since Loomis is a highly decentralized organization with operations in many markets with different cultures, it is vital to operate based one common set of values. This is provided by the Loomis Model and day-to-day work within the Company is guided by the Model's core values, Code of Conduct, principles and processes. The Loomis Model gives the Company a framework that creates trust, security and clarity for all parties involved and at all levels.

Each Country President has ultimate responsibility for the employees and management of day-to-day operations. Loomis's Sustainability Policy establishes links to the UN's principles on human rights and labor law (ILO)[1]. The Company convenes a European Works Council (EWC) meeting annually for open, productive dialogue between Loomis's union representatives and Group Management. Each country complies with local laws and regulations in force. If there are grounds for establishing a collective agreement, Loomis participates in accordance with UNI[2] where this is in compliance with local laws and regulations.

*Values and Code of Conduct*

Loomis's employer responsibility is to ensure that all employees are offered a safe workplace and a sound and open working environment. The Company's Code of Conduct contains the fundamental values and codes that clearly establish, among other things, the Company's zero tolerance for all forms of discrimination, and that each individual must be treated with respect. If employees do not feel safe in expressing an opinion, there is an anonymous whistle-blower system called the Loomis Integrity Line. The Code of Conduct establishes Loomis's values: People, Service, Integrity. One way of ensuring that the Code and its values are kept alive within the corporate culture is that the Code included in the introduction packet that each new employee receives. Since 2018 the goal is also for all employees to complete an annual refresher course in the Code of Conduct. >Loomis's Code of Conduct is available on www.loomis.com

*Governance model*

To further ensure a uniform approach in a decentralized corporation, Loomis has common principles for guiding the work of HR departments. Significant value is created when 25,000 people understand and can live up to the Company's promise to the market. Guidance is provided by the "Attract & Recruit – Retain & Develop" tool. The principles cover processes for recruitment, pay, employee surveys and professional development. To ensure, for example, a fair and objective assessment of salaries and benefits, a "grandfather" principle is applied, i.e. an employee's immediate superior does not make the final decision. Approval is instead required from the manager two steps above the employee's level.

In the area of professional development, Loomis offers group-wide development and succession programs, as well as individual performance evaluation. For the recruitment process there are common checklists which include a mandatory background check for each potential employee. It is the responsibility of local management to ensure that all employees have the right conditions, training and skills to perform their duties.

Each country conducts its own employee survey on a regular basis and monitors progress. At the Group level an annual employee survey is implemented to monitor performance in relation to three KPIs that are part of the sustainability platform. See two of these below. >The third is associated with the zero workplace injuries focus area, see page 65.

**Key ratios and KPIs**

The extent to which Loomis lives up to its responsibility as an employer is measured at group level using the

*1) The International Labor Organization (ILO) is the UN trade union body for labor affairs. 2) UNI Global Union is an international association for about 900 trade unions from all over the world.*

following indicators:
- Employee perception of two statements: “At Loomis we are treated fairly regardless of age, ethnicity, sexual orientation, disability or gender.” and “I consider Loomis to be an equal-opportunity and responsible employer.”.
- Customer perception of the statement: “I consider Loomis to be a fair and equal-opportunity employer and a responsible employer and member of society.”.
- Average number of training hours/employee/year.

**Follow-up and 2019 results**

In 2019 Loomis continued to invest in the core values, reinforced professional development and increased knowledge transfer between countries.

*Core values*

In 2019 the Loomis Model was developed from being a tool in the form of a business model for the Company’s managers to being a digital handbook for all employees. Training in the Loomis Model and compliance is provided in the Group-wide digital training and development platform called Loomis Academy. In 2019 the compulsory online courses in the Company’s Code of Conduct and anticorruption continued, and the platform has also been used for other types of local training.

Going forward Loomis Academy will also be used to more proactively share knowledge and lessons learned about existing and new products and services to increase efficiency and profitability in the group. Knowledge about, for example, optimal cash management routines can be transferred from a country with high margins to countries with lower margins, or employees can learn about new customer offerings and when they are launched in new markets.

*Professional development*

Leadership requirements and critical competencies vary in Loomis’s different markets. Challenges and conditions varies between countries. Acquisitions are made and new talent needs to be embraced while Loomis moves higher up the value chain locally. Leadership needs to be developed and management teams prepared for the expanded role that Loomis’s operations require over time. A leadership program initiative has been produced with a planned launch in 2020. The Loomis Improvement Method has also been created, aimed at facilitating self-help in business development and continual renewal for local country management teams. In 2020 the goal is to involve more country management teams that are interested in taking part in a pilot project. Based on the experiences gained from the pilot project, additional countries will be added to the initiative.

*Knowledge transfer*

Common tools and knowledge transfer between countries are increasingly important aspects. A key source of support in this area is the digital internal meetingplace and business model, Loomis Model 2.0, which has been produced to increase understanding of and knowledge about Loomis’s strategy, operations and processes. In 2019 all of the employees were given an introduction and access to the digital tool on their phone or computer. Loomis Model 2.0 is also used in recruitment contexts, for internal management training and in meetings with customers. Feedback from the organization has pointed to benefits relating to the simplicity, availability and user-friendly content. The focus for 2020 and onwards is to further develop the content and internal communication to promote interaction and to maintain Loomis Model 2.0’s function as an active internal meetingplace.

To create transparency around how Loomis is living up to its responsibility as an employer, three statements are included as KPIs. The results are a direct reflection of the employees’ and the customers’ perceptions of Loomis. As part of the course in the Loomis Code of Conduct and Anti-Bribery Policy, the employees are asked how accurate they believe the two statements about Loomis as an employer are. The 2019 results show that 85 percent of the Company’s employees agree that: “At Loomis we are treated fairly regardless of age, ethnicity, sexual orientation, disability or gender." The result is similar (84 percent) for the statement "I consider Loomis to be an equal-opportunity and responsible employer." This is the second year the questions were asked. Next year more employees, including new recruits, will answer the questions and we will therefore see movement in the results.

In addition to the employee survey a customer survey was conducted. The customers were asked about their perception of Loomis as an employer with respect to how it treats its employees. The 2019 results show that 88 percent of the customers asked agree with the statement: "I consider Loomis to be a fair and equal-opportunity employer and a responsible employer and member of society." The customer survey is carried out once a year. This was the second year that this question was asked. >See KPI table on page 79.

### 5 *Zero tolerance for unethical behavior*

**Target**

Loomis intends to maintain and promote business methods with the highest ethical standards. Loomis is constantly striving to develop integrity management and compliance with rules – a task that can never be considered complete. Loomis does not therefore set a quantitative goal such as zero incidents. Loomis's approach and targets are instead based on a zero tolerance for unethical behavior.

**Challenges, risks and opportunities**

For a company whose business model is based on trust, issues such as corruption and bribery are very important. To ensure sustainable development over time Loomis must constantly pay attention to and be conscious of the risks associated with unethical behavior to protect the Company, the employees and customer value. The risk of fraud or other deviations from the core values and policies always exists. The challenge is to constantly evaluate external and internal risk and keep the Company's core values for ethical and moral standards alive in the organization. The solution is to have routines and processes in place to be able to pursue these efforts on an ongoing basis, to identify deviations and always take action.

**Management and implementation**

Loomis has a strong ethical framework within the Company, which is set out in the Loomis Model. It works as a compass for the whole company, guiding people toward the core values, Code of Conduct, Sustainability Policy and 10 key principles for how the business should be organized and run. >Read more on page 31.

Since employees compose the ethical culture at Loomis, the Code of Conduct is key to upholding the rule of zero tolerance. Group Management and the management teams in each country have an important responsibility to practice what they preach. There are professional development and training programs in the Code of Conduct for all employees, every new recruit goes through an introduction program and there is also a focus on recruiting the right people with the right values. All of this helps to minimize the risk of unethical behavior and negative impacts on Loomis and the customers.

In 2010 an anonymous whistleblower system called Loomis Integrity Line was established for reporting unethical behavior. The Integrity Line is an internal reporting tool which all Group employees can use by mailing or calling (local call in local language) in to anonymously report any observations and to alert of behavior that may violate Loomis's values, Code of Conduct or other policies, laws or rules in effect. The conversations are handled by a third party and then reported to the Group's Chief Human Resources Officer or Group Head of Risk after assessment and categorization by the third party. There is also the option to report to the Chairman of the Audit Committee. All cases relating to unethical behavior that are submitted to the Group are followed up, investigated and the appropriate actions taken.

### Key ratios and KPIs

Results are measured and followed up annually at group level according to KPIs:

- 100 percent of all reports of unethical behavior are followed up.
- The customers' perception of the statement: "Loomis is a trusted partner.".
- Percentage of employees receiving annual policy training on Loomis Code of Conduct and Anti-Bribery Policy.

### Follow-up and 2019 results

In 2018 Loomis's introduced a group-wide digital training platform to facilitate implementation of multiple initiatives and to monitor progress. The same year the target was set that all employees are to receive training once a year in the Loomis Code of Conduct and in the Anti-Bribery Policy. The first year 60 percent of all employees completed the training. The result for 2019 is the same. The US operations have had the most success, with more than 76 percent of all employees completing the training. It is now part of the compulsory introduction packet for all new employees in the USA. The average for the European operations is not as high, 50 percent. This is due to France being permitted to delay implementation until the first quarter of 2020 as operations there have been fully occupied with integrating two new acquisitions. If France were to be excluded, the implementation level would be 63 percent for Europe.

In 2020 the training and implementation will be a natural part of operational management. In total around 22,000 of 25,000 employees have completed the course on at least one occasion. This is important confirmation of the impact of the platform and a satisfactory result showing that the Loomis Model, with its strong ethical framework, is reaching all employees.

In the customer survey customers were asked if they consider that "Loomis is a trusted partner". The 2019 results show that 90 percent of customers asked agree fully with the statement, which is sound confirmation of customer trust.

As described earlier, Loomis has zero tolerance for unethical behavior. Every report on potential unethical behavior must be followed up and appropriate action taken. 100 percent of reports of unethical behavior received in 2019 were followed up. Of the total number of reports received most involve opinions on situations within local operations. No case in 2019 has required the involvement of the President or the Board of Directors.

## 6 *A local player*

### Target

Being a local actor is being part of the local community and knowing the customers and local environment in general. Being a responsible local actor means above all working with and having a constant and transparent dialogue with the Company's stakeholders.

### Challenges, risks and opportunities

What happens in the community has direct significance for Loomis's operations. Since Loomis is a Group that operates in many markets with different cultural characteristics and with a highly decentralized business model, it is important to have a close dialogue with the local market to follow, understand and impact the development of communities in a sustainable direction.

### Management and implementation

Responsibility for implementation of the Company's common sustainability efforts, including a focus on respect for human rights and labor law, rests with the national organizations. The management in each market where Loomis operates has an important responsibility to remain close to their stakeholders and be a proactive partner. There are, for example, opportunities to develop and get involved in local projects of a social nature that are close to one or more branches. Above all is about being close to the local market in order to quickly understand market signals, identify changes in customer behavior and have the right knowledge on which laws and rules affect the relationships to the employees or the business. Good local dialogue ensures sound, lasting partnerships with local stakeholders.

**Follow-up and 2019 results**
*Customer dialogue*
When Loomis implemented its materiality analysis in 2017 stakeholders were asked about which areas the Company had a significant impact. The results formed the foundation for today's sustainability platform. Two of 16 indicators are directly linked to the customers' perceptions of Loomis role as an employer and a reliable supplier that they can trust. Starting in 2018 the Company is gathering feedback from the customers once a year. The 2019 survey is the second one. Based on a scale of one to seven, the Company has asked the customers to provide their opinion on whether: Loomis is a fair, equal-opportunity and responsible employer and member of society, and Loomis is a trusted partner. The results at the Group level show that 88 percent (82) agree with the statement about Loomis as an employer, and 90 percent (90) agree with the statement relating to customer trust in Loomis.

On the same occasion Loomis also asked a number of questions about its ongoing sustainability work and its focus. This resembled a simple validation of the six focus areas. It is nteresting to note that the most important focus area for all customers, regardless of market, was zero tolerance for unethical behavior. The second was efforts to prevent accidents related to violence or traffic. All of the focus areas were approved by more than 80 percent, which is considered as a customer affirmation and validation of the focus areas.

*Supplier dialogue*
To increase transparency for the Company's impact throughout the value chain, Loomis started a process of over-hauling and developing its Supplier Policy in 2019 from a sustainability perspective. Loomis's European operations are the first to implement this and, starting in 2020, will initiate a dialogue with the Company's main suppliers. This is an area that will be developed in preparation for the next strategy period.

*Stakeholder dialogue*
One area covered in the materiality analysis in 2017 but which was not considered material at the time is Loomis's responsibility to reduce crime in society. Loomis is seeking local partners who are contributing to young people having a better education and better environment growing up, improving their future prospects and thereby reducing the risk of falling into a criminal lifestyle. All of this benefits the individual, the local community and helps ensure a safer working environment for Loomis's employees. In 2019 Loomis launched a global initiative aimed at finding one or more partners.

HVO fuel[1)] is, as previously mentioned, the single most important key to quickly and effectively lowering the Group's carbon emissions. In 2019 the Company looked for potential suppliers and infrastructure solutions. The ensuing dialogues have enriched the Company's contact portfolio and provided many interesting discussions.

Thru its sustainability policy Loomis has committed itself to the UN principles on human rights and freedom of labor, ILO. During the year Loomis has carried out a European works council (EWCO, a cross border meeting with the purpose of creating an open dialogue that creates value between union representatives and Loomis management). Taking an active part in different associations further enrich Loomis stakeholder dialogue. >See list of memberships on page 83.

*1) To be compared with diesel, but made from renewable raw materials.*

# Method description

Loomis's sustainability platform is based on legal provisions in the Swedish Annual Accounts Act and the outcome of a materiality analysis. The process is carried out according to the GRI standards and has helped Loomis to determine which environmental, financial and social areas the Company should focus on and report on. The areas have been matched against several of the UN's Sustainable Development Goals.

## Materiality analysis

A two-stage process began in 2016 to identify the Company's material areas and boundaries; first in a self-evaluation within the Extended Group Management Team (EGMT) and then in a stakeholder dialogue with employees, customers and important decision-makers. Taking these aspects into account has been crucial in order to gain a proper understanding of Loomis's impacts and how they are related to the Company's business model and strategy.

*Step 1: Self-evaluation*

The self-evaluation process began with a sustainability survey in management teams on group and regional level. The results were discussed by the EGMT. The survey's purpose was threefold:

- To rate material aspects in order to do business sustainably.
- To identify and prioritize stakeholders for further dialogue on sustainability matters. Outcome: customers, employees, authorities, Board of Directors and suppliers.
- To determine which areas stakeholders consider to be important.

The internal rating of material aspects in order to do business sustainably resulted in five main areas being identified:

1. Values, ethics and the Company's Code of Conduct
2. Participation in social projects in local communities
3. Cost-efficiency
4. Reduction of carbon emissions
5. Labor issues.

*Step 2: Stakeholder dialogue*

The next step in evaluating Loomis's material aspects was a dialogue with customers, the Board and employees.

**Customers:** In the 2016 annual customer survey, customers in 15 countries were able to reflect on Loomis and sustainability in the same way as in the self-evaluation process. The results showed that customers and Loomis's internal decision-makers were largely of the same opinion. In 2017 a review and validation of the outcome was conducted through qualitative customer interviews and the materiality analysis was validated. This laid the foundation for Loomis's sustainability platform.

**Board:** The Board replied to the same questions and the outcome was in line with management opinions.

**Employees:** Employee surveys are conducted at least once every two years in each country. Some of the questions are aimed at getting a sense of how the employees perceive Loomis and sustainability. The 2016 survey results show that most of them confirm the materiality analysis outcome in general, but with a greater emphasis on social projects in local communities.

To create coordinated feedback in sustainability issues, a battery of questions has been created and is now part of the annual course in the Loomis Code of Conduct. >Employee perceptions of the three statements are presented in a KPI index on page 79.

As a financial confirmation of Loomis's material aspects, the Company's five largest cost items are[1]: salaries and payroll costs, vehicle costs, cost of premises, technical equipment, and costs relating to risk and insurance policies.

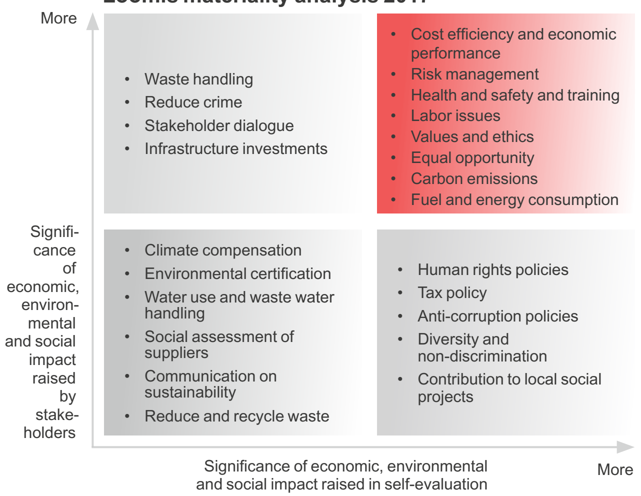
*1) See Note 10 Operating expenses.*

*Reconciliation of materiality and legal requirements*

How and to what extent Loomis impacts the various aspects in the materiality analysis depends on how closely linked they are to the Company's operations. Even if Loomis does not control each aspect, they are still included value chain and considered equally important.

After identifying material aspects, the next step was to design a sustainability platform based on which long-term processes would be put in place. The material aspects were grouped into six focus areas with their respective goals and KPIs. Each area was checked against the reporting requirements. The platform constitutes the basis for sustainability reporting and sustainability work that Loomis is pursuing in the first step up to the end of 2021.

**Loomis materiality analysis 2017**




## Material risks

A description of risks with a material impact has been reported for each focus area. In a wider perspective it is interesting to note the following risks as well. As Loomis grows so does the Company's impact in all material aspects. Increased business results in more transport routes traveled, which also leads to a growing vehicle fleet, more fuel used, more employees, more plastic bags for cash and more energy consumed. The challenge is to grow sustainably and to balance these various aspects. A particularly difficult challenge is how to reduce carbon emissions in a growing transport business. Total carbon emissions are analyzed and carefully monitored. Reduction of carbon emissions is mainly concentrated on Scope 1 (emissions where the Company has a direct impact, in this case Loomis's own transport operations) and Scope 2 (indirect impact, such as energy consumption in premises and data centers). Reductions in carbon emissions are measured and monitored in absolute terms and in key ratios which place emissions in relation to the Company's business volume (see next section).

>For a report of Scope 1-3 see page 82.

## Accounting principles

*Data collection, validation and calculation*

Since 2018 Loomis has been working with a third-party supplier of a sustainability reporting system. On a quarterly basis, each country reports the data that is needed to make calculations based on the KPIs. The data is verified by Loomis. Calculations and carbon calculations in Scope 1–3 are made by the third party according to the Greenhouse Gas Protocol (GHG). Energy calculations are based on the GHG location-based method, which is based on each geographically distinct country's emissions from electricity production, regardless of whether they pay for renewable electricity or not. Calculations on changes in carbon emissions are made in relation to the Group's operational volume. An accurate and transparent indicator for operational volume in relation to transportation is kilometers on the road.

*Employees*

Employees are people employed by the Loomis Group. All data on gender distribution, job distribution, age distribution and collective agreements are based on the average number full-time employees at the end of the year. Absence is calculated as number of hours of absence due to illness in relation to planned work hours.

## Independent review

Loomis's auditors verify that the Company has prepared a sustainability report in compliance with the Swedish Annual Accounts Act.

## Contact information

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# Results based on Loomis’s KPIs

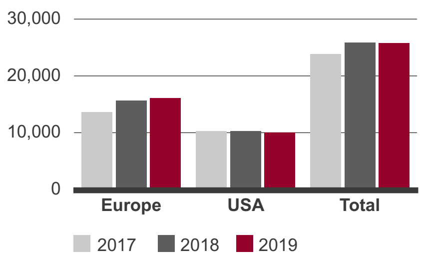
*The following is an overview of all KPIs included in Loomis’s sustainability platform and their development over time. The base year was 2017. Three targets have a 2021 time limit. The other KPI's have no time limit.*

| | 2017 | 2018 | 2019 | GOAL |
|---|---|---|---|---|
| **Health and safety**<br>**2021 target: Zero workplace injuries** | | | | |
| Employee perception of the statement: “Loomis’s safety routines are designed to ensure my safety.”, % | ● | 86%[1] | **85%** | 100% |
| Number of injuries from violence and traffic | 165 | 214 | **186** | 0 |
| Number of traffic accidents/10,000 km | 0.071 | 0.068 | **0.074** | Decrease |
| **Environment**<br>**2021 target: Reduce carbon emissions by 30%** | | | | |
| Change in direct carbon emissions, $CO_2$e/operational volume, % | 156,124 $tCO_2$e[2] | -2% | **-5%** | -30% |
| Fuel consumption/kilometer | 0.22 | 0.21 | **0.21** | Decrease |
| Number of vehicles with telematics installed | 20% | 27% | **76%** | 100% |
| **Environment**<br>**2021 target: Reduce plastics by 30%** | | | | |
| Change in plastic consumption, thousand kg | 1,810 | -9% | **-22%** | -30% |
| Recycled plastic in security bags, % | 5% | 10% | **24%** | 60% |
| Plastic sorted at source, % | 7% | 10% | **16%** | Increase |
| **Focus: Smarter energy supply** | | | | |
| Average energy consumption, kWh/m² | ● | 167 | **118** | Decrease |
| **Social and human rights**<br>**Focus: Fair and equal-opportunity employer** | | | | |
| Employee perception of the statement: “At Loomis we are treated fairly regardless of age, ethnicity, sexual orientation or disability or gender.”, % | ● | 84%[1] | **85%** | 100% |
| Employee perception of the statement: “I consider Loomis to be a responsible and equal-opportunity employer,”, % | ● | 84%[1] | **84%** | 100% |
| Customer perception of the statement: “I consider Loomis to be a fair and equal-opportunity employer, and a responsible employer and member of society.”, % | ● | 82%[1] | **88%** | 100% |
| Average number of training hours per employee and year | 6 | 14 | **17** | Increase |
| **Anti-corruption**<br>**Focus: Zero tolerance for unethical behavior** | | | | |
| Reports of unethical behavior or leadership being followed up, % | 100% | 100% | **100%** | 100% |
| Employees receiving annual policy training in Loomis’s Code of Conduct and Anti-Bribery Policy, % | ● | 60% | **60%** | 100% |
| Customer perception of the statement: “Loomis is a trusted partner.”, % | ● | 90%[1] | **90%** | 100% |

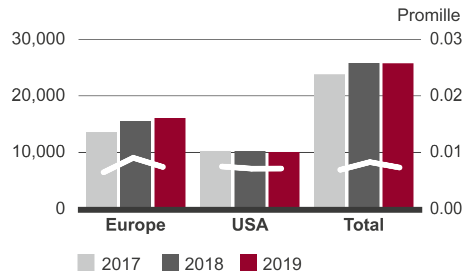
*1) The number is updated to reflect a change in methodology. 2) >See full report on carbon emissions on page 82.*

# Key ratios[1)]

## Number of heads

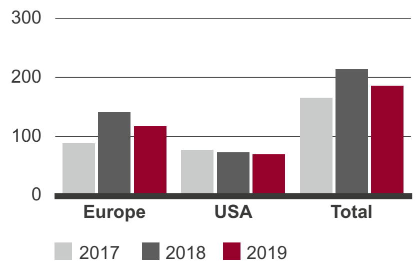



## Injuries vs total number of heads



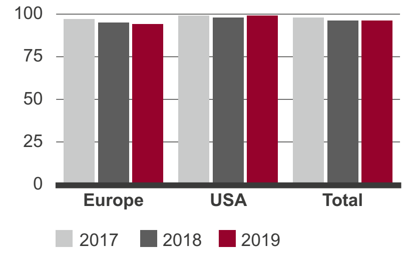

*Right y-axis shows the proportion of damage in per mille.*

## Number of injuries

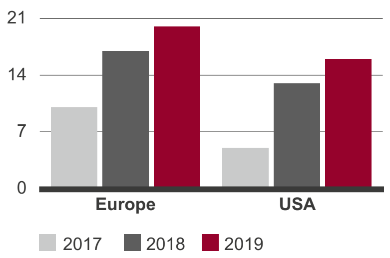



*Injuries from external violence and/or traffic causing absence from work.*

## Attendance rate, %

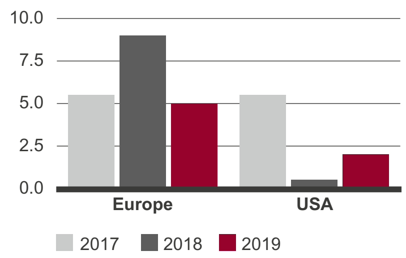



## Average number of training hours in direct operations

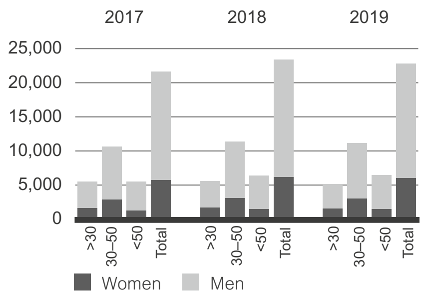



*Direct operations refers to employees who work with cash and valuables management within CIT, CMS and VIT.*

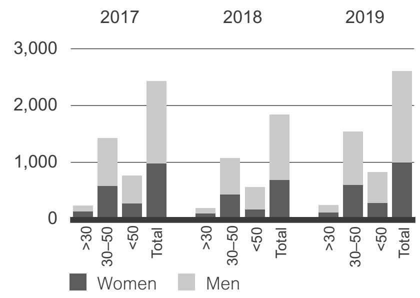
## Average number of training hours in administration




## Number of heads in direct operations per gender and age group

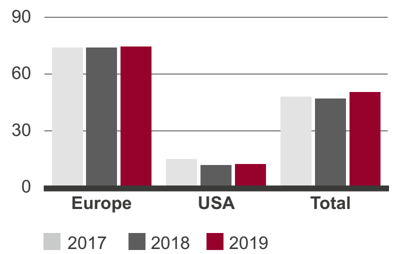



## Number of heads in administration per gender and age group

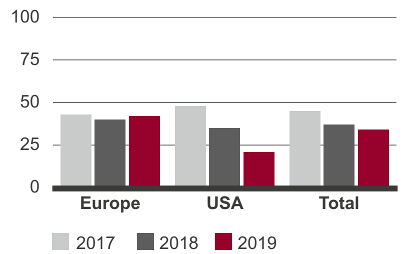



*1) Data for CPoR and Prosegur are not included in the 2019 key ratio report. Key ratios for Segments Europe and USA, 2017 and 2018, are updated to include Segment International's volumes.*

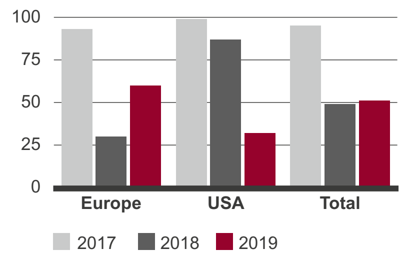
### Heads covered by collective bargaining agreements, %



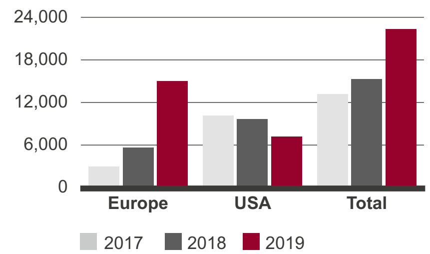

### Heads in direct operations, receiving performance and career development review, %



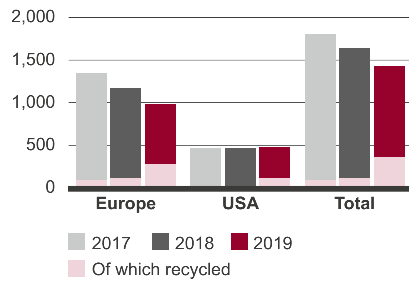

### Heads in administration, receiving performance and career development review, %



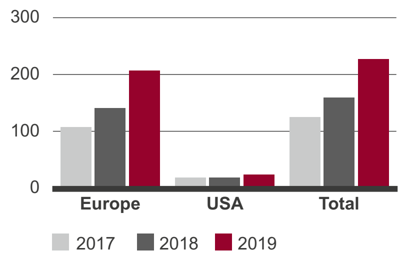

### Total number of heads trained in Loomis Code of Conduct and Anti-Bribery Policy



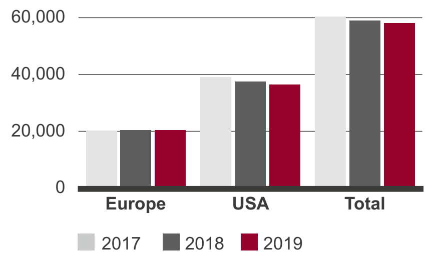

### Total plastic usage and use of recycled material in production, thousand kg



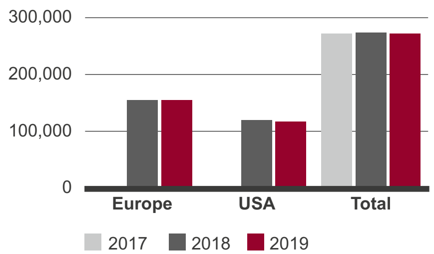

### Plastic sorted at source, thousand kg




### Fuel consumption, 1,000 liter

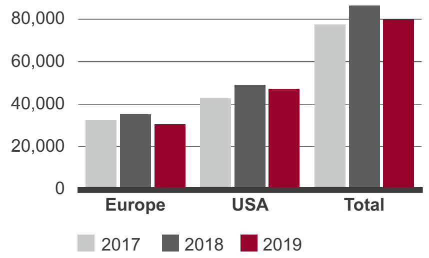



### Total transport, 1,000 km



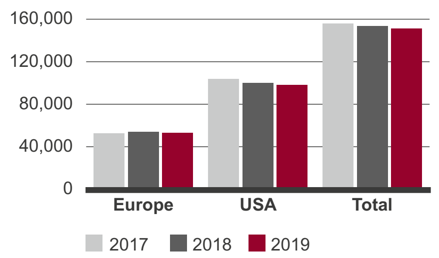

*Data for 2017 was reported only at group level.*

## Energy, 1,000 kWh/m²



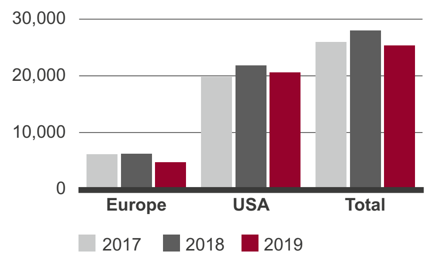

*Missing data for energy centers, Loomis Germany, Prosegur and CPoR.*

## Carbon emissions, $CO_2$e, transport (Scope 1), tonnes



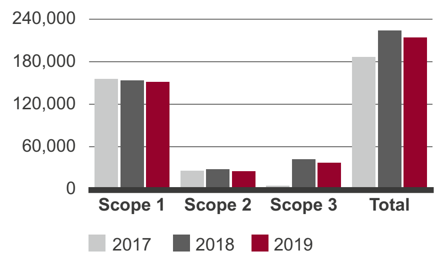

*Scope 1 according to GHG protocol guidelines: Includes direct emissions from operations from sources controlled by the Company.*

## Carbon emissions, $CO_2$e, energy (Scope 2), tonnes



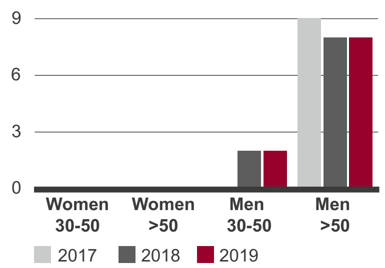

*Scope 2 according to GHG protocol guidelines: Indirect emissions from purchased electricity, steam, heat and cooling on the producer side. Missing data for Loomis Germany, Prosegur and CPoR.*

## Total carbon emissions, $CO_2$e, all scopes, tonnes

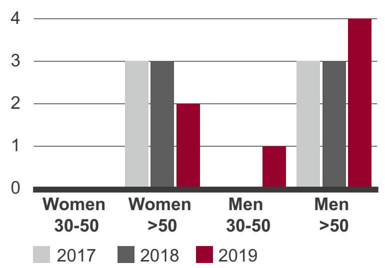



*Scope 3 according to GHG protocol guidelines: Includes emissions that come from operations but that are not included in Scope 1 or Scope 2. For Loomis, third-party transport represents about 80 percent of total Scope 3 emissions. All carbon emissions are calculated by a third party based on data reported by Loomis.*

## The composition of Loomis's group management per age and gender




## The composition of Loomis's board of directors




## Membership of Association

| Entity | Name of organization |
|---|---|
| Loomis AB | UNI, Transportarbetareförbundet, EWC, ESTA |
| Loomis Argentina | Cámara de Empresas Argentinas de Transportadoras de Caudales |
| Loomis Austria | WKO, VSÖ |
| Loomis Belgium | BVBO |
| Loomis Denmark | DI, VSI, Collective agreement HK, Collective agreement VSL |
| Loomis Finland | PALTA ry, Suomen Vartioliikkeiden Liitto ry, SKAL ry, Ammattipätevyyskouluttajat ry |
| Loomis France | USP Valeur |
| Loomis Norway | NAF |
| Loomis Portugal | AES |
| Loomis Spain | APROSER |
| Loomis Sweden | Säkerhetsföretagen |
| Loomis Switzerland | VSSU |
| Loomis Turkey | GÜSOD |
| Loomis Germany | BDGW |
| Loomis GB | British Security Industry Association, SIA Approved Contractor, National Security Inspectorate, Banknote Watch, Disclosure and Barring Service, British Retail Consortium, Link Up, Safecontractor, Fleet Operator Recognition Scheme |
| Loomis USA | NACA, IACOA, ASIS |
| Loomis International | Dubai: Secuirity Industry Regulatory Agency Switzerland: BAZL - Bundesamt für Zivilluftfahrt |

# GRI Index

*The following index presents the Global Reporting Initiative Standards that are deemed material to Loomis's operations. Page references indicate where more information can be found in the 2019 Annual and Sustainability Report.*

| GRI Standards | Comment or page |
|---|---|
| **GRI 102: GENERAL DISCLOSURES** | |
| **Organizational profile** | |
| 102-1 Name of the organization | Loomis AB |
| 102-2 Activities, brands, products and services | >Page 5 |
| 102-3 Location of headquarters | Stockholm, Sweden |
| 102-4 Location of operations | >Page 3 |
| 102-5 Ownership and legal form | >Page 36-37 |
| 102-6 Markets served | >Page 3 |
| 102-7 Scale of the organization | >Page 3 |
| 102-8 Information on employees and other workers | >Page 31-33, 81-82 |
| 102-9 Supply chain | >Page 4-6 |
| 102-10 Significant changes to the organization and its supply chain | >Page 87 |
| 102-12 External initiatives | >Page 40 |
| 102-13 Membership of associations | >Page 82 |
| **Strategy** | |
| 102-14 Statement from senior decision-maker | >Page 7 |
| 102-15 Key impacts, risks, and opportunities | >Page 6, 10-12 |
| **Ethics and integrity** | |
| 102-16 Values, principles, standards, and norms of behavior | >Page 20-22, 31-33 |
| 102-17 Mechanisms for advice and concerns about ethics | >Page 20-22, 31-33 |
| **Governance** | |
| 102-18 Governance structure | >Page 40-53 |
| 102-20 Executive-level responsibility for social, environmental, and economic topics | >Page 7, 61 |
| 102-21 Consulting stakeholders for social, environmental, and economic topics | >Page 77-78 |
| 102-22 Composition of Board of Directors | >Page 54-55 |
| 102-23 Chairman of the Board of Directors | >Page 54 |
| 102-24 Nominating and selecting the highest governance body | >Page 40-46 |
| 102-25 Conflicts of interest | >Page 45 |
| 102-28 Evaluating the highest governance body | >Page 40-46 |
| 102-30 Effectiveness of risk management processes | >Page 47-53 |
| 102-35 Remuneration policies | >Page 117-119 |
| 102-36 Process for determining remuneration | >Page 47-53 |
| 102-38 Annual total compensation ratio | >Page 118 |

| GRI Standards | Comment or page |
|---|---|
| **Stakeholder engagement** | |
| 102-40 List of stakeholder groups | >Page 76-77 |
| 102-41 Collective bargaining agreements | >Page 81 |
| 102-43 Approach to stakeholder engagement | >Page 76-77 |
| 102-44 Key topics and concerns raised | >Page 63, 78 |
| **Reporting practice** | |
| 102-45 Entities included in the consolidated financial statements | >Page 141 |
| 102-46 Defining report content and topic boundaries | >Page 63, 77-78 |
| 102-47 List of material topics | >Page 63, 78 |
| 102-48 Restatements of information | >Page 79 |
| 102-49 Changes in reporting | >Page 79 |
| 102-50 Reporting period | Jan 1 – Dec 31 2019 |
| 102-51 Date of most recent report | 3 April 2019 |
| 102-52 Reporting cycle | Jan 1 – Dec 31 2019 |
| 102-53 Contact point for questions regarding the report | >Page 78 |
| 102-56 External assurance | No |
| **GRI 201: ECONOMIC PERFORMANCE** | |
| 103-1 – 103-3 Management approach | >Page 40-46 |
| 201-1 Direct economic value generated and distributed | >Page 15, 36-38 |
| 201-3 Defined benefit plan obligations and other retirement plans | >Page 128-133 |
| **GRI 205: ANTI-CORRUPTION** | |
| 103-1 – 103-3 Management approach | >Page 40-53, 63, 74-75 |
| 205-2 Communication and training about anti-corruption policies and procedures | >Page 74-75, 81 |

| GRI Standards | Comment or page |
|---|---|
| **GRI 301: MATERIALS** | |
| 103-1 – 103-3 Management approach | >Page 63, 67-71 |
| 301-1 Materials used by weight or volume | >Page 81-82 |
| 301-2 Recycled input materials used | >Page 81 |
| **GRI 302: ENERGY** | |
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| 302-1 Energy consumption within the organization | >Page 82 |
| **GRI 305: EMISSIONS** | |
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| 305-1 Direct (Scope 1) GHG emissions | >Page 82 |
| 305-2 Energy indirect (Scope 2) GHG emissions | >Page 82 |
| 305-3 Other indirect (Scope 3) GHG emission | >Page 82 |
| 305-5 Reduction of GHG emissions | >Page 64, 82 |
| **GRI 401: EMPLOYMENT** | |
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| **403: OCCUPATIONAL HEALTH AND SAFETY** | |
| 103-1 – 103-3 Management approach | >Page 31-33, 34-35, 63, 65-67 |
| 403-2 Number of injuries and absenteeism | >Page 80 |
| 403-4 Health and safety topics covered in agreements with trade unions | UNI Agreement |
| **GRI 404: TRAINING AND EDUCATION** | |
| 103-1 – 103-3 Management approach | >Page 31-33, 63 |
| 404-1 Average hours of training per year per employee | >Page 80 |
| 404-2 Programs for upgrading employee skills | >Page 31-33 |
| 404-3 Share of employees receiving regular performance and career development reviews | >Page 81 |
| **GRI 405: DIVERSITY AND EQUAL OPPORTUNITY** | |
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| 405-1 Diversity of governance bodies and employee | >Page 80, 82 |

| GRI Standards | Comment or page |
|---|---|
| **GRI 406: NON-DISCRIMINATION** | |
| 103-1 – 103-3 Management approach | >Page 31-33, 63, 71-74 |
| **GRI 412: HUMAN RIGHTS ASSESSMENT** | |
| 103-1 – 103-3 Management approach | >Page 63 |
| 412-2 Employee training on human rights policies or procedures | >Page 81 |

Stockholm, April 3, 2020

Board of Directors of Loomis AB

**Alf Göransson**
Chairman of the Board

**Ingrid Bonde**
Member of the Board

**Cecilia Daun Wennborg**
Member of the Board

**Jan Svensson**
Member of the Board

**Patrik Andersson**
Member of the Board,
President and CEO

**Lars Blecko**
Member of the Board

**Johan Lundberg**
Member of the Board

**Sofie Nordén**
Member of the Board,
employee representative

# Auditor’s statement

### Auditor’s report on the statutory sustainability report

To the general meeting of the shareholders of Loomis AB (publ.) corporate identity number 556620-8095.

### Engagement and responsibility

It is the board of directors that is responsible for the statutory sustainability report for the year 2019 on pages 59–84 and that it has been prepared in accordance with the Annual Accounts Act.

### Scope and focus of the examination

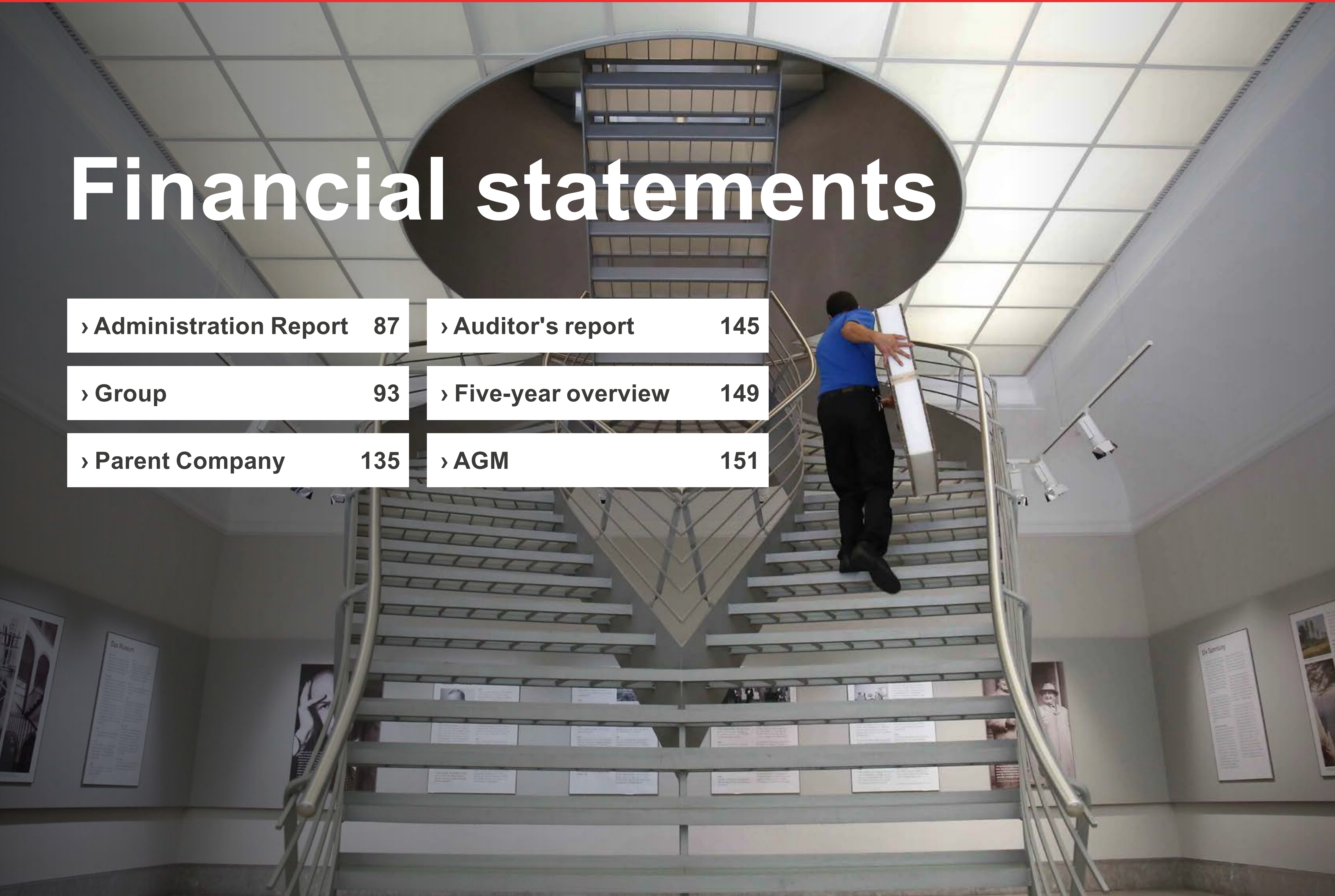
Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Au-diting and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Stockholm, April 3, 2020
Deloitte AB

**Peter Ekberg**
Authorized Public Accountant



# Financial statements

# Administration Report Loomis AB

The Board of Directors (the Board) and the President of Loomis AB (publ) corporate identity number 556620-8095, registered office in Stockholm, hereby present the annual financial statements and consolidated financial statements for the 2019 financial year.

## The Group's operations

Loomis offers national cash handing services in the USA, in major parts of Europe and in some parts of South America, as well as cross-border transportation of cash and precious metals and storage of valuables. The services are mainly aimed at central banks, commercial banks, retailers, other commercial enterprises and the public sector. Loomis offers a comprehensive range of services in Europe* and in the USA. In Segment Europe, cash in transit (CIT) accounts for 60 percent (62) of revenue while cash management services (CMS) accounts for 28 percent (29) and cross-border transportation and other services accounts for 12 percent (9). In Segment USA, CIT accounts for 62 percent (63) of revenue and CMS for 34 percent (33) and cross-border transportation and other services accounts for 4 percent (4).

Loomis' operations involve taking over the customers' risks associated with managing, transporting and storing cash, precious metals and valuables. In light of the nature of the business, there is a risk of the loss of cash and valuables due to criminality or failures in procedures, and a risk of personal injury. Managing and controlling these risks is therefore a key aspect of the Company's operations, and a total of 200 individuals work on operational risk management at the Group, regional and national levels. Common risk management structures, processes and systems are established at the Group level and employed by all of the local operations and branches. Tools and processes have been established to identify, take action and monitor risk. The risk management organization works both proactively and reactively. This includes implementing preventive measures, monitoring the external environment and carrying out crisis management. The safety of the employees is always the main focus of risk management and employees at all levels must understand and be able to manage the risks associated with their particular operations. A focus on ethics and values as well as well-defined work routines are key aspects of the employees' professional development. Actively monitoring the external environment also enables Loomis to anticipate possible incidents.

## Significant events during the year

*Acquisitions and divestments*

In February 2019 Loomis AB, through a wholly owned subsidiary, divested the art logistics and storage operations (Artcare) to Iron Mountain (Schweiz) AG. Artcare was acquired as part of VIA MAT in 2014 and was not part of Loomis' core business. The divested operations had revenue in 2018 of around CHF 5 million (equivalent to around SEK 45 million). Artcare was reported as part of Segment International. A capital gain before tax of around CHF 4 million, equivalent to SEK 35 million, was recognized and reported as an item affecting comparability in 2019.

In April 2019 it was announced that Loomis AB, through a wholly owned subsidiary, had entered into an agreement to acquire 100 percent of the shares in Prosegur Cash Holding France (PCF). PCF is primarily involved in domestic cash handling operations in France and has its head office in Lyon. PCF has around 630 employees and its net revenue in 2018 was around EUR 38.5 million. The acquired operations are reported in Segment Europe and were consolidated into Loomis as of closing of the transaction. The enterprise value amounted to around EUR 39 million. The transaction closed on July 22, 2019 at which time the purchase price was paid.

For further information about acquisitions implemented, refer to Note 15.

*Other significant events during the year*

In January 2019 it was announced that Loomis AB had signed a EUR 150 million five-year credit facility. This is a multi-currency revolving credit facility and matures in January 2024. The lead arrangers of the loan are Danske Bank A/S, Nordea Bank Apb and Crédit Lyonnais. The loan may be used to finance working capital and investments, and for other purposes. The agreement replaces a previous agreement of USD 100 million.

The Annual General Meeting on May 8, 2019 voted in favor of the Board's proposal to introduce an incentive scheme (Incentive Scheme 2019). Similar to Incentive Scheme 2018, the proposed incentive scheme (Incentive Scheme 2019) will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be in the form of Class B shares in Loomis AB to be allotted to the participants at the beginning of 2021. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2021, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the individual will retain the right to receive bonus shares. The principle of performance measurement and other general principles already being applied in the existing Incentive Scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments for this Incentive Scheme. To enable allotment of these shares, the AGM voted in favor of Loomis AB entering into a share swap agreement with a third party under which the third party will acquire Loomis shares in its own name and transfer them to the participants. The Incentive Scheme will enable around 350 key individuals within Loomis to become shareholders in Loomis AB over time. This will increase employee commitment to Loomis' development for the benefit of all shareholders.

An extraordinary shareholders' meeting for Loomis AB was held on August 28, 2019. The meeting voted in favor of the Nomination Committee's proposal to elect Lars Blecko and Johan Lundberg as new members of the Board. The meeting also resolved that the fee for each board member decided upon at the Annual General Meeting on May 8, 2019 will continue to apply. For retiring and new board members the fee will be payable pro rata for the member's actual period of service in relation to the full period from the 2019 AGM until the end of the 2020 AGM. As the number of elected board members for the period up to the end of the 2020 AGM has been increased by one member, fees totaling around SEK 3,543,000 will be paid. This is an increase of around SEK 293,000 of the total board fees decided on at the AGM on May 8, 2019.

On July 19 Loomis announced the conclusions from investigations following the Danish media allegations. On May 8, 2019, a Danish journalist put forward allegations that a Loomis subsidiary had been providing currencies to foreign exchange offices in Denmark, of which some are suspected to be involved in money laundering. Loomis has not, at any time, been served suspicion from authorities relating to this matter but takes allegations about money laundering seriously, and therefore immediately launched an internal as well as two separate and independent external investigations.

** Argentina, Chile and Turkey are included in the European segment because these operations are reported and followed up as part of the European segment.*

| SEK m | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Consolidated statement of income** | | | | | |
| Total revenue | 21,044 | 19,168 | 17,228 | 16,800 | 16,097 |
| Operating income (EBITA)[1] | 2,601 | 2,200 | 2,093 | 1,890 | 1,703 |
| Net income for the year | 1,646 | 1,538 | 1,428 | 1,258 | 1,069 |
| **Consolidated statement of cash flows** | | | | | |
| Cash flow from operations | 3,362 | 2,835 | 2,313 | 2,665 | 2,118 |
| Cash flow from investment activities | –1,989 | –2,852 | –1,619 | –1,175 | –1,658 |
| Cash flow from financing activities | –1,049 | 473 | –487 | –1,510 | –386 |
| **Cash flow for the year** | **325** | **456** | **207** | **–20** | **74** |
| **SEK m** | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Consolidated balance sheet** | | | | | |
| Capital employed | 16,924 | 12,727 | 10,860 | 10,576 | 10,268 |
| Net debt | 7,332 | 4,305 | 3,823 | 3,929 | 4,425 |
| Shareholders' equity | 9,592 | 8,422 | 7,037 | 6,647 | 5,843 |

*1) Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and Items affecting comparability.*

The foreign exchange business in Denmark has been conducted by Loomis Foreign Exchange AS in Norway ("Loomis FX"). The foreign exchange business related to the Danish exchange offices constituted at the time less than 0.1 percent of the total revenue of the Loomis Group. As of December 2018, Loomis FX has terminated all businesses with foreign exchange offices in Denmark.

The internal investigation has been carried out by the Group Risk Function at Loomis and the external independent investigations have been conducted by KPMG AB and Advokatfirmaet Erling Grimstad AS. The external investigations were performed to review Loomis FX's antimoney laundering (AML) framework and the compliance with relevant regulations as well as how these were followed in relation to, among other things, onboarding of new customers and monitoring of transactions during the period from 2016 to 2018, with a specific focus on foreign exchange offices in Denmark.

The policies and procedures of Loomis FX contain the most important aspects of AML, including know your customer (KYC) requirements. Deficiencies in relation to compliance with internal policies and procedures have, however, been identified and it has been concluded that the applied compliance standards could have been higher. Despite proactive work by Loomis FX, such as contacts with authorities and engagement of external experts, the deficiencies have in some cases led to the FX operations not being conducted satisfactorily. This relates to e.g. authorization, onboarding of customers, specific arrangements for, and monitoring of, high-risk customers as well as reporting of suspicious transactions and activities to the authorities. Loomis has therefore contacted the authorities concerned to share the conclusions from the investigations but also to inform about actions taken to strengthen the organization's AML policies, procedures and routines. Loomis has strengthened its organization and processes. Remediation work of the deficiencies identified in the investigations is ongoing. Based on current information, Loomis estimates that these issues do not have any significant effect on the Loomis Group's financial position and results. Further facts or findings may become evident during the implementation of the corrective actions and, if so, be dealt with appropriately.

On September 5, 2019 Loomis held a capital market day in London and demonstrated that the Company's financial targets are within reach. Loomis provided information about business performance in relation to the targets and the strategy launched in 2017 for the 2018–2021 period. The main themes were showing that Loomis is well on the way to reaching its 2021 financial targets and a presentation of additional growth opportunities beyond the Cash in Transit (CIT) and Cash Management Services (CMS) business areas. The opportunities include service offerings in physical foreign exchange (FX), ATM management and digital payment solutions.

In September 2019 Loomis issued bonds in the amount of SEK 1,750 million. The bonds have a 4-year maturity and the maturity date is September 18, 2023. The bonds carry a floating interest rate of three months' Stibor plus 1.15 percent and the proceeds will be used for operating activities and to refinance loans. The issue was implemented within the framework of the Loomis MTN program. Nordea Bank Apb is the arranger for the Loomis MTN program and was also the issuing institute in cooperation with Danske Bank A/S. The bonds are listed on NASDAQ OMX Stockholm.

In October 2019 it was announced that the members of Loomis AB's Nomination Committee ahead of the 2020 Annual General Meeting had been appointed. The following members were appointed:

- Hans Ek, appointed by SEB Fonder, Chairman of the Nomination Committee
- Bernard Horn, appointed by Polaris Capital Management
- Helen Fast Gillstedt, appointed by Handelsbanken Fonder
- Olivia Woo, appointed by Mawer Investment Management
- Marianne Nilsson, appointed by Swedbank Robur Fonder

The Chairman of the Board, Alf Göransson, has convened the Nomination Committee to its first meeting and will also be co-opted to the Committee. The Nomination Committee will prepare proposals to present to the 2020 Annual General Meeting for a chairman for the meeting, board members, Chairman of the Board, auditors, board fees and how they will be distributed between the Chairman and other members, fees for committee work, fees for the Company's auditors and any changes in the instructions for the Nomination Committee.

On November 1, 2019 Loomis AB announced that Sara Björkman will take up the position as Chief Compliance Officer, which took place on January 31, 2020. Sara Björkman reports directly to the President and CEO and is a member of Loomis Group Management.

In December 2019 Loomis AB issued three bond loans with SEK (Swedish Export Credit Corporation) totaling EUR 100 million. The bonds have a maturity of 5–7 years, EUR 34 million maturing in December 2024, EUR 33 million in December 2025 and EUR 33 million in December 2026. The bonds have a floating interest rate. The proceeds were used to refinance a previous bond of SEK 1,000 million which matured in December 2019. The bonds with SEK were not issued under the Loomis MTN program.

On December 18 Loomis communicated that the agreement announced on January 29, 2019 on the acquisition of the German cash handling company Ziemann Sicherheit Holding GmbH had been stopped by the German Federal Cartel Office (FCO). The communication on January 29, 2019 stated that the acquisition was contingent upon merger control clearance from the FCO. The concessions required by FCO were unexpectedly extensive. Loomis does not intend to appeal the decision by the FCO. Under the agreement Loomis was obliged to pay a break-up fee to the seller of EUR 2 million. The cost was recognized and reported in the fourth quarter of 2019 as an acquisition-related cost.

### Revenue and income

*The Group*

Revenue for the period amounted to SEK 21,044 million compared to SEK 19,168 million for the corresponding period the previous year. The acquisitions made in France and the acquisition in June 2018 in Chile had a positive impact on real growth of 5 percent (8). Organic growth was 2 percent (3). Growth continued in the European segment, with above all Spain, Belgium, Turkey and the operations in South America contributing. Growth in Turkey and Argentina is mainly attributable to increased CIT volumes. Growth in the USA, which was slightly lower than in the corresponding period the previous year, was mainly negatively affected in the beginning of 2019 by the ongoing restructuring of the international operations and by a slightly lower growth rate for CIT and CMS. Towards the end of the year growth was also negatively affected by certain contracts with lower profitability no longer being part of the customer portfolio.

The operating income (EBITA) amounted to SEK 2,601 (2,200) million and the operating margin improved to 12.4 percent (11.5). At comparable exchange rates the income improvement was around SEK 305 million, of which the effect of IFRS 16 amounted to around SEK +53 million. The restructuring programs in France and Sweden implemented in 2018 have had a positive effect on the operating margin for the period. More installed SafePoint units in the USA continue to improve profitability, but ongoing efficiency improvement projects at branches are also producing good results. The restructuring programs under way in 2019 within the international operations in the USA have also helped to improve the operating margin.

The operating income for the period (EBIT) amounted to SEK 2,422 million (2,158), which includes amortization of acquisition-related intangible assets of SEK –101 million (–83) and acquisition-related costs of SEK –101 million (–46). Loomis was obliged to pay a break-up fee of around SEK –20 million due to the Germany competition authority stopping the acquisition of Ziemann. The fee is included in acquisition-related costs. The 12-month period 2019 also includes an item affecting comparability of SEK 23 million (86), which mainly relates to reported capital gains of SEK 35 million from the divestment of the Artcare logistics and storage operations. For the corresponding period in 2018 a positive item affecting comparability of SEK 86 million was reported consisting mainly of a positive non-recurring item relating to the revaluation of the UK pension obligation of SEK 178 million, as well as impairment of goodwill in two operations within the European segment and costs relating to the restructuring of the International segment in 2018.

Income before tax of SEK 2,210 million (2,057) includes a net financial expense of SEK –178 million (–90), of which the effect of IFRS 16 amounted to around SEK –105 million. The tax expense for the period amounted to SEK –564 million (–519), which represents a tax rate of 26 percent (25).

Earnings per share after dilution amounted to SEK 21.88 (20.45). The total effect on earnings per share as a result of IFRS 16 entering into force in 2019 was SEK –0.52.

### The segments

*Europe**

Real growth for the European operations amounted to 8 percent (8) and organic growth was 2 percent (–1). The operating margin amounted to 12.4 percent, compared to 11.8 percent the previous year.

*USA*

Real growth amounted to 2 percent (7) and the organic growth was 3 percent (7). The operating margin amounted to 14.2 percent, compared to 12.9 percent the previous year.

### Cash flow

Cash flow from operating activities, excluding effects from IFRS 16, amounted to SEK 2,057 million (2,013) in 2019, equivalent to 81 percent (91) of operating income (EBITA). The period's net investments in fixed assets amounted to SEK –1,643 million (–1,449), which can be compared to depreciation (excluding the effects from IFRS 16) of SEK 1,265 million (1,183). Investments were mainly made in buildings, vehicles, machinery and equipment during the period. Investments in relation to depreciation for the period amounted to 1.3 (1.2). For the effects of IFRS 16, see Note 20.

** Argentina, Chile and Turkey are included in the European segment because these operations are reported and followed up as part of the European segment.*

The liquid funds of the Group at the end of the period were SEK 5,073 million (6,140), of which SEK 3,418 million (4,832) was inventory of cash and prepayments from customers related to the cash processing operations. Loomis has, during the fourth quarter 2019, changed the accounting and presentation of cash related to the cash processing operations, see Note 2.

### Capital employed and financing

Loomis' operating capital employed amounted to SEK 9,238 million (5,771) which is equivalent to 44 percent (30) of revenue. The total capital employed amounted to SEK 16,924 million (12,727). Return on capital employed amounted to 15 percent (17), the net debt was SEK 7,332 million (4,305) and the equity ratio was 36 percent (37).

### Shareholders' equity

Shareholders' equity increased during the year by SEK 1,170 million to SEK 9,592 million (8,422) as of December 31, 2019. Income for the year of SEK 1,646 million, translation differences of SEK 421 million and share-based remuneration of SEK 14 million increased shareholders' equity by SEK 2,081 million. Dividend paid of SEK –750 million, actuarial loss of SEK –87 million and changes is net investment hedges of SEK –74 million reduced shareholders' equity by SEK –911 million. The return on shareholders' equity was 17 percent (18).

### Environmental impact

The Group and the Parent Company are not engaged in any operations requiring a permit under the Environmental Code.

### Employees

In 2019 the average number of full-time employees was 24,895 (24,838) in 24 countries (24). The gender distribution was 32 percent (31) women and 68 percent (69) men. Due to the nature of Loomis' operations, the Group's employees assume a considerable amount of responsibility every day. Based on the demands of the Company's operations, Loomis places great emphasis on recruiting the right employees and ensuring that they receive the necessary training. All employees undergo basic training as well as subsequent, regular additional training. The training programs have been adapted to each country and region where Loomis operates. Managers at various levels are offered leadership training to support them in their roles. Loomis also places great emphasis on all employees complying with the Group's core values.

### Parent Company

Loomis AB is a holding company with subsidiaries in Argentina, Austria, Belgium, Canada, Chile, China, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Ireland, Norway, Portugal, Singapore, Slovakia, Spain, Sweden, Switzerland, Turkey, the UK, United Arab Emirates and the USA. Loomis AB is providing Group Management and support functions. The average number of full-time employees at the head office during the year was 21 (21). Net income for the year amounted to SEK 692 million (800). In the second quarter of 2019, a total of SEK 750 million (677) was distributed to the shareholders, representing a dividend of SEK 10.00 per share (9.00).

### Risks and uncertainties

Information on financial risk management and the use of financial instruments in risk management can be found in Note 6.

The economic trends in 2019 negatively affected certain geographical areas, and a similar impact on revenue and income in 2020 cannot be ruled out. Changes in the general economic conditions and market trends can have various effects on demand for cash handling services; for example, through changes in the proportion of cash purchases relative to card purchases, changes in consumption levels, the risk of robbery and bad debt losses, and staff turnover rates. In light of the outbreak of the new corona virus (covid-19), it cannot be ruled out that the pandemic may impact Loomis' earnings and financial position. For further information on uncertainties, refer to Note 4 Critical accounting estimates and assessments, Note 35 Contingent liabilities and the section on risk management on pages 34–35.

### Information regarding the Loomis share

In March 2019 the number of votes in Loomis AB was changed due to conversion of all 3,428,520 Class A shares to a total of 3,428,520 Class B shares, which means there are no longer any issued Class A shares in the Company. The conversion took place based on the option provided to holders of Class A shares to request conversion of Class A shares to Class B shares. This provision was introduced into the Articles of Association at an extraordinary shareholders' meeting on September 5, 2018. As of March 29, 2019 the total number of shares and votes in the Company amount to 75,279,829. Each Class B share carries 1 vote. The Loomis Class B share is listed on Nasdaq OMX Stockholm Exchange, the Large Cap Nordic list. As of December 31, 2019 the Company held 53,797 Class B treasury shares. For further information on the number of shares issued and the quota value, refer to Note 27 and Note 51. For information on the major shareholders, refer to the section under the heading "The share" on pages 36-38.

### Sustainability Report for 2019

A Sustainability Report has been produced according to the Annual Accounts Act, Chapter 6 Section 10. The Sustainability Report is included in the 2019 Annual Report on pages 59–85.

### Events after the end of the year

On January 17, 2020 it was announced that Loomis AB, through the wholly owned subsidiary Loomis Sverige AB (Loomis Sweden) had entered into an agreement to acquire all of the shares in the limited liability company Nokas Värdehantering AB (Nokas Värdehantering), a subsidiary of Nokas Kontandthåntering AS in Norway. The enterprise value, i.e. the purchase price payable on a debt free basis, is around SEK 80 million. Nokas Värdehantering has around 220 employees and its net revenue over the 12-month period ending in September 2019 was around SEK 215 million. The company's current operating margin, EBITA%, is negative.

The acquired operations will be reported within Segment Europe and consolidated into Loomis' accounts as of the closing of the transaction. Nokas Värdehantering and Loomis Sweden are both payment institutions under the supervision of the Swedish Financial Supervisory Authority (SFSA) and Loomis Sweden must therefore undergo an ownership assessment performed by the SFSA. The acquisition will be completed on condition that the SFSA approves Loomis Sweden as the owner. The purchase price is payable on closing.

Loomis AB has entered into an agreement to acquire 100 percent of Automatia Pankkiautomaatit Oy (Automatia) from present owners Danske Bank, Nordea, and OP Financial Group. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 42 million. Automatia operates the largest ATM network in Finland, under the Otto brand, and also offers nationwide cash supply services for bank branches, night safes for retailers and a digital platform for operating instant payments. Automatia, founded in 1994, has approximately 30 employees and annual net revenue, for the last twelve months ending in December 2019, was approximately EUR 42 million. As part of the transaction, the sellers will commit to new long-term service agreements and continue to be significant customers of Automatia.

The business will be reported in segment Europe and consolidated into Loomis as of closing of the transaction. The transaction is subject to merger control approval by the Finnish Competition and Consumer Authority and approval by other relevant authorities. Closing will take place after approval, which is estimated to take around 5 months. The purchase price is payable on closing.

*Other significant events after the end of the year*

The Board has decided to propose that a resolution be passed at the 2020 AGM on an incentive scheme (Incentive Scheme 2020). Similar to Incentive Scheme 2019, the proposed incentive scheme will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2022. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2022, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the employee will retain the right to receive bonus shares. The principles of performance measurement and other general principles that are already being applied for the existing incentive scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments as a result of this incentive scheme. To enable Loomis to allot these shares, it is proposed that Loomis AB enters into a share swap agreement with a third party under which the third party acquires the Loomis shares in its own name and transfers them to the incentive scheme participants. The incentive scheme will enable around 350 of Loomis' key employees to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders. To read the Board's full incentive scheme proposal, refer to the notice of the AGM on www.loomis.com.

On March 27, 2020 the Board of Directors resolved to withdraw its earlier communicated proposal to the 2020 AGM of a dividend of SEK 11 per share for 2019. Furthermore, the Board of Directors informed that a final decision of dividend is expected to take place on an extraordinary general meeting when the consequences of the corona pandemic have become more clear.

In light of the outbreak of the new corona virus (covid-19), Loomis closely monitors the development and takes actions to minimize or eliminate the impact on the Group's operations. Loomis follows guidelines from the Public Health Agency of Sweden, WHO and ECDC (European Center for Disease Prevention and Control).

### Outlook

The market for cash handling services continues to grow and in by far the majority of markets where Loomis operates, the volume of cash is growing in line with the economy. Increased interest among customers in reviewing the risk posed to their own personnel is also expected to drive Loomis' business. Loomis is also able to manage the flow of cash more efficiently, resulting in cost savings for customers. No forecast is being provided for 2020.

### Proposed appropriation of profits

The Parent Company's and the Group's statements of income and balance sheets are subject to adoption by the AGM on May 6, 2020.
*The following funds are available for distribution by the AGM (SEK):*

| | |
|---|---|
| Retained earnings | 4,083,010,155 |
| Share-based remuneration | 6,734,657[1)] |
| Net income for the year | 691,727,422 |
| **Total** | **4,781,472,834** |

*The Board proposes that the profits be appropriated as follows:*

| | |
|---|---|
| To be carried forward | 4,781,472,834 |
| **Total** | **4,781,472,834** |

*1) The change relates to the share swap relating to Incentive Schemes 2017 and 2018.*

The Board proposes that no dividend is paid out for the financial year 2019. The Board proposes that the available profits of SEK 4,781,472,834 will be carried forward.

### The Board's proposed guidelines for remuneration for Group Management

The Board of Directors of Loomis AB (publ) proposes that the AGM 2020 resolves on guidelines for remuneration for Group Management in accordance with the following.

*Scope of the guidelines*

These guidelines concern remuneration and other employment benefits to individuals who are part of the Loomis group management team, below referred to as the "Group Management". Furthermore, these guidelines only apply to agreements entered into after the adoption by the AGM and to any changes in existing agreements after the AGM.

If a Board member performs work for Loomis in addition to the assignment as Board member, the Board member shall receive cash remuneration on market terms, with consideration given to the nature of the assignment and the work effort. Such renumeration is resolved by the Board of Directors (or, if provided by law, by the general meeting).

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

*Basic principles and forms of remuneration*

The overall strategy of Loomis is to lead the transition of cash management in society. A part of this strategy is that Loomis shall maintain and evolve the Loomis way of working by developing and stimulating new capabilities and skills. This, in turn, requires that Loomis is able to attract and keep competent management employees. For that reason, Loomis is working on the basis of the fundamental principle that renumeration and other terms of employment to Group Management are to be competitive and on market terms, which is made possible by these guidelines. Thus, these guidelines are expected to contribute to fulfilling Loomis' business strategy, long-term interests and sustainability. Further information regarding Loomis' business strategy is available on Loomis' website www.loomis.com.

The total remuneration to members of Group Management shall consist of fixed salary, variable remuneration, pensions and other benefits, as further elaborated in section Principles of dirrerent types of remuneration below. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Since 2010, a recurring share related incentive scheme involving approximately 350 of Loomis key-employees, including the Group Management, has been resolved by the AGMs in Loomis AB. In addition to the recurring incentive scheme, the extraordinary general meeting in Loomis on 5 September 2018 adopted a long-term share save based incentive scheme for the Group Management and certain key-employees. Since the incentive schemes have been resolved by the general meeting, they are excluded from these guidelines. The share-related incentive scheme proposed by the Board of Directors and submitted to the AGM 2020 for approval is excluded for the same reason. The performance criteria used to assess the outcome of the above mentioned schemes are distinctly linked to the business strategy and thereby to the company's long-term value creation, including its sustainability. At present, these performance criteria comprise earnings per share (EPS), specific profit targets for different profit units and individual performance targets. The long-term share save based incentive scheme is further conditional upon the participant's own investment and a holding period of several years. For more information regarding these incentive schemes, including the criteria which the outcome depends on, please see Loomis' website www.loomis.com.

*Principles of different types of remuneration*

Fixed salary

The fixed salary for the Group Management within Loomis is to be competitive and on market terms and based on the individual executive's area of responsibility, powers, competence and experience.

Variable remuneration

In addition to a fixed basic salary, the Group Management may also receive a variable remuneration, which is to be based on the outcome in relation to financial goals and growth targets within the individual area of responsibility (Group, region or subsidiary). Variable renumeration may also be linked to individual performance targets. All variable renumeration shall be in accordance with the interests of the shareholders and is thereby expected to contribute to Loomis' business strategy, long-term interests and sustainability. For the President and CEO, the variable renumeration shall amount to a maximum of 85 percent of the total fixed cash salary during the measurement period for the criteria for awarding variable cash renumeration. For other individuals of the Group Management, the variable renumeration shall amount to a maximum of 100 percent of the total fixed cash salary during the measurement period for the criteria for awarding variable cash renumeration.

The Remuneration Committee shall, for the Board of Directors, prepare, monitor and evaluate matters regarding variable cash renumeration to the Group Management. Ahead of each measurement period for the criteria for awarding variable cash renumeration, which can be one or several years, the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria that are deemed to be relevant for the upcoming measurement period. After a measurement period has ended, it shall be determined to which extent the criteria have been satisfied. The Remuneration Committee is responsible for the assessment regarding variable renumeration to the CEO. With respect to variable renumeration to other members of Group Management, the CEO is responsible for the assessment, after consulting the Remuneration Committee. Evaluations regarding fulfilment of financial targets shall be based on established financial information for the relevant period.

Variable cash renumeration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable renumeration, for example when it has been paid on incorrect grounds.

Pension

The pension rights of the Group Management shall be applicable as from the age of 65, at the earliest, and shall, to the extent the Group Management is not subject to pension benefits pursuant to collective agreements (ITP-plan), be provided pursuant to a defined contribution pension plan equivalent to maximum 30 percent of the fixed annual salary. For members of the Group Management who are not subject to collective agreements (ITP-plan), variable remuneration shall not be pension qualifying.

Other benefits

Other benefits, such as company car, life insurance, supplementary health insurance or occupational health service are to be provided to the extent this is considered to be on market terms in the market concerned for each member of the Group Management. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed cash salary. Futhermore, housing allowance benefit may be added in line with Loomis' policies. Costs relating to housing allowance benefit may amount to not more than 25 percent of the fixed cash salary. Premiums and other costs relating to other benefits and housing allowance benefit may, however, amount to not more than 30 percent of the fixed cash salary.

Terms at dismissal /resignation

Members of the Group Management are to be employed until further notice. At dismissal, the notice period for the Group Management is to amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation, the notice period shall amount to maximum 6 months, without a right to redundancy pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to redundancy pay. The remuneration shall amount to not more than 60 percent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

*Preparation by the Board and decision-making in connection with matters regarding salaries and other benefits for the Group Management*

The Remuneration Committee appointed among the members of the Board of Directors prepares matters regarding salaries and other terms of employment for the Group Management, which includes preparing the Board of Directors' resolution on proposal for guidelines for remuneration to Group Management. The Committee has no authority to decide but merely presents its proposal to the Board of Directors for adoption. Resolution on remuneration to the President and CEO is made by the entire Board of Directors. For other members of the Group Management, the decision is made by the President and CEO after consultation with the Remuneration Committee.

The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting.

*Salaries and employment conditions for employees*

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The development of the gap between the remuneration to the Group Management and remuneration to other employees will be disclosed in the remuneration report.

*Derogation from the guidelines*

The Board of Directors may resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

*Transitional provisions applicable for the AGM 2020*

Details of the total remuneration to Group Management in 2019, including previous commitments not yet due for payment is included in Note 11 (Personnel) in the annual report for 2019.

The Board of Directors has decided to approve the entering into of a consultancy agreement with a company wholly owned by the Board member Johan Lundberg, regarding the provision of consultancy services by Johan Lundberg within the Loomis Strategy Execution Team ("SET"). Since the guidelines resolved at the AGM 2019 do not explicitly allow for the company to reimburse Board members in addition to the ordinary Board fees, the Board of Directors has approved the agreement on the basis of the Board of Directors' right to derogate from the guidelines in individual cases, when the Board of Directors considers there to be particular grounds motivating such derogations. The Board of Directors considers that Johan Lundberg's extensive and unique experience regarding investments in the fintech sector, in combination with Loomis' need for further senior expertise when evaluating possible target companies within the fintech sector, constitute particular reason for deviating from the guidelines. The Board of Directors considers the renumeration paid to be on market terms, with consideration given to the nature of the assignment and the work effort.

# Consolidated statement of income

## Consolidated statement of income

| SEK m | Note | 2019 | 2018 |
|---|---|---|---|
| Revenue, continuing operations | | 20,411 | 18,300 |
| Revenue, acquisitions | | 633 | 868 |
| **Total revenue** | 8, 9 | **21,044** | **19,168** |
| | | | |
| Production expenses | 10,11,12 | –15,210 | –14,127 |
| **Gross income** | | **5,833** | **5,041** |
| | | | |
| Selling and administrative expenses | 10,11,12 | –3,233 | –2,841 |
| **Operating income (EBITA)**[1] | | **2,601** | **2,200** |
| Amortization of acquisition-related intangible assets | 10,12,17 | –101 | –83 |
| Acquisition-related costs and revenue | 10,15 | –101 | –46 |
| Items affecting comparability | 10 | 23 | 86 |
| **Operating income (EBIT)** | | **2,422** | **2,158** |
| | | | |
| Financial income | 13 | 63 | 41 |
| Financial expenses | 13 | –240 | –131 |
| Loss on monetary net assets/liabilities | | –34 | –11 |
| **Income before taxes** | | **2,210** | **2,057** |
| | | | |
| Income tax | 14 | –564 | –519 |
| **Net income for the year**[2] | | **1,646** | **1,538** |

*1) Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability.*
*2) Net income for the year is entirely attributable to the owners of the Parent Company.*

## Data per share

| SEK | Note | 2019 | 2018 |
|---|---|---|---|
| Earnings per share, before and after dilution | 3 | 21.88[3] | 20.45[3] |
| Dividend[4] | | 10.00 | 9.00 |
| Number of outstanding shares (million) | | 75.2 | 75.2 |
| Average number of outstanding shares (million) | | 75.2[3] | 75.2[3] |

*3) The number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 75,226,032. The number of treasury shares amount to 53,797.*
*4) Refers to dividends paid in the current financial year.*

## Consolidated statement of comprehensive income

| SEK m | 2019 | 2018 |
|---|---|---|
| **Net income for the year** | **1,646** | **1,538** |
| | | |
| **Other comprehensive income** | | |
| **Items that will not be reclassified to the statement of income** | | |
| Actuarial gains and losses, net of tax | –87 | 99 |
| | | |
| **Items that may be reclassified to the statement of income** | | |
| Translation differences | 421 | 651 |
| Hedging of net investments, net of tax | –74 | –139 |
| **Other comprehensive income and expenses for the year, net after tax** | **260** | **612** |
| **Total comprehensive income and expenses for the year**[5] | **1,906** | **2,150** |

*5) Comprehensive income is entirely attributable to the owners of the Parent Company.*

# Consolidated balance sheet

| SEK m | Note | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Goodwill | 15,16 | 7,094 | 6,533 |
| Acquisition-related intangible assets | 15,17 | 478 | 515 |
| Other intangible assets | 18 | 208 | 168 |
| Buildings and land | 19 | 946 | 931 |
| Machinery and equipment | 19 | 4,876 | 4,427 |
| Right-of-use assets | 20 | 2,911 | – |
| Contract assets | 9 | 199 | 109 |
| Deferred tax assets | 14 | 446 | 342 |
| Interest-bearing financial fixed assets | 21 | 565 | 500 |
| Other long-term receivables | 22 | 172 | 55 |
| **Total fixed assets** | | **17,893** | **13,580** |
| | | | |
| **Current assets** | | | |
| Accounts receivable | 23 | 2,619 | 2,341 |
| Other current receivables | | 110 | 108 |
| Current tax assets | 14 | 322 | 224 |
| Prepaid expenses and accrued income | 24 | 485 | 500 |
| Interest-bearing financial current assets | 25 | 61 | 37 |
| Liquid funds | 26 | 5,073 | 6,140 |
| **Summa omsättningstillgångar** | | **8,670** | **9,351** |
| | | | |
| **TOTAL ASSETS** | | **26,563** | **22,931** |

| SEK m | Note | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | 27 | | |
| Capital and reserves attributable to the owners of the Parent | | | |
| Share capital | | 376 | 376 |
| Other capital contributed | | 4,594 | 4,594 |
| Other reserves | | 1,463 | 1,102 |
| Retained earnings including net income for the year | | 3,158 | 2,349 |
| Non-controlling interest | | 1 | 1 |
| **Total shareholders' equity** | | **9,592** | **8,422** |
| | | | |
| **Long-term liabilities** | | | |
| Interest-bearing non-current lease liabilities | | 2,313 | – |
| Loans payable | 28 | 5,793 | 4,381 |
| Deferred tax liability | 14 | 447 | 461 |
| Provisions for claims reserves | 29 | 413 | 193 |
| Provisions for pensions and similar commitments | 30 | 918 | 711 |
| Other provisions | 31 | 102 | 78 |
| Other long-term liabilities | 9 | 154 | 80 |
| **Total long-term liabilities** | | **10,141** | **5,904** |
| | | | |
| **Current liabilities** | | | |
| Interest-bearing current lease liabilities | | 560 | – |
| Loans payable | 28 | 29 | 1,058 |
| Accounts payable | | 668 | 651 |
| Provisions for claims reserves | 29 | 193 | 172 |
| Current tax liabilities | 14 | 199 | 171 |
| Liabilities, cash processing operations | 32 | 3,021 | 4,440 |
| Accrued expenses and prepaid income | 33 | 1,495 | 1,589 |
| Other provisions | 31 | 76 | 33 |
| Other current liabilities | 34, 9 | 590 | 490 |
| **Total current liabilities** | | **6,831** | **8,605** |
| | | | |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **26,563** | **22,931** |

# Consolidated statement of cash flows

| SEK m | Note | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|---|
| **Operations** | | | |
| Income before taxes | | 2,210 | 2,057 |
| Items not affecting cash flow | 36 | 2,138 | 1,273 |
| Financial items received | | 36 | 31 |
| Financial items paid | | –247 | –132 |
| Income tax paid | | –641 | –472 |
| Change in accounts receivable | | –150 | –6 |
| Change in other operating capital employed and other items | | 17 | 85 |
| **Cash flow from operations** | | **3,362** | **2,835** |
| | | | |
| **Investing activities** | | | |
| Investments in fixed assets | 18,19 | –1,709 | –1,464 |
| Disposals of fixed assets | | 66 | 15 |
| Disposals of operations | | 38 | – |
| Acquisition of operations | 15 | –384 | –1,403 |
| **Cash flow from investing activities** | | **–1,989** | **–2,852** |
| | | | |
| **Financing activities** | | | |
| Dividend paid | 27 | –750 | –677 |
| Change in interest-bearing net debt excluding liquid funds | | –341 | –296 |
| Issuance of bonds | | 2,795 | – |
| Amortization of bonds | | –1,000 | – |
| Change in commercial papers issued and other long-term borrowing | | –1,753 | 1,447 |
| **Cash flow from financing activities** | | **–1,049** | **473** |
| | | | |
| **Cash flow for the year** | | **325** | **456** |
| | | | |
| **Liquid funds at beginning of year** | | 1,308 | 839 |
| Translation differences on liquid funds | | 22 | 13 |
| **Liquid funds at end of year** | **26** | **1,655** | **1,308** |

# Consolidated statement of changes in equity

| SEK m | Share capital | Other contri-buted capital | Other reser-ves[1] | Retained earnings incl. net income for the year | Non-con-trolling interest | Total |
|---|---|---|---|---|---|---|
| | Attributable to the owners of the Parent Company | | | | | |
| **Opening balance, January 1, 2018** | **376** | **4,594** | **678** | **1,389** | **–** | **7,037** |
| Effect of change in accounting principle IFRS 15 | – | – | –15 | – | – | –15 |
| Effect of IAS 29 | – | – | 2 | – | – | 2 |
| **Comprehensive income** | | | | | | |
| Net income for the year | – | – | – | 1,538 | – | 1,538 |
| **Other comprehensive income** | | | | | | |
| Actuarial gains and losses, net of tax | – | – | – | 99 | – | 99 |
| Translation differences | – | – | 651 | – | – | 651 |
| Hedging of net investments, net of tax | – | – | –139 | – | – | –139 |
| **Total other comprehensive income** | **–** | **–** | **513** | **99** | **–** | **612** |
| **Total comprehensive income** | **–** | **–** | **513** | **1,637** | **–** | **2,150** |
| **Transactions with shareholders** | | | | | | |
| Dividend | – | – | – | –677 | – | –677 |
| Share-based remuneration[2] | – | – | 29 | – | – | 29 |
| Share swap agreement[3] | – | – | –105 | – | – | –105 |
| Non-controlling interest | – | – | – | – | 1 | 1 |
| **Total transactions with shareholders** | **–** | **–** | **–76** | **–677** | **1** | **–752** |
| **Closing balance, December 31, 2018** | **376** | **4,594** | **1,102** | **2,349** | **1** | **8,422** |

1) Other reserves refer to translation differences, hedging of net investments net of tax, share-based remuneration, revaluation of contingent consideration and share swap agreement.
2) Includes the expensed portion of Loomis share-based incentive schemes in the statement of income, as described in Note 11. For 2018 the expensed portion was SEK 29 million.
3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described in Note 2.

| SEK m | Share capital | Other contri-buted capital | Other reser-ves[1] | Retained earnings incl. net income for the year | Non-con-trolling interest | Total |
|---|---|---|---|---|---|---|
| | Attributable to the owners of the Parent Company | | | | | |
| **Opening balance, January 1, 2019** | **376** | **4,594** | **1,102** | **2,349** | **1** | **8,422** |
| **Comprehensive income** | | | | | | |
| Net income for the year | – | – | – | 1,646 | – | 1,646 |
| **Other comprehensive income** | | | | | | |
| Actuarial gains and losses, net of tax | – | – | – | –87 | – | –87 |
| Translation differences | – | – | 421 | – | – | 421 |
| Hedging of net investments, net of tax | – | – | –74 | – | – | –74 |
| **Total other comprehensive income** | **–** | **–** | **347** | **–87** | **–** | **260** |
| **Total comprehensive income** | **–** | **–** | **347** | **1,559** | **–** | **1,906** |
| **Transactions with shareholders** | | | | | | |
| Dividend[4] | – | – | – | –750 | – | –750 |
| Share-based remuneration[2] | – | – | 43 | – | – | 43 |
| Share swap agreemen[3] | – | – | –29 | – | – | –29 |
| Non-controlling interest | – | – | – | – | 0 | 0 |
| **Total transactions with shareholders** | **–** | **–** | **14** | **–750** | **0** | **–736** |
| **Closing balance, December 31, 2019** | **376** | **4,594** | **1,463** | **3,158** | **1** | **9,592** |

1) Other reserves refers to translation differences, hedging of net investments net of tax, share-based remuneration, revaluation of contingent consideration and share swap agreement.
2) Includes the expensed portion of Loomis share-based incentive schemes in the statement of income, as described in Note 11. For 2019 the expensed portion was SEK 41 million.
3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described in Note 2.
4) Total dividend was SEK 752 million, of which Loomis AB received SEK 2 million for B-shares in third party share swap agreement.

# Notes

## NOTE 1 General information

Loomis AB (Parent Company Corporate Identity Number 556620-8095) and its subsidiary companies (referred to collectively as the Group) offer comprehensive solutions for cash handling in the US, large parts of Europe and in Argentina and Chile, as well as cross-border transportation of cash and precious metals and storage of valuables.

The Parent Company is a limited liability company with its registered office in Stockholm. The visiting address of the head office is Drottninggatan 82, 111 36 Stockholm. The Parent Company is a holding company with the primary purpose of holding and administrating shares in a number of subsidiaries, whilst managing and administrating the Group as a whole.

These consolidated financial statements are subject to adoption by the Annual General Meeting on May 6, 2020.

## NOTE 2 Summary of important accounting principles

The primary accounting principles applied in the preparation of this annual report are stated below. These principles have been applied consistently for all the years presented unless stated otherwise. The same principles are normally applied by both the Parent Company and the Group. In certain cases, the Parent Company applies different principles than the Group. These are described in Note 37.

### Basis of preparation of reports

The Group applies the International Financial Reporting Standards, IFRS (formerly IAS), as adopted by the European Union (EU), the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups, and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, with the exception of available-for-sale financial assets and financial assets or financial liabilities valued at fair value through profit or loss (including derivatives). For information on critical estimates and assessments, refer to Note 4.

### New and amended standards adopted by the Group as of January 1, 2019

Below are the standards that the Group is applying for the first time for the financial year beginning on January 1, 2019:

- IFRS 16 Leases

Other new and amended accounting principles, as well as improvements that went into force in 2019, have not had any material impact on the consolidated financial stetements for the financial year.

The IFRS Interpretation Committee has issued a number of new interpretations and amendments. These amendments and interpretations have not had any material impact on the consolidated financial statements for 2019.

### Standards, amendments and interpretations of existing standards where the amendment has not yet entered into force and which have not been subject to early-adoption by the Group

None of the other changes to standards or new interpretation notifications that have been adopted for application for the beginning of the 2020 financial year or later are expected to have any material effect on the consolidated financial statements.

### Changed reporting of cash at the cash processing operations

Loomis' operations involve the transportation of cash and other valuables based on customer contracts in place. If stipulated in the customer contract, the transported cash is processed at Loomis' cash centers. The cash that is received by Loomis is on consignment unless otherwise agreed with the customer. Consignment stocks of cash are accounted for by the other parties and not by Loomis. In cases where Loomis, according to the customer contract, assumes ownership of the cash received, it is reported as inventory of cash. These inventories are financed by specific credit facilities and prepayments from customers. The credit facilities and prepayments are only used for this purpose.

**Cash Processing Operations**

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 | Jan. 1, 2018 |
|---|---|---|---|
| Inventory of cash | 2,384 | 3,250 | 1,478 |
| Prepayments from customers | 1,034 | 1,582 | 914 |
| Liabilities related to prepayments from customers and liabilities to customers | –1,694 | –2,799 | –1,599 |
| Credit facility related to cash processing operations | –1,327 | –1,641 | –707 |
| **Funds within cash processing operations (net)** | **397** | **392** | **85** |

In previous financial statements these credit facilities and prepayments were reported net of the inventory of cash they were intended to finance. Any cash remaining in the inventory of cash which Loomis has assumed ownership represents the funds that Loomis has physically transported to the vault from its own liquid funds. Inventory of cash were previously reported as "Other current receivables" in the balance sheet as they are not available to Loomis according to internal guidelines and are used solely to finance customer transactions.

Loomis has reassessed the method of applying net reporting in the balance sheet and is now reporting these items gross. Inventory of cash as well as prepayments from customers and receivables from customers are reported in the balance sheet as liquid funds. Credit facilities relating to cash processing operations as well as liabilities relating to prepayments from customers and liabilities to customers are reported in the balance sheet on the line "Liabilities, cash processing operations". The change was made retroactively and the reclassification of previous periods is presented below:

| SEK m | Dec. 31, 2018 Reported | Reclassification | Dec. 31, 2018 Adjusted |
|---|---|---|---|
| **Current assets** | | | |
| Liquid funds | 1,308 | 4,832 | 6,140 |
| Other current receivables | 500 | –392 | 108 |
| **Current liabilities** | | | |
| Liabilities, cash processing operations | – | 4,440 | 4,440 |

| SEK m | January 1, 2018 Reported | Reclassi-fication | January 1, 2018 Adjusted |
|---|---|---|---|
| **Current assets** | | | |
| Current assets | 839 | 2,392 | 3,230 |
| Other current receivables | 169 | –85 | 84 |
| **Current liabilities** | | | |
| Liabilities, cash processing operations | – | 2,307 | 2,307 |

The reclassification has had no impact on Loomis' net debt. Interest expense for the above-mentioned credit facilities is still reported under "Production expenses" and not as a net financial expense as it relates to financing of operating activities/inventory of cash. The adjustment has therefore had no impact on operating income, operating margin or earnings per share before and after dilution.

Even though inventories of cash are disposable deposits, they are entirely separated from Loomis' other liquid funds and cash flow, and according to internal guidelines they are not used in Loomis' other operations or business. In the cash-flow statement inventories if cash are therefore reported net against the above-mentioned credit facilities and prepayments from customers. The reclassification in the balance sheet has therefore no impact on the Group's cash flow.

Reconciliation of liquid funds according to the consolidated balance sheet as of December 31 (after the above reclassification) against liquid funds in the Group's cash flow statement is as follows:

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 | Dec. 31, 2017 |
|---|---|---|---|
| Liquid funds according to the Group's balance sheet | 5,073 | 6,140 | 3,230 |
| –Adjusted for inventory of cash at the cash processing operations | –2,384 | –3,250 | –1,478 |
| – Adjusted for prepayments from customers | –1,034 | –1,582 | –914 |
| **Liquid funds according to the Group's cash flow statement** | **1,655** | **1,308** | **839** |

### IFRS 16

Loomis has not early-adopted IFRS 16 and is applying the standard from January 1, 2019.

*Modified retrospective approach*

The Group is applying the modified retrospective approach, and has therefore not restated the comparative figures.
In accordance with the modified retrospective approach, right-of-useassets are valued at an amount equivalent to the lease liability before adjustment for pre-paid and accrued lease payments.
In the initial application of IFRS 16, the Group has also used the following practical solutions as permitted by the standard:

- The discount rate based on the country's underlying currency, exchange rate, the length of the contract and underlying interest rate plus a company-specific risk premium.
- Operating leases with a remaining term of less than 12 months are recognized as short-term agreements and are therefore not included in the calculation of the lease liability.
- Direct acquisition costs for right-of-use assets have been excluded in connection with the transition.
- In determining the length of a lease, the options to extend or cancel are taken into account.

The Group has also chosen not to apply IFRS 16 for agreements that have not been identified as leases under IAS 17 and IFRIC 4 Determining Whether an Arrangement Contains a Lease.

*The Group's leasing activities and reporting of these*

The Group applies paragraphs 9–11 to identify a lease, and paragraphs B34–B41 regarding the lease term. The Group's leases are mainly in the categories: property, SafePoint units and vehicles. Leases are normally signed for a fixed period of three to 20 years. An option to extend and cancel a lease is included in a number of the Group's leases. In the majority of cases the option that provides the possibility of extending or cancelling the agreement can only be exercised by the Group and not by the lessors. The leases do not contain any specific terms or restrictions that could involve the agreements being cancelled if the lease terms are not met, but the leased assets may not be used as security for loans.

The leases are reported as right-of-use assets with the associated liability on the day the leased asset is available for use by the Group. Right-of-use assets are depreciated on a straight-line basis from the start date to the end of the underlying asset's useful life. Each lease payment is divided into amortization of debt and financial expense.

The financial expense is to be distributed over the lease term so that in each reporting period an amount is recognized equivalent to a fixed interest rate for the recorded debt during the respective period.

*Measurement of leased assets and lease liabilities from January 1, 2019*

Right-of-use assets are measured at cost and include the following:

- The original value of the lease liability
- Lease payments paid on or before the start date after deduction for any benefits received in connection with the signing of the lease
- Initial direct expenses
- Expenses to return the asset to the condition specified in the terms of the lease.

Lease liabilities include the present value of the following lease payments:

- Fixed lease payments (including those that are substantially fixed)
- Variable lease payments that are determined by an index or a price
- Guaranteed residual value that the lessee expects to be required to pay to the lessor
- The exercise price of a purchase option if it is reasonably certain that the lessee will exercise the option
- Penalties for terminating the lease if the lease term reflects the assumption that the lessee will exercise this option.

Lease payments are discounted by a discount rate based on the country's underlying currency, exchange rate, the length of the lease and underlying interest rate plus a company-specific risk premium.

*Subsequent measurement*

Following the transition to IFRS 16 all of Loomis' leases are measured according to the cost model, which means that right-of-use assets will be measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability that reflects a reassessment or amendment of the lease. The remeasurement amount is recognized as an adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset is written down to zero and there is a further reduction in the value of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

*Impact*

See Note 2 in the 2018 Annual Report regarding the new accounting principles as well as the change between operating leases as of December 31, 2018 and the lease liability as of January 1, 2019.

In addition to the description provided in Note 2 of the 2018 Annual Report regarding IFRS 16 and its impact on Loomis, the Company would like to provide the information below.

As a result of the introduction of IFRS 16 the operating income (EBITA) is charged with depreciation of right-of-use assets instead of an operating lease expense. In addition, the increased lease liability is negatively impacting net financial expense. See also the tables below.

Right-of-use assets, which are reported on a separate line in the balance sheet, amounted to SEK 2,911 million as of December 31, 2019. Buildings account for 76 percent of total right-of-use assets. The lease liability as of December 31, 2019 totaled SEK 2,873 million, of which the long-term lease liability amounts to SEK 2,313 million and the short-term lease liability to SEK 560 million. The long-term and short-term lease liabilities are recognized as interest-bearing long-term lease liabilities and interest-bearing short-term lease liabilities respectively in the balance sheet.

During 2019 the costs relating to short-term leases (lease term of 12 months or less) amounted to SEK 34 million and leases for which the underlying asset has a low value (<USD 5,000) amounted to SEK 11 million. Outcomes for Loomis' key ratios are presented below both including and excluding the impact of IFRS 16 as of December 31, 2019:

| December 31, 2019 | Including IFRS 16 | Excluding IFRS 16 |
|---|---|---|
| Operating income, EBITDA | 4,435 | 3,813 |
| Depreciation | 1,834 | 1,265 |
| Operating income, EBITA | 2,601 | 2,548 |
| Net financial items | –178 | –73 |
| Net income for the year | 1,646 | 1,685 |
| | | |
| Operating margin, EBITA % | 12.4 | 12.1 |
| Earnings per share, SEK | 21.88 | 22.40 |
| Investments in relation to depreciation | 0.9 | 1.3 |
| Net debt | 7,332 | 4,549 |
| Net debt/EBITDA | 1.65 | 1.19 |
| Return on capital employed, % | 15 | 18 |

### Scope of the consolidated financial statements

The consolidated financial statements cover the Parent Company Loomis AB and all of the subsidiaries. Subsidiaries are all companies over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the company. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

### Acquisition method (IFRS 3)

The Group applies the acquisition method to account for business combinations. All considerations transferred for the acquisition of an operation are reported at fair value on the acquisition date. Revaluation of any deferred considerations and contingent considerations over and above that which was assessed at the time of the acquisition are recognized through the statement of income/statement of other comprehensive income. When the final outcome is available, any effect of contingent consideration/repayment of consideration is recycled to the statement of income. Holdings without a controlling interest in the acquired operations can, for each acquisition, either be valued at fair value, or at the proportional share of the acquired operations' net assets, held without a controlling interest. According to IFRS, transactions with non-controlling interests are recognized as a transaction within equity. There is, however, a lack of specific rules concerning revaluation of option liabilities for these holdings. Revaluations of option liabilities for non-controlling interests are recognized as transactions within equity, the accounting is thereby made similarly to other transactions with non-controlling interests. As of December 31, 2019, there were non-controlling interests amounting to SEK 616 thousand (604) within the Group.

The surplus arising from the difference between the acquisition price and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is reported as goodwill.

### Acquisition-related costs

Loomis recognizes acquisition-related costs attributable to transaction costs, revaluation of deferred considerations, final effects of contingent considerations/repayments, restructuring and/or integration of acquired operations in the Group as a separate item in the statement of income. The item includes acquisition-related costs attributable to ongoing, completed and discontinued acquisitions. Restructuring costs are expenses reported in accordance with the specific criteria for provisions for restructuring. Provisions for restructuring are made when a detailed formal plan of action is in place and a well-founded expectation has been created by the parties concerned. Restructuring costs may be expenses for various activities necessary in the preparation for the integration, for example, severance pay, provisions for leased premises which will not be utilized or leased at a loss, as well as other lease agreements which cannot be cancelled and will not be utilized. Integration costs normally consist of activities that cannot be reported as provisions. Such activities may include a change of brand name (new logo on buildings, vehicles, uniforms etc.) but may also be personnel costs related to, for example, training, recruitment, relocation and travel, certain customer-related costs and other costs related to the adaptation of the operations.

The following criterias must be fulfilled for costs to be classified as restructuring/ integration costs; i) the costs would not have been applicable if the acquisition had not taken place, and ii) the cost is attributable to a project that management has identified and monitored, either as a stage in the integration program implemented in conjunction with the acquisition, or as a direct result of an immediate review after the acquisition.

### Translation of foreign subsidiaries (IAS 21)

The functional currency of each of the Group's subsidiaries, that is, the currency in which the company normally has incoming and outgoing payments, is normally determined by the primary economic environment in which the company operates. The functional currency of the Parent Company and the presentation currency of the Group, that is, the currency in which the financial statements are presented, is the Swedish Krona (SEK). The financial statements of each foreign subsidiary are translated according to the following: each month's statement of income is translated applying the exchange rate in effect on the last day of that month. Thus the income for each month is not affected by foreign exchange fluctuations during subsequent periods, except for in cases where IAS 29 is applicable.

Balance sheets are translated using the exchange rates in effect on each balance sheet date. The translation difference arising as a result of statements of income being translated applying average rates, while the balance sheets are translated applying the exchange rates prevailing at each balance sheet date, is reported in other comprehensive income. In cases in which loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and where these satisfy the hedge accounting requirements, the translation differences on such loans are reported in other reserves in shareholders' equity, together with the translation differences arising from the translation of foreign net assets. When a foreign operation or part thereof is sold, such translation differences that have been reported in shareholders' equity are reported in the statement of income as part of the capital gains or loss on the sale.

### Receivables and liabilities in foreign currency (IAS 21)

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at each transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are reported in the statement of income. Exceptions are transactions in which gains or losses are reported in other comprehensive income as qualifying cash flow hedges or qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as shares reported at fair value via the statement of income, are reported in the statement of income as part of fair value gains/losses.

### Financial Reporting in Hyperinflationary Economies (IAS 29)

Argentina has been considered a hyperinflationary economy since July 1, 2018 and it is therefore appropriate for Loomis to apply the standard IAS 29 Financial Reporting in Hyperinflationary Economies. The financial statements for the subsidiary in Argentina have been adjusted for inflation to reflect the changes in purchasing power. The inflation adjustments have been made in accordance with the Argentine consumer price index, National CPI. The consumer price index as of December 31, 2019 was 284.1 with the base period as December 2016. As of December 31, 2018 the consumer price index was 179.9. Since the Loomis Group's reporting currency is SEK and thus is not a currency in a hyperinflationary economy, the comparative figures have not been adjusted. The losses on monetary net assets/liabilities for the period January 1, 2018–June 30, 2018 have been recorded on the line "Exchange rate differences" in other comprehensive income. The corresponding losses in the period July 1 – December 31, 2018 and January 1 – December 2019 have been recognized in the income statement on the line "Financial expenses."

### Intra-Group transactions (IAS 24 and IFRS 3)

Pricing of intra-Group transactions is based on normal business principles. Intra-Group receivables and liabilities, as well as transactions between companies in the Group, and any related gains/losses, are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of an impairment requirement for the transferred asset. All subsidiaries report to the Group in accordance with the Group's accounting principles.

Group companies are all companies owned or controlled by Loomis AB, according to the definition provided under the scope of the consolidated financial statements above.

### Revenue from Contracts with Customers (IFRS 15)

IFRS 15 replaced IAS 18 Revenue and IAS 11 Construction Contracts with the associated interpretations in 2018. IFRS 15 involves a new revenue recognition model based on when control of a product or service is transferred to the customer. The basic principle is that revenue is recognized as a means of expressing the transfer of promised goods and services with an amount that reflects the compensation the Company is expected to be entitled to in each for these goods and services.

*Revenue distribution*

The Group receives revenue from sales of goods and services over time and at certain points in time for the following main product lines: Cash in Transit services (CIT), Cash Management Services (CMS) and cross-border transportation of cash and precious metals and storage of valuables (International). When SafePoint equipment is used as part of a service delivery to a customer, this is sometimes referred to as "sales of SafePoint." The service, however, consists of providing cash in transit services, cash management services and a storage service to the customer, see also under "Significant assessments."

*Identifying performance obligations*

Performance obligations are determined and identified when contracts are entered into. Loomis' obligations to its customer are based on the contract in which the performance obligation is described. Performance obligations are seldom combined.

*Establishing a transaction price*

The transaction price is the price that will be allocated to performance obligations. The transaction price is the amount that Loomis expects to be entitled to in exchange for transferring goods or services. This may include fixed and/or variable amounts. A variable consideration may increase or decrease the price. If this is specified in the contract, it is to be estimated and reflected in the transaction price and is to be subject to continual review. Loomis' customer contracts mainly contain incentives and performance bonuses, but also discounts and penalties, which are variable.

*Allocation of transaction price to performance obligations*

The transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling price. The stand-alone selling price is established when the contract is entered into and allocated based on the value of the respective goods or services relative to the total value of the goods/services. The stand-alone selling price is the price for the goods or service when sold separately under similar circumstances to similar customers.

*Recognizing revenue when (or as and when) the Company meets its performance obligation*

Revenue is recognized when the obligation is satisfied and control has been transferred, which takes place over time or at a particular point in time. Revenue can be recognized over time unless Loomis' services generate an asset with an alternative value at the same time as Loomis has a right to payment for the services provided. Right to payment exists if Loomis is entitled to payment for services that have already been performed if the customer chooses to cancel the contract for a reason other than that Loomis has not met its obligations. Loomis' performance obligations are primarily met over time but during a short period, before being subsequently settled (for which reason assessing the level of completion is generally not a very complex process).

*Contract modifications*

An amendment to an existing contract is a modification. A contract modification may change the scope of the contract, the contract price, or both. A contract modification exists when the contracting parties approve the modification. A determination will often be required of whether changes in existing rights and obligations should be reported as a new contract or as a contract modification. Traditionally, Loomis' contracts have not been modified during their effective period, and new contracts are negotiated separately from previous, existing contracts.

*Contract costs*

In the process of securing customer contracts, costs may arise before services begin to be performed. This may include incremental costs to secure a contract. If a contract term is longer than 12 months, the cost of obtaining the contract under certain conditions is capitalized as an asset and depreciated during the contract term. If a contract term is less than 12 months Loomis does not capitalize the costs.

Loomis does not expect to have any contracts where the period from transfer of the promised goods or services to a customer and payment by the customer exceeds one year. The Group does not therefore adjust transaction prices based on the time aspect.

*Significant assessments*

SafePoint solution

When providing services Loomis sometimes uses an equipment called SafePoint. When selling this solution the service normally consists of providing the customer with transport services, cash management services and a storage service. The customer deposits cash into the SafePoint unit and the funds are then deposited on the customer's bank account. The cash is collected, transported, processed, verified as the amount deposited earlier and stored in Loomis' vault.

SafePoint equipment is part of Loomis' delivery of the SafePoint service. SafePoint equipment at the customer's premises is owned by Loomis and can be replaced with new SafePoint equipment by Loomis if this is deemed necessary. The contract is therefore not related to a specific asset. Loomis' performance obligation involves performing services for the term of the contract for which it is paid on a monthly basis, but this requires Loomis to perform a variety of tasks every day. The services are essentially performed on a straight-line basis over time. From both Loomis' and the customer's perspective the Safe Point equipment is included as part of the service that is delivered. These are not separate services and the SafePoint equipment is considered the same as any other equipment used to provide CIT and CMS services. For this reason, the transaction price is not broken down into components for the customer. Revenue is recognized throughout the term of the contract and invoiced on a monthly basis.

SafePoint solution: Sales of SafePoint
In some cases SafePoint units are sold to the customer. The service provided is, however, the same, involving the same structure and performance obligation as the SafePoint service described above. The customer has no alternative use for the SafePoint equipment other than it being part of Loomis' service delivery. Loomis controls the software and has the key to the SafePoint unit. If a contract ends, the proprietary software is removed and the customer is given the key. From Loomis' or the customer's perspective, the service is provided in line with the SafePoint solution described above, which means that revenue is recognized throughout the term of the contract and invoiced on a monthly basis. This means that sales of SafePoint equipment are not reported separately but instead considered part of the service provided by Loomis, and revenue is therefore recognized throughout the contract term (normally five years).

Storage services
Loomis provides storage services to its customers. Depending on local rules and business models, these services are provided as part of the CIT/CMS operations in some countries. Storage is also a separate service offered within the International segment where Loomis stores gold, art or similar items for its customers. When considering the effects of IFRS 15 and of providing a storage service, Loomis has determined that storage services provided as part of CIT/CMS operations have no distinct performance obligation, unlike storage services provided within the International segment.

This conclusion is based on the fact that the storage service within CIT/CMS is strongly linked to the CIT/CMS services as stated in the contract. The customer cannot avoid purchasing the storage portion of the service because it is a part of the delivery of Loomis' CIT/CMS service. In the International segment, storage is itself the service offered and is therefore by definition a distinct performance obligation.

Financing components
Loomis does not expect to have any contracts where the period from transfer of the promised goods or services to a customer and payment by the customer exceeds one year. The Group does not therefore adjust transaction prices based on the time aspect.

### Segment reporting (IFRS 8)
Operating segments are reported in accordance with the internal Loomis reporting, submitted to the CEO who has been identified as the most senior executive decision maker within Loomis. Loomis has the following segments: Europe*, USA, and Other. The segment presidents of Europe and USA are responsible for following up the segments' operating income before amortization of acquisition-related intangible assets, acquisition-related costs and revenue and items affecting comparability (EBITA), according to the manner in which Loomis reports its consolidated statement of income. This then forms the basis for how the CEO monitors the development and allocates resources etc. Loomis has therefore chosen this structure for its segment reporting.

National cash handling services (Cash in Transit and Cash Management Services) are split between the segments Europe and USA. The split is based on the similarities between European countries in important areas relating to, for example, market conditions, political circumstances, laws and regulations that affect Loomis' operations. Operations in the USA are affected to a significant degree by other market conditions and political circumstances, as well as by laws and regulations relevant to Loomis' operations, even if the services provided can be considered similar to those provided in Segment Europe. The aggregation in Europe is consistent with IFRS 8.12. The purpose of this standard is to provide information that makes it possible to understand and evaluate the environment in which Loomis operates.

The segment 'Other' consists of the head office and the Parent Company, the risk management function and other functions managed at Group level and which are related to the Group as a whole.

### Government grants and assistance (IAS 20)
Similar to other employers, Loomis is eligible for a variety of government grants relating to employees. These grants are for training, incentives for the hiring of new personnel, reduction of working hours, etc. All grants are reported in the statement of income as a cost reduction in the same period in which the related underlying cost is reported.

### Income taxes (IAS 12)
Income taxes include current and deferred taxes. Income tax is recognized in income for the year unless the underlying transaction is reported in other comprehensive income, in which case the corresponding tax is reported according to the same principle.

Current tax is measured based on the tax rules that apply in the countries where the Parent Company and subsidiaries are operating.

Deferred tax is measured applying the tax rates and tax laws that have been enacted or announced as of the balance sheet date, and that are expected to apply when the deferred tax asset in question is realized or the deferred tax liability is settled.

Deferred tax is recognized using the balance sheet method. Deferred tax is measured based on the differences between the carrying amount reported in the balance sheet and the tax base – so called temporary differences.

Deferred tax assets are recognized when it is probable that the amounts can be used against future taxable income. Deferred tax assets are measured on the balance sheet date and any past deferred tax assets that have not been measured are reported when they are expected to be able to be utilized, and correspondingly, reduced when it is expected that these amounts, in their entirety or partly, will not be able to be used against future taxable income.

Deferred tax assets and deferred tax liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when deferred taxes are levied by the same tax authority.

### Statement of cash flows (IAS 7)
The statement of cash flows has been prepared in accordance with the indirect method. Liquid funds include cash and bank deposits, as well as current investments, with a maximum duration of 90 days.

### Goodwill and Other Acquisition-related intangible assets (IFRS 3, IAS 36 and IAS 38)
Goodwill represents the positive difference between the consideration transferred and the fair value of the Group's share of identifiable

** Argentina, Chile and Turkey are included in the European segment because the operations there are reported and followed up as part of the European segment.*

net assets of the acquired subsidiary/operation at the date of acquisition. As goodwill has an indefinite useful life, it is tested annually for impairment and is reported as the consideration transferred less accumulated impairment losses. Gains and losses on the divestment of companies include the carrying amount of goodwill relating to the sold company. Impairment losses on goodwill are not reversed.

Other acquisition-related intangible assets arising from acquisitions may include various types of intangible assets, such as customer-related, contract-related and technology-based intangible assets. Other acquisition-related intangible assets have a definite useful life. These assets are reported at cost, less accumulated amortization and any accumulated impairment losses. Amortization takes place on a straight-line basis over the estimated useful life of the asset.

Loomis' acquisition-related intangible assets primarily refer to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios is based on the so-called "Multiple Excess Earnings Method" (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the turnover rates and returns on the acquired portfolio at the time of the acquisition. In the model, a specific cost or required return in the form of a so-called "contributory asset charge" is applied for the assets utilized in order for the intangible asset to generate returns.

Cash flows are discounted using the weighted average cost of capital (WACC) based on local interest rates and valuation yields in the countries in which the acquisitions have taken place. The useful life of customer contract portfolios and the related customer relationships are based on the turnover rate of the acquired portfolio and are between 3 and 12 years, corresponding to annual amortization of between 8.33 percent and 33.3 percent.

The Group has reviewed the useful life of its intangible assets in accordance with the provisions of IAS 38. This review did not give rise to any adjustments.

A deferred tax liability is calculated at the local tax rate on the difference between the carrying amount and tax base of intangible assets with definite useful lives (accordingly, goodwill does not give rise to any deferred tax liability). The deferred tax liability is dissolved over the same period as the intangible asset is amortized, and thereby neutralizes the impact of the amortization of the intangible asset on the full tax rate percentage on income after tax. This deferred tax liability is initially reported through a corresponding increase in goodwill.

Goodwill and other acquisition-related intangible assets are allocated to cash-generating units (CGU). A cash-generating unit is the smallest unit for which there are identifiable cash flows. The allocation is made to those cash generating units or groups of cash generating units, that are expected to profit from the acquisition generating the goodwill. This allocation is the basis for the yearly impairment testing.

The amortization of acquisition-related intangible assets is reported in the entry Amortization of acquisition-related intangible assets in the statement of income.

### Other intangible assets (IAS 36 and IAS 38)

Other intangible assets, that is, intangible assets other than goodwill and acquisition-related assets, are reported if it is probable that the expected future economic benefits attributable to the asset will accrue to the Group and that the cost of the asset can be reliably measured.

Other intangible assets have a definite useful life. These assets are reported at cost less accumulated amortization and any accumulated impairment losses.

*Straight-line amortization over the estimated useful life is applied for all classes of assets, as follows:*

| | |
|---|---|
| Software licenses | 12.5–33.3 percent |

The useful lives of assets are reviewed annually and adjusted, if appropriate.

### Tangible fixed assets IAS 16 and IAS 36)

Tangible fixed assets are reported at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenses directly attributable to the acquisition of the asset. Additional expenses are added to the reported value of the asset or are reported as a separate asset, as appropriate, only if it is likely that the Group will benefit from the future financial benefits associated with the asset, and if the cost of the asset can be reliably calculated. The reported value of the replaced part of the asset is eliminated from the balance sheet. All other types of repairs and maintenance are reported as costs in the statement of income in the period in which they arise. Depreciation is based on historical cost and the expected useful life of the asset. The residual values and useful lives of the assets are reviewed on each balance sheet date and adjusted as needed. An asset's reported value is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

*Straight-line amortization over the estimated useful life is applied for all classes of assets, as follows:*

| | |
|---|---|
| Machinery and equipment | 10–25 percent |
| Buildings and ground installations | 1.5–4 percent |
| Land is not depreciated | |

Gains and losses on disposals are determined by comparing proceeds from the sales with the asset´s reported value, and are reported as production expenses or selling and administrative expenses, depending on the type of asset being sold.

### Impairment (IAS 36)

Assets with an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets subject to amortization are tested for impairment at least on each balance sheet date or when events or new circumstances indicate that the recoverable amount will not amount to at least the carrying amount. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realizable amount and its value in use.

Value in use is measured as the present value of expected future cash flows. The measurement of value is based on assumptions and judgements. The primary assumptions relate to organic growth, development of the operating margin, the use of operating capital employed and the relevant WACC rate used to discount future cash flows. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). For assets, other than goodwill, for which impairment losses have previously been recognized, an assessment is made on every balance sheet date to determine whether past impairment losses should be reversed. In such cases, a reversal is carriedout to raise the carrying amount of the impaired asset to its recoverable amount. A reversal of a past impairment loss is recognized only when the new carrying amount does not exceed what the previous carrying amount would have been (after amortization) if the impairment loss had not been recognized. Previously recognized impairment losses – with the exception of goodwill impairment losses – are reversed only if there has been a change in the assumptions based on which the recoverable amount was determined when the impairment loss was recognized. Goodwill impairment losses are not reversed.

### IFRS 9 Financial Instruments

*Recognition and derecognition from the statement of financial position*

A financial asset or financial liability is recognized in the balance sheet when an entity becomes party to the contractual provisions of the instrument. Trade accounts receivable are recognized in the balance sheet when an invoice has been sent. A liability is recognized when the counterparty has performed services and there is a contractual obligation to pay, even if the invoice has not yet been received. Accounts payable are recognized when an invoice has been received. Financial assets are derecognized from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the entity has essentially transferred all risks and rewards associated with ownership. A financial liability is derecognized from the balance sheet when the contractual obligation is fulfilled or otherwise extinguished. Financial assets and financial liabilities are offset and reported net in the balance sheet only where there is a legal right to offset the amounts and there is an intention to either settle the items on a net basis or where the asset will be realized and the liability settled simultaneously. Acquisitions and divestments of financial assets are recognized on the transaction date, which is the date when the transaction takes place except where the entity acquires or divests listed securities, in which case the settlement date applies for recognition.

*Classification and measurement*

Financial assets are classified based on the business model the asset is managed under and the nature of the cash flow associated with it. If the financial asset is held within the framework of a business model the objective of which is to collect contractual cash flows and the agreed terms for the financial asset at predetermined times give rise to cash flows consisting solely of payment of principal and interest on the outstanding principal, the asset is recognized at amortized cost. This business model is categorized as hold to collect.

If the financial asset is held under a business model, the objective of which can be achieved both by collecting contractual cash flows and selling financial assets, and the agreed terms for the financial asset at predetermined times give rise to cash flows consisting solely of payment of principal and interest on the outstanding principal, the asset is recognized at fair value through other comprehensive income. This business model is categorized as hold to collect and sell.

All other business models for which the purpose is speculation, held for trading or where the nature of the cash flow excludes other business models, are recognized at fair value through profit or loss. This business model is categorized as other.

Loomis' current receivables consist of accounts receivable. The receivables arise when Loomis provides services or goods directly to customers and where there is no intention to trade in the receivables.

Liquid funds consist of cash and immediately available deposits at banks and equivalent institutions, plus short-term liquid investments with a maturity from the acquisition date of less than three months and which are subject to only an insignificant risk of fluctuation in value. Short-term liquid investments are investments that can be available immediately and that do not require a buyer in order to be realized. Liquid funds are held for the sole purpose of obtaining the contractual cash flow. The business model for both accounts receivable and liquid funds involves contractual cash flows (hold to collect) which are measured at amortized cost.

Financial liabilities are classified at fair value through profit or loss if they are 1) a contingent consideration for which IFRS 3 applies, 2) held for trading or 3) if they are initially identified as a liability at fair value through profit or loss. Other financial liabilities are classified at amortized cost.

Accounts payable are measured at amortized cost. The expected maturities of the accounts payable are short and for this reason the liability is recognized at the nominal amount without discounting. Interest-bearing bank loans, overdraft facilities and other loans are measured at amortized cost according to the effective interest method. Any differences between the loan amount (net after transaction costs) and debt repayment or amortization are reported over the term of the loan. A contingent consideration is measured and classified at fair value through profit or loss.

*Financial instruments at fair value*

The fair value of financial assets and financial liabilities is determined as follows:
The fair value of financial assets and liabilities traded on an active market is determined taking into account the listed market price. The fair value of other financial assets and liabilities is determined according to generally accepted measurement models such as discounting of future cash flows and using information from current market transactions. For all financial assets and liabilities the carrying amount is considered to be a good approximation of fair value, unless otherwise specifically stated.

*Amortized cost and the effective interest method*

Amortized cost for a financial asset is the value assigned to the asset upon initial recognition less the principal, plus accumulated depreciation with the effective interest method for any difference between the principal and the outstanding principal, adjusted for any impairment. The gross carrying amount of a financial asset is amortized cost for a financial asset before adjustment for any loss provision. Financial assets are recognized at amortized cost using the effective interest method or fair value through profit or loss. The effective interest rate is the interest rate which, when discounting all future anticipated cash flows over the anticipated term, results in the initial carrying amount for the financial asset or financial liability.

*Impairment*

The Group recognizes a loss reserve for expected credit losses on a financial asset measured at amortized cost or fair value through other comprehensive income, for a lease receivable and for a contract asset. Equity instruments do not fall under the impairment rules. As of each balance sheet date the Group is to recognize changes in expected credit losses in profit or loss since initial recognition.

The purpose of the impairment requirement is to recognize the expected credit losses for remaining maturities of all financial instruments for which there has been a significant increase in the credit risk after initial recognition – assessed either individually or collectively – taking into consideration all reasonable and verifiable information, including forward-looking information. The Group is to measure expected credit losses from a financial instrument in a way that reflects an objective and likely amount that is determined by measuring a range of possible outcomes, the value of money and reasonable, verifiable information on current circumstances and forecasts for future financial conditions.

For accounts receivable, contract assets and lease receivables there are simplifications whereby the Group is to immediately recognize anticipated credit losses for the remaining term of the asset.

For all other financial assets the Group's loss reserve is to be an amount equivalent to 12 months' anticipated credit losses. For financial instruments for which there has been a significant increase in the credit risk since initial recognition, a reserve is recognized based on the credit losses for the entire term of the asset.

The Group's exposure to credit risk is mainly related to accounts receivable. The simplified model is used to calculate the credit losses on the Group's accounts receivable. When calculating the anticipated credit losses, accounts receivable have been grouped based on the customers' credit scores and in certain cases separate assessments have been made of individual contract assets. The anticipated credit losses for accounts receivable are calculated using a provision matrix based on past events, current circumstances and forecasts of future economic conditions and the value of money where applicable.

*Definition of depreciation*

Loomis measures its receivables on an ongoing basis and makes individual assessments on impairment.

*Definition of default*

The Group considers the following events to constitute default as past experience shows that receivables that meet one or more of the following criteria are in general not repaid.
- When the counterparty violates its financial covenants;
- Information produced internally or received from external sources indicates that the debtor is unlikely to be able to pay the creditor, including the Group, in full (without taking into account any guarantees that the Group holds);
- If a financial asset is more than 90 days overdue.

Impairment of accounts receivable and other receivables are recognized in operating costs. Impairment of liquid funds and other long-term securities holdings are recognized as financial expense.

*Hedge accounting*

Hedge accounting is applied to investments in foreign operations. Net investments in foreign operations have been hedged by foreign currency loans being recognized on the closing day exchange rate. In hedge accounting the asset (net investment in foreign operations) and the liability (foreign currency loan) are linked, which means that only net changes in value are recognized through other comprehensive income.

*Efficiency measurement*

A prospective assessment of efficiency is made based on a qualitative analysis, and the hedge is considered effective if the hedging instrument's critical terms correspond entirely to the corresponding terms for the hedged item. The critical terms evaluated for the hedged item are nominal amount and currency.

As the Group's currency risk exposure is hedged using a financial liability or a currency swap, and the critical terms of the hedging instrument and the hedged item match, there is considered to be an economic link between the hedging instrument and the hedged item. The hedging instrument and the hedged item are expected to develop in opposite directions as a consequence of a change in the underlying hedged risk.

*Hedge ratio*

The hedge ratio is the hedging instrument in relation to the hedged item. The Group's hedge ratio is 1:1 as the volume (nominal amount) of the hedging instrument is equivalent to the volume of the hedged item. No adjustment of the hedge ratio is expected.

## Employee benefits (IAS 19)

The Group operates, or otherwise participates in, a number of defined benefit and defined contribution pension plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate legal entity and to which it has no legal or informal obligations to pay further contributions. Defined benefit plans are pension plans providing benefits after termination of service other than those benefits provided by defined contribution plans. Calculations for the defined benefit plans are carried out by independent actuaries on a continuous basis. Costs for defined benefit plans are estimated using the Projected Unit Credit method resulting in a cost distributed over the individual's period of employment. Obligations are valued at the present value of expected future cash flows applying a discount rate corresponding to the interest rate on first-class corporate bonds or government bonds with a duration that is approximately the same as that of the obligations. Plan assets are reported at fair value.

Similar to previous years, Loomis recognizes gains and losses related to changes in actuarial assumptions via Other comprehensive income on the lines Actuarial gains and losses. The actuarial gains and losses refers to changes due to experience, changes in financial assumptions and changes in demographic assumptions. These actuarial gains and losses are reported for all defined benefit plans relating to post-employment benefits in the period in which they occur.

If the recognition of a defined benefit plan results in an asset, this is recognized as an asset in the consolidated balance sheet under "Interest-bearing financial fixed assets." If the net result is a liability, it is reported as a provision under "Provisions for pensions and similar commitments." Provisions for pensions and similar commitments are included in net debt. The interest component relating to defined benefit plans is recognized as financial expense/income.

Expenses relating to earlier periods of service are reported directly in the statement of income.

Severance pay is paid when the Group terminates an employee's employment before the pensionable age or when an employee accepts voluntary redundancy in return for such benefits. Severance pay is reported as an expense when the Group is demonstrably obliged to terminate employment as a result of a detailed formal plan or to pay compensation in cases of voluntary redundancy.

## Share-based Remuneration (IFRS 2)

*Incentive scheme*

The Group currently has two incentive schemes – one short-term and one long-term saving share-based incentive scheme.

In the short-term incentive scheme the participants receive a bonus, two-thirds of which is paid in cash the year after it is earned. For the one third, shares are acquired at market price and allotted to the employees one year after their acquisition as long as the individuals are still employed by the Group.

The cost for Loomis is reported in the statement of income in the year during which the bonus is earned. The share-based reserve is classified as a component of equity and not as a liability. At the conclusion of the scheme, any deviations from the original estimates, for example, as a result of an employee leaving the Group without receiving their allotted shares, are reported in the statement of income and corresponding adjustments are made in shareholders' equity. For further information see Note 11.

The long-term saving share-based scheme (LTIP 2018–2021) is aimed at Group management and other key individuals in the Loomis Group. The scheme mainly involves each participant making a cash investment in Class B shares in Loomis (Saving Shares) by acquiring shares on Nasdaq Stockholm. The participants are thereby entitled to receive, free of charge, so-called performance shares on condition that (i) the participant remains employed until February 28, 2022 (the Vesting Period), (ii) the participant has not sold any Saving Shares before the end of the Vesting Period, and (iii) the performance target is met. The performance target that must be met relates to the accumulated development of earnings per share (EPS) during the period January 1, 2018 – December 31, 2021. The Board has established the minimum and upper target levels for the accumulated development of EPS. A determination will be made in connection with the publication of the year-end report for the year 2021 as to whether the performance target has been met.

LTIP 2018–2021 will result in personnel costs over the Vesting Period in the form of salaries and social security contributions. For further information see Note 11.

*Share swaps relating to share-based remuneration*

For the purpose of securing the share component in Loomis' two share-based incentive scheme, Loomis AB has entered into two swap agreements with a third party. The swap agreements are classified as an equity instrument and recognized in equity as a reduction of retained earnings. For further information, see Note 11.

## Provisions (IAS 37)

Provisions are reported when the Group has a present legal or constructive obligation as a result of past events, it is likely that an outflow of resources will be required to settle the obligation, and when a reliable estimation of this amount can be made.

Provisions regarding restructuring are made when a detailed, formal plan of measures exists and valid expectations have been raised among those who will be affected. No provisions are made for future operating losses.

Provisions for claims are calculated on the basis of a combination of claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed on a continuous basis to assess the adequacy of the provisions. The calculations are based on open claims and estimates based on experience and historical IBNR data.

### Use of key ratios not defined in IFRS

The Loomis Group's accounts are prepared in accordance with IFRS. Only a few key ratios are defined in IFRS. As of the beginning of the second quarter of 2016 Loomis is applying the Alternative Performance Measures issued by ESMA (European Securities and Markets Authority). Briefly, an alternative performance measure is a financial measurement of historical or future earnings development, financial position or cash flow, not defined or specified in IFRS. To assist Group Management and other stakeholders in their analysis of the Group's performance, Loomis is reporting certain key ratios not defined by IFRS. Group Management believes that this data will facilitate analysis of the Group's performance. This data supplements the IFRS information and does not replace the key ratios defined in IFRS. Loomis' definitions of measurements not defined in IFRS may differ from definitions used by other companies. All of Loomis' definitions are included in Note 3. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found in Note 9.

### Other

Amounts in tables and combined amounts have been rounded off on an individual basis. Minor differences due to this rounding-off may, therefore, appear in the totals.

## NOTE 3 Definitions, calculation of key ratios and exchange rates

### Definitions, Statement of income

*Production Expenses*

Salaries and related costs for direct personnel, the cost of equipment used in the performance of services, and all other costs directly related to the performance of invoiced services.

*Selling and administrative expenses*

All expenses related to sales, administration and management, including such expenses for branches. The branches provide the production function with administrative support and serve as a sales channel.

*Operating income (EBITA)*

Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue and items affecting comparability.

*Operating income (EBIT)*

Earnings before interest and tax.

### Definitions of key ratios

*Real growth, %*

Increase in revenue for the period, adjusted for changes in exchange rates, as a percentage of the previous year's revenue.

*Organic growth, %*

Increase in revenue for the period, adjusted for acquisitions/divestitures and changes in exchange rates, as a percentage of the previous year's revenue adjusted for divestitures.

*Total growth, %*

Increase in revenue for the period as a percentage of the previous year's revenue.

*Operating margin (EBITA), %*

Earnings before interest, taxes, amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue and items affecting comparability, as a percentage of revenue.

*Earnings per share, before dilution*

Net income for the period in relation to the average number of outstanding shares at the end of the period.
Calculation 2019: 1,646 / 75,226,032 x 1,000,000 = 21.88
Calculation 2018: 1,538 / 75,226,032 x 1,000,000 = 20.45

*Earnings per share, after dilution*

Calculation 2019: 1,646 / 75,226,032 x 1,000,000 = 21.88
Calculation 2018: 1,538 / 75,226,032 x 1,000,000 = 20.45

*Cash flow from operating activities as a percentage of operating income (EBITA)*

Cash flow for the period before financial items, income tax, items affecting comparability, acquisitions and divestitures of operations and financing activities, as a percentage of operating income (EBITA).

*Return on capital employed, %*

Operating income (EBITA) as a percentage of the closing balance of capital employed.

*Return on shareholders' equity*

Net income for the period as a percentage of the closing balance of shareholders' equity.

*Net margin*

Net income for the period after tax as a percentage of total revenue.

*Net debt*

Interest-bearing liabilities less interest-bearing assets and liquid funds excluding funds for cash processing activities.

*n/a*

Not applicable.

**Exchange rates used in the consolidated financial statements**

| | Currency | Weighted average 2019 | Dec. 31, 2019 | Weighted average 2018 | Dec. 31, 2018 |
|---|---|---|---|---|---|
| Norway | NOK | 1.08 | 1.06 | 1.07 | 1.03 |
| Denmark | DKK | 1.42 | 1.40 | 1.38 | 1.37 |
| UK | GBP | 12.08 | 12.28 | 11.62 | 11.44 |
| Switzerland | CHF | 9.53 | 9.63 | 8.94 | 9.08 |
| USA | USD | 9.46 | 9.30 | 8.74 | 8.94 |
| Czech Republic | CZK | 0.41 | 0.41 | 0.40 | 0.40 |
| Turkey | TRY | 1.67 | 1.56 | 1.83 | 1.69 |
| Argentina | ARS | 0.19 | 0.16 | 0.31 | 0.24 |
| Hong Kong | HKD | 1.21 | 1.19 | 1.12 | 1.14 |
| United Arab Emirates | AED | 2.57 | 2.53 | 2.38 | 2.43 |
| Canada | CAD | 7.19 | 7.15 | 6.71 | 6.56 |
| People's Republic of China | CNY | 1.37 | 1.34 | 1.32 | 1.30 |
| Singapore | SGD | 6.94 | 6.92 | 6.47 | 6.57 |
| Chile | CLP | 0.01 | 0.01 | 0.01 | 0.01 |
| EUR-countries | EUR | 10.59 | 10.45 | 10.30 | 10.24 |

## NOTE 4 Critical accounting estimates and assessments

The preparation of financial statements and the application of various accounting standards are often based on assessments made by management or on estimates and assumptions that are deemed reasonable under the prevailing circumstances. These estimates and assumptions are generally based on historical experience and other factors, including expectations of future events. With different estimates and assumptions, the result could vary and by definition, the estimates will seldom equal actual outcomes.

The estimates and assumptions that Loomis deems, at December 31, 2019, to have greatest impact on its results, assets and liabilities are discussed below.

### Valuation of accounts receivable and provision for bad debt losses

Accounts receivable total SEK 2,619 million (2,341), and thereby, constitutes one of the largest items on the balance sheet. Accounts receivable is reported at net value, after provision for bad debt losses. The provision for bad debt losses of SEK –90 million (–80) is subject to critical estimations and assessments. For additional information on credit risk in the accounts receivable refer to Note 6 and Note 22.

### Valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries/operations

The valuation of identifiable assets and liabilities in conjunction with the acquisition of subsidiaries or operations, as part of the purchase price allocation, requires that items in the acquired company's balance sheet, as well as items that have not been reported in the acquired company's balance sheet, such as customer relations, should be valued at fair value. Under normal circumstances, as listed market prices are not available for the valuation of the assets and liabilities to be valued, different valuation methods must be applied. These valuation methods are based on a number of assumptions. Other items that may be difficult to, both to identify and measure, are contingent liabilities that may have arisen in the acquired company, for example as a result of disputes. The valuation of identifiable assets and liabilities also depends on the accounting environment in which the acquired company/operations were operational. This relates to, for example, the accounting norms according to which the financial reporting was previously prepared and, thereby, the scale of the adaptations which must be made to the Group's accounting principles, the regularity with which financial statements were prepared, as well as data of various types which may be necessary for the valuation of identifiable assets and liabilities. All balance sheet items are, in case of acquisitions, subject to certain estimates and assumptions. This also implies that a preliminary valuation may be required which is adjusted at a later date. All acquisition analysis are subject to final adjustment one year after the acquisition date, at the latest. In light of the factors stated above, Loomis has chosen, on the condition that the adjustment in question is not considered significant, neither to provide separately, for each individual acquisition, the reasons why the first reporting of the business combination is preliminary, nor to state the assets and liabilities for which the first reporting is preliminary.

Deferred considerations that mature in the future and contingent considerations are reported as part of the purchase price and is recorded based on an assessment assuming that the appropriate terms and conditions agreed upon in connection with the acquisition will be complied with. Deferred considerations and contingent considerations are reported at present value and the valuation is subject to assessment on each reporting occasion. For further information regarding acquisitions refer to Note 15.

### Impairment testing of goodwill and other acquisition-related intangible assets

In connection with the impairment testing of goodwill and other acquisition-related intangible assets, the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the greater of either an asset's net realizable value or its value in use. As under normal circumstances, no listed market prices are available to assess an asset's net realizable value, the carrying amount is normally compared with the value in use. The calculation of the value in use is based on assumptions and assessments. The most important assumptions are organic growth, development of the operating margin, the utilization of operating capital employed and the relevant WACC rate used to discount future cash flows. All in all, this implies that the valuation of the balance sheet item Goodwill, which amounts to SEK 7,094 million (6,533), and of Acquisition related intangible assets, which amounts to SEK 478 million (515), is subject to critical estimates and assessments. A sensitivity analysis regarding organic growth, operating margin and WACC is provided in Note 15.

### Reporting of income tax, VAT and other taxes

Reporting of income tax, VAT and other taxes is based on the applicable regulations in the countries in which the Group operates. Due to the overall complexity of all rules concerning taxation and reporting of taxes, the implementation and reporting is based on interpretations and assessments of possible outcomes.

Deferred tax is measured on temporary differences between the carrying amounts and tax base of assets and liabilities. There are two main types of assumptions and judgements that impact recognized deferred tax. These are assumptions and judgements to establish the carrying amount of various assets and liabilities, and those relating to future taxable profits in cases where future utilization of deferred tax assets is dependent on this.

At year-end, deferred tax assets were reported in the amount of SEK 446 million (342) and deferred tax liabilities in the amount of SEK 447 million (461).

Significant assumptions and judgements are also made in the recognition of provisions and contingent liabilities relating to tax risk and potential effects of ongoing tax audits. Tax audits are often lengthy processes lasting for several years. It is therefore not possible to provide any detailed information regarding the timeline for tax outflows. For further information on taxes, refer to Note 14 and Note 34.

### Actuarial calculations regarding employee benefits such as pensions

Employee benefits are normally an area in which estimates and assessments are not critical. However, for defined benefit plans, particularly as regards pension benefits, and where the payments to the employee is several years into the future, actuarial assessments are required. These calculations are based on assumptions concerning economic variables, such as the discount rate, salary increases, inflation rates, pension increases, but also on demographic variables, such as expected life span. These assumptions are subject to critical estimates and assessments. As of the balance sheet date there were provisions for pensions and similar commitments totaling SEK 918 million (711) and receivables relating to pensions of SEK 352 million (317). The receivables are included in the item "Interest-bearing financial fixed assets." For further information on pensions and on sensitivity analysis, refer to Note 30.

### Actuarial calculations regarding claims reserves

The Group is exposed to various types of risks in the day-to-day operation of its business. These operational risks can result in the need to report provisions for damages resulting from property claims and personal injuries claims from the Cash handling operations, and workers' compensation claims relating to the Group's employees.

Claims reserves are recognized based on actuarial calculations conducted on an ongoing basis. The actuarial calculations are based on information on open claims and historical data on incurred but not reported (IBNR) claims and on a number of different assumptions. This means that the total claims reserves, which amount to SEK 606 million (365), are subject to critical estimates and judgements. For further information, please refer to Note 29.

### The impact on the Group's financial position of ongoing disputes and the valuation of contingent liabilities

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the acquired businesses have been assumed.

Companies within the Group are also involved in a number of other legal proceedings and tax audits arising from ordinary operating activities.

Similar to several other companies in Spain, Loomis' Spanish subsidiary has been under investigation by the Spanish competition authority (CNMC). In November 2016 the authority informed Loomis Spain of its decision. The decision is to impose a fine of EUR 7 million on Loomis Spain for alleged market sharing. Loomis maintains that it has acted in compliance with the laws in effect and, accordingly, disagrees with the content of the decision and the fine imposed. Loomis has appealed the decision in the Spanish courts. Therefore, no provision has been recognized in the balance sheet regarding this dispute. A possible negative outcome is not expected to have a negative impact on either the Group's income or financial position.

Loomis' Danish subsidiary was informed at the beginning of July 2018 that a competitor had filed a lawsuit with a Danish court. The amount in the lawsuit is DKK 125 million and the suit relates mainly to alleged misuse of a dominant position in the Danish market. In January 2020 the lawsuit was extended with additional DKK 102 million, hence the total claim is now DKK 227 million. Loomis is of the opinion that it has acted in compliance with the laws in effect and has contested the lawsuit. Therefore, no provision has been recognized in the balance sheet regarding this dispute.

For further information on ongoing disputes and measurement of contingent liabilities, refer to Note 14, Note 31 and Note 35.

### Effect of the Brexit referendum in the UK

Loomis operations in the UK primarily involve local customers and local currency is used. At this time it has therefore been determined that the UK's potential future exit from the EU will not have any material impact on Loomis' local operations. The Group's consolidated financial statements will, however, be affected by the GBP's development in relation to the Swedish krona.

## NOTE 5 Events after the balance sheet date

On January 17, 2020 it was announced that Loomis AB, through the wholly owned subsidiary Loomis Sverige AB (Loomis Sweden) had entered into an agreement to acquire all of the shares in the limited liability company Nokas Värdehantering AB (Nokas Värdehantering), a subsidiary of Nokas Kontandthåntering AS in Norway. The enterprise value, i.e. the purchase price payable on a debt free basis, is around SEK 80 million. Nokas Värdehantering has around 220 employees and its net revenue over the 12-month period ending in September 2019 was around SEK 215 million. The company's current operating margin, EBITA%, is negative.

The acquired operations will be reported within Segment Europe and consolidated into Loomis' accounts as of the closing of the transaction. Nokas Värdehantering and Loomis Sweden are both payment institutions under the supervision of the Swedish Financial Supervisory Authority (SFSA) and Loomis Sweden must therefore undergo an ownership assessment performed by the SFSA. The acquisition will be completed on condition that the SFSA approves Loomis Sweden as the owner. The purchase price is payable on closing.

Loomis AB has entered into an agreement to acquire 100 percent of Automatia Pankkiautomaatit Oy (Automatia) from present owners Danske Bank, Nordea, and OP Financial Group. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 42 million. Automatia operates the largest ATM network in Finland, under the Otto brand, and also offers nationwide cash supply services for bank branches, night safes for retailers and a digital platform for operating instant payments. Automatia, founded in 1994, has approximately 30 employees and annual net revenue, for the last twelve months ending in December 2019, was approximately EUR 42 million. As part of the transaction, the sellers will commit to new long-term service agreements and continue to be significant customers of Automatia. The business will be reported in segment Europe and consolidated into Loomis as of closing of the transaction. The transaction is subject to merger control approval by the Finnish Competition and Consumer Authority and approval by other relevant authorities. Closing will take place after approval, which is estimated to take around 5 months. The purchase price is payable on closing.

The Board has decided to propose that a resolution be passed at the 2020 AGM on an incentive scheme (Incentive Scheme 2020). Similar to Incentive Scheme 2019, the proposed incentive scheme will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2022. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2022, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the employee will retain the right to receive bonus shares. The principles of performance measurement and other general principles that are already being applied for the existing incentive scheme will continue to apply. Loomis AB will not issue any new shares or similar instruments as a result of this incentive scheme. To enable Loomis to allot these shares, it is proposed that Loomis AB enters into a share swap agreement with a third party under which the third party acquires the Loomis shares in its own name and transfers them to the incentive scheme participants. The incentive scheme will enable around 350 of Loomis' key employees to become shareholders in Loomis AB over time and will thereby increase employee participation in Loomis' development, which will benefit all of the shareholders. To read the Board's full incentive scheme proposal, refer to the notice of the AGM on www.loomis.com.

On March 27, 2020 the Board of Directors resolved to withdraw its earlier communicated proposal to the 2020 AGM of a dividend of SEK 11 per share for 2019. Furthermore, the Board of Directors informed that a final decision of dividend is expected to take place on an extraordinary general meeting when the consequences of the corona pandemic have become more clear.

In light of the outbreak of the novel corona virus and Covid-19, Loomis closely monitors the developments and takes actions to minimize or eliminate the impact on the Group's operations. The measures recently initiated by the authorities in many markets where Loomis conducts operations have overall decreased demand for retail business in these countries. Loomis estimates that the company's revenues and earnings during the first quarter of 2020 have been negatively impacted and the measures taken are also expected to continue to have a negative impact until the development of the pandemic is halted and the retail business in the countries where Loomis conducts operations again begins to grow. Loomis follows guidelines from the Public Health Agency of Sweden, WHO and ECDC (European Center for Disease Prevention and Control) and CDC in USA.

## NOTE 6 Financial risk management

### Financial risk management

Loomis is exposed to risk associated with financial instruments, such as liquid funds, accounts receivable, accounts payable and loans. The risks related to these instruments are, primarily, the following:

- Interest rate risks associated with liquid funds and loans
- Exchange rate risks associated with transactions and recalculation of shareholder's equity
- Liquidity risks associated with short-term solvency
- Financing risks relating to the Company's capital requirements
- Credit risks attributable to financial and commercial activities
- Capital risks attributable to the capital structure
- Price risks associated with changes in raw material prices (primarily fuel)

Loomis' financial risk management is primarily coordinated centrally by Loomis AB's Treasury function. By concentrating the risk management, as well as internal and external financing, economies of scale can be used to obtain the best possible interest rate for both investments and borrowings, currency fluctuations, and management of fixed interest rate lending.

The aim of Loomis AB's Treasury function is to support the operating activities, optimizing the level of the financial risks, manage the net debt effectively and ensure compliance with the terms of loan agreements.

The Financial Policy, established by the Board of Directors, comprises a framework for the overall risk management. As a complement to the Financial Policy, the CEO of Loomis establishes instructions for Loomis AB's Treasury function which more specifically govern the manner in which the financial risks to which Loomis is exposed are to be managed and controlled. This instruction handles the principles and limits regarding foreign exchange risks, interest rate risks, credit risks, use of derivative instruments and investment of excess liquidity. Derivatives are not used for speculative purposes, but rather only to minimize the financial risks.

### Financial risk factors

*Interest rate risk*

Interest rate risk is the risk that Loomis' earnings will be affected by changes in market interest rates. Loomis subsidiaries normally hedge their interest rate exposure by lending from Loomis AB's Treasury function on the basis of loans with one-year maturity or less, where permitted.

The average fixed interest term as of December 31, 2019 was about 3 months. A permanent change in the interest rate of +1 percent as of December 31, 2019 would have an annual effect on net financial items of SEK –87 million (–44). Loomis' borrowing amounted to SEK 5,927 million (5,431). The average interest rate on the debt during the year was 1.52 percent (1.76), excluding arrangement costs for the existing credit facilities. For information regarding the assumptions relating to the defined benefit obligation, see Note 30.

*Exchange rate risk – Translation risk*

Translation risk is the risk that the SEK value of assets and liabilities in foreign currencies will fluctuate due to changes in foreign exchange rates.

As a large number of subsidiaries operate in other countries, the Group's balance sheet and statement of income are affected by the translation of foreign currencies to SEK. This exposure gives rise to a translation risk which means that unfavorable changes in exchange rates could have a negative impact on the Group's foreign net assets when translated into SEK. Loomis' capital employed as of December 31, 2019 amounted to SEK 16,923 million (12,727). If the SEK had strengthened/weakened by 5 percent compared to the USD, with all other variables being the same, Loomis' shareholders' equity would have been affected in the amount of SEK 298 million (242). The corresponding figures for GBP would be SEK 16 million (36), for EUR SEK 77 million (68) and for CHF SEK 35 million (45). Loomis uses hedge accounting according to the principle of hedging net investments to limit the translation risk. Loomis has two hedges, one amounting to USD 124 million (138) where the net investment is the hedged item. In connection with the acquisition of VIA MAT, Loomis entered into a hedge amounting to CHF 60 million (80) where the hedged item is the net investment. The ineffectiveness of the hedges during the year was SEK 0 million (0). The table under the capital risk section shows the amounts of the exposure to various currencies. For other currencies, loans and currency swaps constitute hedges of corresponding receivables where hedge accounting is not applied.

*Exchange rate risk – Transaction risk*

Transaction risk is the risk that changes in exchange rates will negatively affect the Group's earnings. The majority of Loomis' subsidiaries operate outside Sweden and there are certain risks associated with financial transactions in different currencies. These risks are limited by the fact that both costs and revenues are generated in the local currency in each market. This is also the case for loans taken in foreign currencies where the risk of adverse fluctuations in interest payments due to currency fluctuations is limited by revenue being generated in the same currencies. Since Loomis' operations to a large degree are local, the transaction risk has not been considered material. Following the acquisition of VIA MAT the Group is exposed to transaction risks in its international operations due to the nature of the operations.

From the Group's perspective, Loomis has limited operations that involve trading in foreign currencies in cash. When currencies are traded based on purchase orders from customers, the exchange rate risk may be hedged using a forward exchange agreement. Loomis does not apply hedge accounting for these contracts and any FX gain/losses are recognized in the operating income. As of the balance sheet date, the fair value of these hedges amounted to SEK 0 million (0).

*Liquidity risk*

Liquidity risk is the risk that Loomis will not be able to meet its payment obligations. Loomis' liquidity risk is managed by maintaining sufficient liquidity reserves (cash and bank balances, short-term investments and the unutilized portion of granted loan facilities) equivalent to a minimum of 5 percent of the Group's annual revenue. Loomis AB's Treasury function follows up and monitors liquidity risk. Loomis held a liquidity reserve that was above the minimum limit in 2019. In accordance with directives, liquid fund investments consist primarily of deposits made in banks that have a short-term credit rating of at least A-1 according to Standard & Poor's or with an equivalent credit rating according to a similar rating institute. The assets managed by Loomis represent excess liquidity. The asset management objective is to ensure that Loomis has an appropriate amount of liquid funds. To aid this process, the subsidiaries prepare regular liquidity forecasts.

The table to the right shows Loomis' liquidity reserve including cash and bank balances, short-term investments and the unused portion of granted credit facilities.

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Liquid funds[1] | 1,655 | 1,308 |
| Credit facilities | 2,489 | 1,171 |
| **Total** | **4,144** | **2,479** |

*1) Excluding liquid funds from the CMS business. For more information about funds in the CMS business, see note 2.*

The foloowing table presents Loomis AB´s loan facilities specified according to the time remaining from balance sheet date to the contractual maturity date. The amounts stated in the table are the contractual discounted cash flows which are the same as nominal liabilities, as the bank loans have variable interest rates and credit margins are assessed to be the same as would be obtained with a re-financing on closing date. The commercial papers issued are classified as long-term liabilities since the commercial paper program requires a long-term back-up facility.

| SEK m<br>**Dec. 31, 2019** | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|
| External bank loans | 20 | 5,103 | 690 |
| Accounts payable and other liabilities | 2,044 | 3,231 | - |
| (of which derivatives) | –8 | - | - |
| **Total** | **2,064** | **8,334** | **690** |

| SEK m<br>**Dec. 31, 2018** | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|
| External bank loans | 1,015 | 4,246 | – |
| Accounts payable and other liabilities | 1,416 | 805 | – |
| (of which derivatives) | (20) | – | – |
| **Total** | **2,431** | **5,051** | **–** |

*Financial credit risk*

Credit risk is the risk of loss if a counterparty is unable to fulfill their commitments. Credit risk is divided into credit risk in accounts receivable and financial credit risk.

*Financial credit risk in accounts receivable*

The risk of credit losses in the Group is generally low, due to a number of factors. A large proportion of sales are based on contracts with well-known large and medium-sized customers with an established and long-term relationship. This results in stable payment inflows. New customers are checked for creditworthiness. Moreover, Loomis performs its services for customers with a good geographical spread within a large number of sectors. Exposure to a financial downturn in any particular sector or region is therefore relatively limited. Loomis' services are also, although vital in many aspects, mostly ancillary to the customers' businesses.

This means that the cost of Loomis' services represents a small fraction of the customers' total cost base, making Loomis less exposed to payment problems than suppliers of services or goods more directly involved in the customer's value chain. All of this provides stable payment flows for sales generated – as evidenced by the low level of bad debts, which amounted to around 0.1 percent of sales in 2019. The value of outstanding accounts receivable was SEK 2,619 million (2,341). Provisions are made for possible losses and amounted to SEK 90 million (80) as of December 31, 2019. Further information on doubtful receivables is provided in Note 23.

*Financial credit risk*

The Group mainly uses banks with a high official credit rating to manage its cash and for investment of any surplus liquidity. All banks are assigned a maximum exposure amount covering outstanding bank balances, investments and derivatives with positive market value.

For cash balances and investments recognized at amortized cost, the general model is used to calculate expected credit losses, applying the exception for low credit risk. The rating of the banks is used to establish the likelihood of default and outstanding amounts are used as an approximation of exposure to default. Given that maturities are short and counterparties stable, the amount of the credit reserve is insignificant. The counterparties are considered in default when they have a credit rating below B. The most significant weighted exposure for all financial instruments to one and the same bank as of the balance sheet date was SEK 390 million (276).

The table below shows the credit ratings of financial assets[1] on the balance sheet date according to Standard & Poor's or to a similar rating institute with equivalent credit ratings:

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---:|---:|
| A-1+ | 26 | 61 |
| A-1 | 1,328 | 913 |
| Other holdings | 483 | 499 |
| **Total** | **1,837** | **1,473** |

*1) Excluding liquid funds from the CMS business. For more information about funds in the CMS business, see note 2.*

*Financing risk*

Financing risk is the risk that it will become more difficult or more expensive to finance outstanding loans. By maintaining a balanced maturity profile for borrowings, financing risk can be reduced. The Group's goal is for no more than 25 percent of its total external loans and credit facilities to mature within the coming 12-month period.

All long-term financing and most of the short-term financing in 2019 were handled by Loomis AB's treasury department.

These credit facilities have the usual terms and conditions, one of which relates to a limit on the Group's net debt in relation to operating income before interest, tax, depreciation and amortization (EBITDA). Loomis met this condition with a good margin throughout 2019.

As of December 31, 2019, Loomis had issued commercial papers totaling SEK 2,015 million (2,400). The upper limit for the commercial paper program is SEK 3 billion.

Loomis has also launched an MTN program with an upper limit of SEK 3 billion. The total issued volume as of December 31, 2019 was SEK 1,750 million (1,000).

The subsequent table presents Loomis AB´s loan facilities specified according to the time remaining from balance sheet date to the contractual maturity date. The amounts stated in the table are the contractual discounted cash flows which are the same as nominal liabilities, as the bank loans have variable interest rates and credit margins are assessed to be the same as would be obtained with a re-financing on closing date. The commercial papers issued are classified as long-term liabilities since the commercial paper program requires a long-term back-up facility.

| December 31, 2019 | Currency | The facility amount (LOC m) | The facility amount (SEK m) | Utilized amount (SEK m) | Maturity structure[4] 2020 | 2021 | 2022 | 2023 | 2024 | 2025+ |
|---|---|---:|---:|---:|---:|---:|---:|---:|---:|---:|
| Syndicated loan facility1[1] | SEK | 1,000 | 1,000 | – | – | – | 1,000 | – | – | – |
| Syndicated loan facility1[1] | EUR | 65 | 679 | – | – | – | 679 | – | – | – |
| Syndicated loan facility1[1] | USD | 150 | 1,396 | 233 | – | – | 1,396 | – | – | – |
| Syndicated loan facility2[1] | EUR | 150 | 1,567 | 115 | – | – | – | – | 1,567 | – |
| Svensk Exp Kredit Bond | EUR | 100 | 1,045 | 1,045 | – | - | – | – | 355 | 690 |
| Bilateral loan | CHF | 60 | 578 | 578 | – | – | 578 | – | – | – |
| MTN programme | SEK | 1,750 | 1,750 | 1,750 | – | – | – | 1,750 | – | – |
| Commercial papers[2] | SEK | 2,015 | 2,015 | 2,015 | 2,015 | – | – | – | – | – |
| Credit facility | SEK | 210 | 210 | – | 210 | – | – | – | – | – |
| **Total** | | | **8,225**[3] | **5,736** | **2,225** | – | **3,653** | **1,750** | **1,922** | **690** |

*1) Revolving credit facility "RCF".*
*2) The commercial paper program has long-term credit facilities as a back-up and is therefore classified as long-term in the balance sheet.*
*3) The commercial paper program has long-term credit facilities as a back-up and is therefore not included in the total facility amount*
*4) The maturity analysis presents the total facility in SEK million.*

*Capital risk*

The goal of the Group's capital structure is to continue to generate a high return on investments for shareholders, benefits for other stakeholders and to maintain an optimal capital structure in order to keep the cost of capital at a minimum. The capital structure can be adjusted according to the needs arising, through changes in dividends to shareholders, the repurchase of shares, new share issues, or by selling off assets to decrease liabilities. Evaluations regarding capital are based on relevant key figures.

The table below shows how the Group's capital employed is distributed per currency (nominated in SEK m) and its financing, as of December 31, 2019:

| SEK m | EUR | GBP | USD | CHF | Other currencies | Total foreign currencies | SEK | Total |
|---|---:|---:|---:|---:|---:|---:|---:|---:|
| Capital employed | 4,964 | 983 | 7,472 | 1,684 | 1,277 | 16,380 | 544 | 16,923 |
| Net debt | -3,428 | -658 | -1,519 | -990 | -367 | -6,961 | -371 | -7,332 |
| **Net exposure** | **1,536** | **325** | **5,953** | **695** | **910** | **9,419** | **172** | **9,591** |

The table below shows how the Group's capital employed is distributed per currency (nominated in SEK m) and its financing, as of December 31, 2018:

| SEK m | EUR | GBP | USD | CHF | Other currencies | Total foreign currencies | SEK | Total |
|---|---:|---:|---:|---:|---:|---:|---:|---:|
| Capital employed | 3,500 | 882 | 5,178 | 1,780 | 939 | 12,279 | 448 | 12,727 |
| Net debt | –2,146 | –167 | –334 | –884 | –139 | –3,670 | –635 | –4,305 |
| **Net exposure** | **1,354** | **715** | **4,845** | **896** | **800** | **8,609** | **–187** | **8,422** |

*Price risk*

The Group is exposed to price risks related to the purchase of certain raw materials (mainly fuel). The Group limits these risks through customer contracts containing fuel surcharges or annual general price adjustments to the largest extent possible.

### Fair value of assets and liabilities

The carrying amount of the assets and liabilities in Loomis' balance sheet are deemed to be a good approximation of the fair values. The fair value of liabilities and currency swaps that are included as hedging instruments in the hedging of net investments amounts to SEK –811 million (–951) and SEK 22 million (12) respectively.

### Financial instruments

Financial derivative instruments, such as forward exchange agreements and interest rate swaps, are aimed at minimizing the financial risks to which Loomis is exposed. These types of instruments are never used for speculation purposes. For accounting purposes, financial instruments are classified based on the categories of valuation stipulated in IFRS 9. The table below shows Loomis' financial assets and liabilities, categories of valuation and the fair value for each item. In 2020, Loomis will continue to utilize derivative instruments to limit exposure to the financial risks mentioned in this Note.

Financial Instruments; reported values by category of valuation:

| | | | Dec. 31, 2019 |
|---|---|---|---|
| SEK m | IFRS 9 Category | Carrying amount | Fair value |
| **Financial assets** | | | |
| Interest-bearing financial fixed assets | 1 | 213 | 213 |
| Accounts receivable | 1 | 2,619 | 2,619 |
| Interest-bearing financial current assets | 2 | 61 | 61 |
| Liquid funds[1)] | 1 | 1,655 | 1,655 |
| **Financial liabilities** | | | |
| Current loans payable | 4 | 546 | 546 |
| Current loans payable | 3 | 581 | 581 |
| Long-term loans payable | 4 | 8,106 | 8,106 |
| Accounts payable | 3 | 668 | 668 |

*1) Excluding liquid funds from the CMS business. For more information about funds in the CMS business, see note 2.*

| | | | Dec. 31, 2018 |
|---|---|---|---|
| SEK m | IFRS 9 Category | Carrying amount | Fair value |
| **Financial assets** | | | |
| Interest-bearing financial fixed assets | 1 | 183 | 183 |
| Accounts receivable | 1 | 2,341 | 2,341 |
| Interest-bearing financial current assets | 2 | 37 | 37 |
| Liquid funds[1)] | 1 | 1,308 | 1,308 |
| **Financial liabilities** | | | |
| Current loans payable | 4 | 20 | 20 |
| Current loans payable | 3 | 1,039 | 1,039 |
| Long-term loans payable | 3 | 4,381 | 4,381 |
| Accounts payable | 3 | 651 | 651 |

*1) Excluding liquid funds from the CMS business. For more information about funds in the CMS business, see note 2.*

Categories

*1: Financial assets valued at amortized cost, "Hold to Collect"*
*2: Financial assets valued at fair value through profit or loss "Other"*
*3: Financial liabilities valued at amortized cost*
*4: Financial liabilities valued at fair value through profit or loss*

Loomis' financial instruments are valued in accordance with the following levels:

- Unadjusted listed prices on active markets for identical assets or liabilities (level 1)
- Observed data for the asset or liability other than the listed prices included in level 1, either directly in accordance with listed prices or indirectly derived from listed prices (level 2)
- Data for the asset or liability that are not based on observable market data (level 3)

| | | | | Dec. 31, 2019 |
|---|---|---|---|---|
| SEK m | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Derivative instruments held for trading | – | 39 | – | 39 |
| – Derivative instruments used for hedging | – | – | – | – |
| Financial assets at fair value in other comprehensive income | | | | |
| – Derivative instruments used for hedging | – | 22 | – | 22 |
| **Total assets** | **–** | **61** | **–** | **61** |

| | | | | Dec. 31, 2019 |
|---|---|---|---|---|
| SEK m | Level 1 | Level 2 | Level 3 | Total |
| **Financial liabilities** | | | | |
| Financial liabilities valued at fair value through profit or loss | | | | |
| – Derivative instruments held for trading | – | 7 | – | 7 |
| – Derivative instruments used for hedging | – | – | – | – |
| Financial liabilities at fair value in other comprehensive income | | | | |
| – Derivative instruments used for hedging[1)] | – | – | – | – |
| **Total liabilities** | **–** | **7** | **–** | **7** |

| SEK m | Level 1 | Level 2 | Level 3 | Dec. 31, 2018 Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| – Derivative instruments held for trading | – | 17 | – | 17 |
| – Derivative instruments used for hedging | – | – | – | – |
| Financial assets at fair value in other comprehensive income | | | | |
| – Derivative instruments used for hedging | – | 12 | – | 12 |
| **Total assets** | **–** | **29** | **–** | **29** |
| **Financial liabilities** | | | | |
| Financial liabilities valued at fair value through profit or loss | | | | |
| – Derivative instruments held for trading | – | 5 | – | 5 |
| – Derivative instruments used for hedging | – | – | – | – |
| Financial liabilities at fair value in other comprehensive income | | | | |
| – Derivative instruments used for hedging[1] | – | 5 | – | 5 |
| **Total liabilities** | **–** | **10** | **–** | **10** |

For further information regarding funds within cash operations, see Note 2 and 26.

Change in net debt during 2019:

| | CB Dec. 31, 2018 | Cash flow | IFRS 16 | Acquisitions | Change in defined benefit pension obligation | Exchange rate effects | New leasing commitments | Change in fair value | CB Dec. 31, 2019 |
|---|---|---|---|---|---|---|---|---|---|
| Current liabilities | 1,058 | –995 | 539 | – | – | – | –2 | –11 | 589 |
| Long-term liabilities | 4,381 | 1,024 | 2,245 | –27 | – | 517 | –25 | –9 | 8,106 |
| Defined benefit pension plans | 711 | – | – | – | 207 | – | – | – | 918 |
| **Total liabilities** | **6,150** | **29** | **2,784** | **–27** | **207** | **517** | **–27** | **–20** | **9,613** |
| Cash and cash equivalents[1] | –1,845 | –355 | – | – | –35 | –22 | – | –24 | –2,281 |
| **Total assets** | **–1,845** | **–355** | **–** | **–** | **35** | **–22** | **–** | **–24** | **–2,281** |
| **Net debt** | **4,305** | **–325** | **2,784** | **–27** | **172** | **495** | **–27** | **–44** | **7,332** |

*1) The item does not tie to the balance sheet as it includes trapped cash and financial current assets.*
*2) Excluding liquid funds from the CMS business. For more information about funds in the CMS business, see note 2.*

## NOTE 7 Transactions with related parties

Related parties are considered to include members of the Parent Company's Board of Directors, Group Management and family members of these individuals. Related parties are also companies in which a significant portion of the votes are directly or indirectly controlled by these individuals, or companies in which these individuals can exercise a significant influence.

Transactions with related parties refer to license fees and other revenue from subsidiaries, dividends from subsidiaries, interest income and interest expenses to and from subsidiaries, as well as receivables and payables to and from subsidiaries. In accordance with IFRS, transactions with pension funds that have links to the Group are also to be regarded as related party transactions. There are pension funds for Loomis' defined benefit pension plans. For more information on Loomis' defined benefit pension plans, refer to Note 30.

For information on the Parent Company's transactions with related parties refer to Note 39. For information on personnel costs in the Group, refer to Note 11.

## NOTE 8 Segment reporting

Loomis has operations in a number of countries, with country presidents being responsible for each country. Segment presidents supervise operations in a number of countries and also support the respective country president. Operating segments are reported in accordance with the internal Loomis reporting, submitted to Loomis' CEO who has been identified as the most senior executive decision-maker within Loomis. Loomis has the following segments: Europe*, USA, and Other. A reorganization was implemented starting on January 1, 2019 in response to the fact that Loomis' business is becoming increasingly global. It involves integrating the international operations into the other customer offerings in each country where Loomis has operations. Thus, as of January 1, 2019, financial data for Segment International is no longer being reported separately. The US operations of this segment are included in Segment USA and the rest in Segment Europe. Comparative figures have been adjusted to create comparability. Presidents for the segments Europe and USA are responsible for following up the segments' operating income before amortization of acquisition-related intangible assets, acquisition-related costs and revenue and items affecting comparability (EBITA), according to the manner in which Loomis reports its consolidated statement of income. This then forms the basis for how the CEO monitors development, allocates resources etc. Loomis has therefore chosen this structure for its segment reporting.

National cash handling services (Cash in Transit and Cash Management Services) are split between the segments Europe and USA. The split is based on the similarities between European countries in important areas relating to, for example, market conditions, political circumstances, laws and regulations that affect Loomis' operations. Operations in the USA are affected to a significant degree by other market conditions and political circumstances, as well as by laws and regulations relevant to Loomis' operations, even if the services provided can be considered similar to those provided in Segment Europe. The aggregation in Europe is consistent with IFRS 8.12. The purpose of this standard is to provide information that makes it possible to understand and evaluate the environment in which Loomis operates.

Segment Other consists of the head office and the Parent Company, the risk management function and other functions managed at Group level and which are related to the Group as a whole.

According to IFRS 8.32, segment information is to be reported for the revenues from each service or each group of similar services. For Segment Europe Cash in Transit accounts for 60 percent (62) of total revenue, Cash Management Services for 28 percent (29) and other services accounts for 12 percent (9). For Segment USA, Cash in Transit accounts for 62 percent (63) of total revenue, Cash Management Services for 34 percent (33) and other services accounts for 4 percent (4).

The internal monitoring of earnings and financial position is reported in accordance with the same accounting principles as applied in Loomis' external reporting. Interest income and interest expense are not allocated amongst the segments, but are transferred to Other as these items are affected by measures taken by the Group's Treasury function. The same principle is applied to taxes and tax-related items, as these are handled by a group-wide function. The operating segments' assets and liabilities are allocated according to the segment's operations and the physical location of the assets and liabilities. The Group's interest-bearing liabilities are not considered to be segment liabilities and have therefore been included in Other in the table below.

Segment information for the financial years 2019 and 2018 that is delivered to the executive managers of Europe and the USA, concerning those segments for which information is to be provided, can be found in the following table. This table also includes disclosures concerning selected earnings measures, and also assets and liabilities for the segments.

Revenue from external customers in Sweden amounts to SEK 660 million (723), in the USA to SEK 9,396 million (8,529), and total revenue from external customers in other countries amounts to SEK 10,988 million (9,916). No single customer represents more than 5 percent of the total revenue. Total fixed assets, apart from financial instruments and deferred tax assets located in Sweden, amount to SEK 221 million (284), in the USA to SEK 2,569 million (2,218), and the total for the fixed assets located in other countries amounts to SEK 3,032 million (2,856).

** Argentina, Chile and Turkey are included in the European segment because the opertions there are reported and followed up as part of the European segment.*

| SEK m | Europe 2019 | USA 2019 | Other 2019 | Eliminations 2019 | Total 2019 |
|---|---|---|---|---|---|
| Revenue, continuing operations | 10,866 | 9,638 | – | –92 | 20,411 |
| Revenue, acquisitions | 632 | 1 | – | – | 633 |
| **Total revenue** | **11,498** | **9,639** | **–** | **–92** | **21,044** |
| Production expenses | –8,490 | –6,835 | – | 114 | –15,210 |
| **Gross income** | **3,008** | **2,804** | **–** | **22** | **5,833** |
| Selling and administrative expenses | –1,578 | –1,432 | –200 | –22 | –3,233 |
| **Operating income (EBITA)** | **1,429** | **1,372** | **–200** | **–** | **2,601** |
| Amortization of acquisition-related intangible assets | –81 | –20 | – | – | –101 |
| Acquisition-related costs and revenue | –57 | – | –44 | – | –101 |
| Items affecting comparability | 35 | – | –12 | – | 23 |
| **Operating income (EBIT)** | **1,327** | **1,352** | **–256** | **–** | **2,422** |
| Financial income | – | – | 63 | – | 63 |
| Financial expense | – | – | –240 | – | –240 |
| Loss on monetary net assets/liabilities | – | – | –34 | – | –34 |
| **Income before taxes** | **1,327** | **1,352** | **–469** | **–** | **2,210** |
| Income tax | – | – | –564 | – | –564 |
| **Net income for the year** | **1,327** | **1,352** | **–1,033** | **–** | **1,646** |
| **Segment assets** | | | | | |
| Goodwill | 3,423 | 3,670 | – | – | 7,094 |
| Other intangible assets | 626 | 41 | 19 | – | 686 |
| Fixed assets | 3,230 | 2,571 | 21 | – | 5,822 |
| Right-of-use assets | 1,426 | 1,468 | 16 | – | 2,911 |
| Accounts receivable | 1,723 | 941 | 31 | –76 | 2,619 |
| Defined benefit pension plans | 352 | – | – | – | 352 |
| Other segment assets | 453 | 1,274 | 15 | –775 | 967 |
| **Undistributed assets** | | | | | |
| Deferred tax assets | – | – | 446 | – | 446 |
| Current tax assets | – | – | 322 | – | 322 |
| Interest-bearing financial fixed assets | – | – | 213 | – | 213 |
| Other financial assets valued at fair value via statement of income | – | – | 5,134 | – | 5,134 |
| **Total assets** | **11,234** | **9,965** | **6,215** | **–851** | **26,563** |

| SEK m | Europe 2019 | USA 2019 | Other 2019 | Eliminations 2019 | Total 2019 |
|---|---|---|---|---|---|
| **Segment liabilities** | | | | | |
| Accounts payable | 406 | 289 | 49 | –76 | 668 |
| Accrued expenses and prepaid income | 1,173 | 322 | 0 | – | 1,495 |
| Liabilities, cash processing operations | 3,021 | – | – | – | 3,021 |
| Defined benefit pension obligations | 918 | – | – | – | 918 |
| Other current liabilities | 512 | 401 | 784 | –775 | 922 |
| Provisions for claims reserves | 8 | 535 | 63 | – | 606 |
| **Undistributed liabilities** | | | | | |
| Current loans payable | – | – | 29 | – | 29 |
| Long-term loans payable | – | – | 5,793 | – | 5,793 |
| Interest-bearing current lease liabilities | – | – | 560 | – | 560 |
| Interest-bearing long-term lease liabilities | – | – | 2,313 | – | 2,313 |
| Deferred tax liabilities | – | – | 447 | – | 447 |
| Current tax liabilities | – | – | 199 | – | 199 |
| Shareholders' equity | – | – | 9,592 | – | 9,592 |
| **Total liabilities and shareholders' equity** | **6,038** | **1,547** | **19,829** | **–851** | **26,563** |
| **Other information** | | | | | |
| Investments in fixed assets, net | 851 | 776 | 16 | – | 1,643 |
| Depreciation and amortization | 1,063 | 857 | 14 | – | 1,934 |

| SEK m | Europe 2018 | USA 2018 | Other 2018 | Eliminations 2018 | Total 2018 |
|---|---|---|---|---|---|
| Revenue, continuing operations | 9,664 | 8,696 | – | –60 | 18,300 |
| Revenue, acquisitions | 847 | 21 | – | – | 868 |
| **Total revenue** | **10,511** | **8,716** | **–** | **–60** | **19,168** |
| Production expenses | –7,882 | –6,336 | – | 91 | –14,127 |
| **Gross income** | **2,629** | **2,381** | **–** | **31** | **5,041** |
| Selling and administrative expenses | –1,391 | –1,258 | –160 | –31 | –2,841 |
| **Operating income (EBITA)** | **1,238** | **1,123** | **–160** | **–** | **2,200** |
| Amortization of acquisition-related intangible assets | –67 | –16 | – | – | –83 |
| Acquisition-related costs and revenue | –29 | –1 | –15 | – | –46 |
| Items affecting comparability | 86 | – | – | – | 86 |
| **Operating income (EBIT)** | **1,227** | **1,106** | **–176** | **–** | **2,158** |
| Financial income | – | – | 41 | – | 41 |
| Financial expenses | – | – | –131 | – | –131 |
| Loss on monetary net assets/liabilities | – | – | –11 | – | –11 |
| **Income before taxes** | **1,227** | **1,106** | **–276** | **–** | **2,057** |
| Income tax | – | – | –519 | – | –519 |
| **Net income for the year** | **1,227** | **1,106** | **–795** | **–** | **1,538** |
| **Segment assets** | | | | | |
| Goodwill | 3,011 | 3,522 | – | – | 6,533 |
| Other intangible assets | 617 | 58 | 8 | – | 683 |
| Fixed assets | 3,114 | 2,220 | 24 | – | 5,358 |
| Accounts receivable | 1,506 | 880 | 14 | –60 | 2,341 |
| Defined benefit pension plans | 298 | – | 19 | – | 317 |
| Other segment assets | 461 | 836 | 18 | –545 | 771 |
| **Undistributed assets** | | | | | |
| Deferred tax assets | – | – | 342 | – | 342 |
| Current tax assets | – | – | 224 | – | 224 |
| Interest-bearing financial fixed assets | – | – | 183 | – | 183 |
| Other financial assets valued at fair value via statement of income | – | – | 6,178 | – | 6,178 |
| **Total assets** | **9,007** | **7,517** | **7,011** | **–604** | **22,931** |

| SEK m | Europe 2018 | USA 2018 | Other 2018 | Eliminations 2018 | Total 2018 |
|---|---|---|---|---|---|
| **Segment liabilities** | | | | | |
| Accounts payable | 383 | 277 | 50 | –60 | 651 |
| Accrued expenses and prepaid income | 1,110 | 491 | –12 | – | 1,589 |
| Liabilities, cash processing operations | 4,440 | – | – | – | 4,440 |
| Defined benefit pension obligations | 676 | – | 35 | – | 711 |
| Other current liabilities | 442 | 230 | 554 | –545 | 681 |
| Provisions for claims reserves | 9 | 323 | 33 | – | 365 |
| **Undistributed liabilities** | | | | | |
| Current loans payable | – | – | 1,058 | – | 1,058 |
| Long-term loans payable | – | – | 4,381 | – | 4,381 |
| Deferred tax liabilities | – | – | 461 | – | 461 |
| Current tax liabilities | – | – | 171 | – | 171 |
| Shareholders' equity | – | – | 8,422 | – | 8,422 |
| **Total liabilities and shareholders' equity** | **7,062** | **1,321** | **15,153** | **–604** | **22,931** |
| **Other information** | | | | | |
| Investments in fixed assets, net | 794 | 646 | 10 | – | 1,449 |
| Depreciation and amortization | 727 | 529 | 10 | – | 1,266 |

# NOTE 9 Allocation of revenue

## Distribution of revenue from contracts with customers

The Group's revenue comes from cash in transit services (CIT), cash management services (CMS) and cross-border transportation of cash and precious metals and storage of valuables (International). The revenue is distributed based on the Group's segments and is also distributed over time and at a given point in time, as presented in the table below.

### Revenue per significant geographical market

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| USA | 9,639 | 8,716 |
| France | 3,166 | 2,550 |
| Spain | 1,632 | 1,472 |
| UK | 1,562 | 1,556 |
| Other countries and eliminations | 5,047 | 4,873 |
| **Total revenue** | **21,044** | **19,168** |

### Segment overview revenue

| SEK m | Europe Jan–Dec 2019 | USA Jan–Dec 2019 | Eliminations Jan–Dec 2019 | Total Jan–Dec 2019 |
|---|---|---|---|---|
| Cash in Transit (CIT) | 6,856 | 5,946 | – | 12,802 |
| Cash Management Services (CMS) | 3,172 | 3,288 | – | 6,460 |
| International | 812 | 333 | – | 1,145 |
| Other | 619 | 17 | – | 636 |
| Revenue, internal | 39 | 53 | –92 | – |
| **Total revenue** | **11,498** | **9,639** | **–92** | **21,044** |
| **Timing of revenue recognition, external** | | | | |
| At a point in time | 1,566 | 311 | – | 1,877 |
| Over time | 9,893 | 9,274 | – | 19,167 |
| **Total external revenue** | **11,459** | **9,585** | – | **21,044** |

### Segment overview revenue

| SEK m | Europa Jan–Dec 2018 | USA Jan–Dec 2018 | Eliminations Jan–Dec 2018 | Total Jan–Dec 2018 |
|---|---|---|---|---|
| Cash in Transit (CIT) | 6,473 | 5,489 | – | 11,962 |
| Cash Management Services (CMS) | 3,000 | 2,849 | – | 5,850 |
| International | 748 | 320 | – | 1,068 |
| Other | 272 | 15 | – | 288 |
| Revenue, internal | 19 | 42 | –60 | – |
| **Total revenue** | **10,511** | **8,716** | **–60** | **19,168** |
| **Timing of revenue recognition, external** | | | | |
| At a point in time | 1,554 | 304 | – | 1,858 |
| Over time | 8,938 | 8,370 | – | 17,309 |
| **Total external revenue** | **10,493** | **8,674** | – | **19,168** |

### Contract assets and contract liabilities

Loomis has identified the following revenue-related contract assets and liabilities. Loomis has no contract-specific contract expenses.

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Contract assets related to SafePoints | 196 | 105 |
| Contract assets relating to costs to fulfil contracts | 3 | 4 |
| **Total contract assets** | **199** | **109** |
| | | |
| Contract liabilities - expected volumes discounts | 16 | 11 |
| Contract liabilities- expected refunds to customers or penalties | 10 | 14 |
| Contract liabilities- prepaid income related to subscription fees | 81 | 60 |
| Contract liabilities related to SafePoints | 234 | 132 |
| **Total contract liabilities** | **342** | **218** |
| | | |
| Whereof Non-current contract liabilities | 154 | 80 |
| Whereof Current contract liabilities | 188 | 138 |
| **Total contract liabilities** | **342** | **218** |

Contract liabilities reversed and recognized as revenue in 2019 amounted to around SEK 134 million (119).

Loomis is expecting around SEK 167 million (138) of the total contract liabilities to be reversed to revenue in 2020, which correspond to 49 %. Remaining SEK 174 million (80) is expected to be reversed and recognized as revenue in the years after 2020.

### Revenue from operations

The Group's revenue is generated from a range of cash handling services. These include cash in transit, cash management, and cross border transportation of cash and precious metals and storage of valuables. Revenue is recognized on a straight-line basis over the period which is deemed to reflect when the service is performed. See also Note 8.

### Financial income and expenses

Interest income and borrowing costs are reported in the statement of income in the period to which they refer. Financial income and expenses are specified in Note 13.

### Key ratios not defined in IFRS

The table below shows key ratios that cannot be checked against items in the statement of income and balance sheet.

**Organic and real growth**

| SEK m | 2019 | 2018 |
|---|---|---|
| **Previous year's revenue** | 19,168 | 17,228 |
| Organic growth[1] | 443 | 472 |
| Acquired revenue | 633 | 868 |
| Divestments | –98 | – |
| Real growth | 978 | 1,340 |
| Change in foreign currency | 898 | 600 |
| **Revenue for the period** | **21,044** | **19,168** |

*1) For definition of organic growth, refer to Note 3.*

## NOTE 10 Operating expenses

**Distribution of operating expenses by type**

| SEK m | Note | 2019 | as % of revenue | 2018 | as % of revenue |
|---|---|---|---|---|---|
| Personnel costs | 11 | *11,275* | *53.6* | 10,391 | *54.2* |
| Risk, claims and insurance expenses | | *528* | *2.5* | 454 | *2.4* |
| Vehicle expenses | | *1,720* | *8.2* | 1,671 | *8.7* |
| Costs of premises | | *971* | *4.6* | 903 | *4.7* |
| Costs of technical equipment | | *967* | *4.6* | 819 | *4.3* |
| Items affecting comparability | | *–23* | *–0.1* | –86 | *–0.4* |
| Other expenses | | *3,185* | *15.1* | 2,858 | *14.9* |
| **Total expenses by type** | | ***18,622*** | **88.5** | **17,010** | ***88.7*** |

**Costs of employee benefits**

| SEK m | Note | 2019 | 2018 |
|---|---|---|---|
| Salaries and bonuses | 11 | 8,989 | 8,216 |
| Social security contributions | 11 | 2,031 | 1,980 |
| Pension costs – defined benefit plans | 11, 30 | 39 | 69[1] |
| Pension costs – defined contribution plans | 11, 30 | 216 | 127 |
| **Total costs of employee benefits** | | **11,275** | **10,391** |

*1) Excluding a positive non-recurring item of SEK 178 million relating to a revaluation of the UK pension obligation which is accounted for as items affecting comparability.*

**Audit fees and other fees**

| SEK m | 2019 | 2018 |
|---|---|---|
| – Audit assignments | 16 | 15 |
| *(whereof the parent company's auditor)* | *(3)* | *(3)* |
| – Auditing activities other than audit assignments | – | 0 |
| *(whereof the parent company's auditor)* | *(–)* | *(0)* |
| – Tax advice | 0 | 0 |
| *(whereof the parent company's auditor)* | *(0)* | *(–)* |
| – Other assignments | 0 | – |
| *(whereof the parent company's auditor)* | *(0)* | *(–)* |
| **Total** | **17** | **15** |
| Other auditors | | |
| – Audit assignments | 3 | 3 |
| **Total elected auditors** | **20** | **18** |

Other services than audit relate mainly to accounting advice, technical statement of tax returns and value added tax. Services in addition to audit relate to no (no) statutory assignments.

### Amortization of acquisition-related intangible assets, acquisition-related costs revenue and items affecting comparability classified by function

The table below shows amortization of acquisition-related intangible assets, acquisition-related costs and revenue and items affecting comparability classified by function.

Earnings for 2019 include amortization of acquisition-related intangible assets of SEK –101 million which is included in Production expenses, and acquisition-related costs totaling SEK –101 million which is included in Production expenses of SEK –51 million and Selling and administrative expenses of SEK –50 million respectively. Earnings for 2019 also include an item affecting comparability of SEK 23 million relating to reported capital gains of SEK 35 million from the divestment of the Artcare logistics and storage operations, included in Production expenses. Remaining SEK –12 million relating to expenses due to accusations of money laundering, included in Selling and administrative expenses.

Earnings for 2018 include amortization of acquisition-related intangible assets of SEK –83 million which is included in Production expenses, and acquisition-related costs totaling SEK –46 million which is included in Production expenses of SEK –25 million and Selling and administrative expenses of SEK –21 million respectively. Earnings for 2018 also include an item affecting comparability of SEK 86 million mainly relating to a revaluation of the UK pension obligation, impairment of goodwill in two operations within the European segment and costs relating to a restructuring of the International segment. The item affecting comparability is included in Production expenses of SEK 116 million and in Selling and administrative expenses of –30 million respectively 2018.

| SEK m | 2019 | 2018 |
|---|---|---|
| Revenue, continuing operations | 20,411 | 18,300 |
| Revenue, acquisitions | 633 | 868 |
| **Total revenue** | **21,044** | **19,168** |
| Production expenses | –15,326 | –14,118 |
| **Gross income** | **5,718** | **5,020** |
| Selling and administrative expenses | –3,295 | –2,892 |
| **Operating income (EBIT)** | **2,422** | **2,158** |
| Financial income | 63 | 41 |
| Financial expenses | –275 | –142 |
| **Income before taxes** | **2,210** | **2,057** |
| Income tax | –564 | –519 |
| **Net income for the year** | **1,646** | **1,538** |

## NOTE 11 Personnel

**Average number of full-time equivalent employees by gender**

| | Women | | Men | | Total | |
|---|---|---|---|---|---|---|
| Number | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Europe | 4,710 | 4,478 | 10,591 | 10,129 | 15,301 | 14,607 |
| USA | 3,152 | 3,346 | 6,442 | 6,885 | 9,594 | 10,231 |
| **Total** | **7,862** | **7,824** | **17,033** | **17,014** | **24,895** | **24,838** |

In 2019, the number of board members and Presidents for all legal entities within the Group was 53 (54), of which 7 (4) were women.

**Personnel costs: Board of Directors and Presidents**

| | Salaries | | Social security contributions | | (of which pensions) | | (of which bonuses) | |
|---|---|---|---|---|---|---|---|---|
| SEK m | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Europe | 109 | 88 | 19 | 17 | (6) | (6) | (31) | (10) |
| USA | 21 | 20 | 0 | 0 | (0) | (0) | (8) | (10) |
| **Total** | **130** | **108** | **19** | **17** | **(6)** | **(6)** | **(39)** | **(19)** |

Also see Note 42 regarding the Parent Company.

**Personnel costs: Other employees**

| | Salaries | | Social security contributions | | (of which pensions) | |
|---|---|---|---|---|---|---|
| SEK m | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Europe | 4,976 | 4,538 | 1,377 | 1,328 | (214) | (157) |
| USA | 3,883 | 3,570 | 889 | 830 | (35) | (33) |
| **Total** | **8,859** | **8,108** | **2,266** | **2,158** | **(249)** | **(191)** |

**Total personnel costs: Board of Directors, Presidents and other employees**

| | Salaries | | Social security contributions | | (of which pensions) | |
|---|---|---|---|---|---|---|
| SEK m | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Europe | 5,085 | 4,626 | 1,396 | 1,346 | (220) | (163) |
| USA | 3,904 | 3,590 | 890 | 830 | (35) | (33) |
| **Total** | **8,989** | **8,216** | **2,286** | **2,176** | **(255)** | **(196)** |

See Note 30 for further information on the Group's pensions and other long-term employee benefits.

### Remuneration for the President, Board of Directors and Group Management

The Chairman of the Board and board members receive a fee as determined by the Annual General Meeting. Decisions on guidelines for salaries and other remuneration for the President/CEO and other members of Group Management are made by the Annual General Meeting based on proposals from the Board of Directors.

### Principles of remuneration for the Board of Directors

Remuneration for Loomis' current Board of Directors was adopted at the Annual General Meeting on May 8, 2019. The board members were appointed for the period until the 2019 Annual General Meeting. The fees outlined on page 118 represent remuneration expensed during the financial year. For information on fees and how they are distributed among the board members, see the table on page 118. The President does not receive any board fees.

### Principles of remuneration adopted at the Annual General Meeting for the President/CEO and other members of Group Management

The principles of remuneration described below for Group Management were adopted at the Annual General Meeting on May 8, 2019. The guidelines apply to agreements entered into after the AGM decision and to any changes in existing agreements after this date. The Board has the right to deviate from the guidelines if there are particular grounds for doing so in an individual case.

Remuneration for the President/CEO and other members of Group Management consists of a fixed salary, variable remuneration, pension benefits and other benefits. Variable remuneration is based on performance in relation to targets within the individual area of responsibility, determined individually for each executive. Variable remuneration for the President/CEO is within the framework of the Company's Annual Incentive Plan (AIP), maximized at 85 percent of fixed salary. For other members of Group Management it is maximized at 100 percent of fixed salary. In addition to the above mentioned variable remuneration, it may from time to time be decided upon long-term incentive programs.

Pension rights for members of Group Management apply from the age of 65 and, where the executives are not covered by pension benefits according to a collective agreement (ITP-plan), pension is in the form of a defined contribution plan equivalent to maximum 30 percent of the fixed annual salary. For members of Group Management who are not covered by collective agreements (ITP-plan), variable remuneration is not pensionable. Members of Group Management who reside outside Sweden may be offered pension solutions that are competitive in the country where the individuals reside.

If notice of termination is given by the Company the notice period for members of Group Management is a maximum of 12 months with the right to severance pay after the end of the notice period equivalent to a maximum of 100 percent of fixed salary for a period not exceeding 12 months. If the executive resigns, the notice period is a maximum of six months.

Other benefits, such as company car, supplementary health insurance or access to the occupational health service may be provided, if this is considered customary in the market, for senior executives holding equivalent positions in the job market where the member of Group Management is active. However, the total value of these benefits must only constitute a small portion of the total remuneration package.

### Long-term saving share-based incentive scheme approved by the extraordinary shareholders' meeting

An extraordinary shareholders' meeting on September 5, 2018 approved the introduction of a long-term saving share-based incentive scheme (LTIP 2018–2021). LTIP 2018–2021 is based on the following principles: (i) the participants must invest in Class B shares in Loomis; (ii) the participants must remain employed by the Group during the stated time period; (iii) the outcome of the scheme is linked to pre-determined performance targets being met. If all of the criteria for the scheme are met the following compensation will be allocated to the members of Group management (i) the CEO will receive no more than four Class B shares per saving share in Loomis, (ii) the Regional President Europe and the Regional President USA will each receive no more than four class B shares per saving share and (iii) other members of Group management will receive no more than three Class B shares per saving share. Saving shares may be received for a maximum value of SEK 2 million in the case of the President and CEO and a maximum of SEK 1 million for other members of Group management. In 2019, the cost of LTIP 2018-2019 amounted to approximately SEK 19 million including social security charges, for all participants in the program.

**Remuneration for 2019:**

| SEK thousand | Fixed salary/Remuneration for Board of Directors | Variable remuneration [1] | Share-based remuneration [6] | Other benefits | Pension costs | Total |
|---|---|---|---|---|---|---|
| Alf Göransson, Chairman [2] | 1,073 | – | | – | – | 1,073 |
| Cecilia Daun Wennborg, board member [2] | 617 | – | | – | – | 617 |
| Jan Svensson, board member [2] | 467 | – | | – | – | 467 |
| Ingrid Bonde, board member [2] | 517 | – | | – | – | 517 |
| Gun Nilsson, board member [2] | 347 | – | | – | – | 347 |
| Lars Blecko, board member [2,4] | 147 | – | | – | – | 147 |
| Johan Lundberg, board member [2,5] | 147 | – | | – | – | 147 |
| Patrik Andersson, President [2] | 7,402 | 6,205 | 2,400 | 97 | 2,191 | 18,295 |
| Other members of Group Management, 7 in total [2,3] | 24,620 | 20,383 | 7,418 | 3,884 | 5,860 | 62,164 |
| **Total** | **35,337** | **26,588** | **9,818** | **3,981** | **8,051** | **83,774** |

*1) Refers to variable remuneration and long-term bonus program. In 2020 a total of SEK 16,504 thousand is to be paid. The remaining amount will be paid out in future years.*
*2) For holdings of shares in Loomis, refer to pages 54–57. For the Incentive Scheme 2018, Patrik Andersson will receive 274 shares, Aritz Larrea 5,444 shares, Mårten Lundberg 51 shares, and Martti Ojanen 53 shares in 2020.*
*3) Refers to Kristian Ackeby, Johannes Bäckman, Aritz Larrea, Georges López Periago, Mårten Lundberg, Martti Ojanen and Kristoffer Wadman.*
*4) In addition to the above mentioned board fee, Lars Blecko has been hired for consulting services for Loomis Armored US LLC and for such services received USD 0.9 million, corresponding to approximately SEK 8 million for the full year 2019.*
*5) In addition to the above mentioned board fee, Johan Lundberg has been hired for consulting services as from January 1, 2020.*
*6) Refers to expensed portion of share save based incentive program (LTIP 2018-2021).*

**Remuneration for 2018:**

| SEK thousand | Fixed salary/Remuneration for Board of Directors | Variable remuneration [1] | Other benefits | Pension costs | Total |
|---|---|---|---|---|---|
| Alf Göransson, Chairman [2] | 933 | – | – | – | 933 |
| Cecilia Daun Wennborg, board member [2] | 583 | – | – | – | 583 |
| Jan Svensson, board member [2] | 433 | – | – | – | 433 |
| Ingrid Bonde, board member [2] | 483 | – | – | – | 483 |
| Gun Nilsson, board member [2] | 483 | – | – | – | 483 |
| Patrik Andersson, President [2] | 7,130 | 252 | 99 | 2,100 | 9,580 |
| Lars Blecko, Vice President [4] | 3,291 | 2,031 | 700 | 1,220 | 7,243 |
| Other members of Group Management, 10 in total [2,3] | 29,707 | 10,328 | 4,045 | 4,891 | 48,972 |
| **Total** | **43,042** | **12,612** | **4,845** | **8,211** | **68,710** |

*1) Refers to variable remuneration and long-term bonus program. In 2019 a total of SEK 6,452 thousand is to be paid. The remaining amount will be paid out in future years.*
*2) For holdings of shares in Loomis, refer to pages 50-53 in Annual Report 2018. For the Incentive Scheme 2017, Patrik Andersson will receive 4,611 shares, Johannes Bäckman 804 shares, Aritz Larrea 1,633 shares, Georges López Periago 1,439 shares, Mårten Lundberg 843 shares and Martti Ojanen 897 shares in 2019.*
*3) Refers to Kristian Ackeby (for the period August 27 until December 31), Johannes Bäckman, Aritz Larrea (for the period June 1 until December 31), Georges López Periago, Mårten Lundberg, Martti Ojanen, Kristoffer Wadman (for the period June 1 until December 31), Kenneth Högman (for the period January 1 until December 31), Anders Haker (for the period January 1 until August 27), and Urs Röösli (for the period January 1 until December 31).*
*4) For the period January 1 until May 31.*

### Remuneration and employment terms for the President and CEO

Remuneration for the President and CEO is outlined in the table above. Patrik Andersson is entitled to a choice of defined contribution pension plans equivalent to 30 percent of fixed salary. Variable remuneration is not pensionable. Loomis has no other commitments to Patrik Andersson with respect to pension or sick pay. If notice of termination is given by the Company, Patrik Andersson is entitled to a period of notice of 12 months and severance pay equivalent to 12 monthly salaries, provided that the termination is not due to a gross breach of contract. If Patrik Andersson resigns, the period of notice is six months. Patrik Andersson is bound by a non-competition clause during the notice period.

### Other information on other members of Group Management

Five of the current Swedish members of Group Management are entitled to pension benefits in accordance with the ITP plan, which in one case also includes a supplement of 2 percent. While foreign Group Management members are posted in the USA a pension provision is being made in line with the US subsidiary's pension plans and a salary supplement is being recognized as a pension cost. One foreign member of Group Management has no pension plan entitlement.

The period of notice for other members of Group Management varies between zero and twelve months if notice is given by Loomis and between 15 days (in one case) and six months if the member resigns. Five of the members of Group Management are entitled to receive severance pay if notice is given by the Company equivalent to between 4 to (in one case) 42 monthly salaries, according to local laws. As a general rule, severance pay is not payable if the member terminates his/her employment, unless the termination is due to a gross breach of contract on the part of Loomis.

Six of the other members of Group Management are bound by a non-competition clause for one or two years after termination of employment. If the member resigns, in lieu of receiving severance pay, the individual will be compensated for the difference between the fixed monthly salary at the time of termination and the lower level of income subsequently earned by the individual. Compensation in the case of resignation is only payable if the member complies with the non-competition clause.

### Incentive Scheme

On May 8, 2019, Loomis' Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2019), equivalent to the scheme adopted by the 2018 Annual General Meeting. Similar to the existing incentive scheme, the proposed incentive scheme involves two thirds of the variable remuneration being paid out in cash after the year it was earned. The remaining one third will be in the form of shares in Loomis AB, which will be allotted to the employees no later than June 30, 2021. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2021. In order for the allotment of shares in Loomis AB to be made, the 2019 Annual General Meeting resolved that Loomis AB will enter into a share swap agreement with a third party. Under the agreement, the third party will acquire Loomis AB shares in its own name and transfer them to the incentive scheme participants. Loomis AB will thus not issue any new shares or similar instruments for Incentive Scheme 2019. The introduction of the incentive scheme enables Loomis' key employees to become shareholders in the Company over time and will thereby increase employee commitment to Loomis' success and growth for the benefit all of the shareholders. The incentive scheme covers around 350 employees. In 2019 the cost of Incentive Scheme 2019 amounted to approximately SEK 140 million, including social security charges, whereof the share-based portion of the incentive scheme – the portion for which shares will be acquired – amounted to SEK 41 million. See also Note 27.

For information on shareholdings, other board assignments, etc., refer to the section on the Board of Directors and Group Management, pages 54–57.

## NOTE 12 Depreciation, amortization and impairment

| SEK m | 2019 | 2018 |
|---|---|---|
| Acquisition-related intangible assets | 101 | 83 |
| Other intangible assets | 51 | 40 |
| Buildings | 40 | 37 |
| Machinery and equipment | 1,137 | 1,106 |
| (of which for machinery and equipment attributable to financial leasing) | – | (43) |
| Right-of-use assets | 605 | – |
| **Total depreciation, amortization and impairment** | **1,934** | **1,266** |

**Depreciation, amortization and impairment for the year are reported in the statement of income as follows:**

| SEK m | 2019 | 2018 |
|---|---|---|
| Production expenses | 1,569 | 1,037 |
| Selling and administrative expenses | 265 | 147 |
| Acquisition-related intangible assets | 101 | 83 |
| **Total depreciation, amortization and impairment** | **1,934** | **1,266** |

Impairment testing on Goodwill is reported in Note 15.

## NOTE 13 Financial income and expenses, net

| SEK m | 2019 | 2018 |
|---|---|---|
| Interest income | 35 | 32 |
| Translation differences, net[1] | 24 | 9 |
| Other financial income | 3 | – |
| **Financial income** | **63** | **41** |
| Interest expenses | -226 | –116 |
| (of which interest expenses for leasing) | (-109) | (–3) |
| Monetary loss [2] | -34 | –11 |
| Bank charges | -14 | –12 |
| Other financial expenses | – | –3 |
| **Financial expenses** | **-275** | **–142** |
| **Financial income and expenses, net** | **-212** | **–101** |

*1) Translation differences included in operating income are reported in Note 10.*
*2) Relates to hyperinflation accounting in Argentina.*

## NOTE 14 Income tax

**Statement of income**
Tax expense

| SEK m | 2019 | % | 2018 | % |
|---|---|---|---|---|
| **Tax on income before taxes** | | | | |
| – current taxes | –583 | *–26.4* | –449 | *–21.8* |
| – deferred taxes | 19 | *0.9* | –70 | *–3.4* |
| **Total tax expense** | **–564** | ***–25.5*** | **–519** | ***–25.2*** |

Total tax rate on income before taxes amounted to –25.5 percent (–25.2). Further details regarding tax expense are shown in the table below.

| SEK m | 2019 | % | 2018 | % |
|---|---|---|---|---|
| Tax based on Swedish tax rate | –473 | *–21,4* | –453 | *–22,0* |
| Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries | –103 | *–4,7* | 84 | *4,1* |
| Non-deductible expenses/ non-taxable income, net | 12 | *0,5* | –150 | *–7,3* |
| **Total tax expense** | **–564** | ***–25,5*** | **–519** | ***–25,2*** |

| Current tax assets/tax liabilities | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Current tax assets | 322 | 224 |
| Current tax liabilities | –199 | –171 |
| **Current tax assets/tax liabilities, net** | **123** | **53** |

Provisions have been made for estimated tax charges that may arise as a result of tax audits. For further information refer to Note 35 section "Other legal proceedings".

Other than in Sweden, there was no major change in corporate income tax rates in the countries in which Loomis conducts the majority of its operations. The corporate income tax in Sweden was in 2019 reduced to 21.4 percent (22.0).

The corporate tax rates in the countries in which Loomis has significant business operations are as follows:

| *Corporate tax rate, %* | 2019 | 2018 |
|---|---|---|
| *USA[1]* | *26* | *26* |
| *Spain* | *25* | *25* |
| *France* | *33* | *33* |
| *Sweden* | *21* | *22* |
| *UK* | *19* | *19* |
| *Switzerland [2]* | *21–22* | *20–22* |

*1) The corporate income tax rate includes federal as well as state tax. The federal tax is 21 percent. The state tax rates vary between states.*
*2) The Swiss corporate income tax rates comprise federal, cantonal and communal taxes. Federal tax is levied at a flat rate of 8.5 percent. Cantonal and communal tax rates vary.*

**Balance sheet**
Deferred tax assets and deferred tax liabilities were attributable to:

| Deferred tax assets, SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Machinery and equipment | 112 | 107 |
| Pension provisions and employee-related liabilities | 258 | 215 |
| Liability insurance related claims reserves | 41 | 27 |
| Provisions for restructuring | 11 | 13 |
| Loss carryforwards | 49 | 34 |
| Other temporary differences | 147 | 125 |
| **Total deferred tax assets** | **618** | **520** |
| Netting | –172 | –178 |
| **Deferred tax assets, net** | **446** | **342** |

| Deferred tax liabilities, SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Machinery and equipment | 283 | 247 |
| Pension provisions and employee-related liabilities | 4 | 4 |
| Intangible fixed assets | 251 | 261 |
| Other temporary differences | 81 | 127 |
| **Total deferred income tax liabilities** | **619** | **639** |
| Netting | –172 | –178 |
| **Deferred tax liabilities, net** | **447** | **461** |
| **Deferred tax assets/tax liabilities, net** | **–1** | **–119** |

**Change analysis**

| SEK m | Machinery and equipment | Pension provisions and personnel-related liabilities | Liability insurance-related claims reserves | Provision for restructuring | Intangible fixed assets | Loss carry forwards | Other temporary differences | Total deferred tax 2019 | Total deferred tax 2018 |
|---|---|---|---|---|---|---|---|---|---|
| Deferred tax assets | | | | | | | | | |
| **Opening balance** | **107** | **215** | **27** | **13** | **–** | **34** | **125** | **520** | **595** |
| Change reported in statement of income | –7 | 5 | 13 | –1 | – | 15 | 140 | 165 | –49 |
| Change due to new-tax rates | –2 | 3 | – | – | – | – | – | 1 | 12 |
| Change due to reclassification | 5 | 2 | – | –1 | – | 0 | 1 | 7 | –41 |
| Change due to foreign currency effects | 4 | 6 | 1 | 0 | – | 1 | 4 | 16 | 27 |
| Change reported in shareholders' equity | – | 14 | – | – | – | – | – | 14 | –25 |
| Change due to acquisitions | 4 | 15 | – | – | – | – | 1 | 20 | 1 |
| Change due to new accounting principles | – | – | – | – | – | – | –125 | –125 | – |
| **Closing balance** | **112** | **258** | **41** | **11** | **–** | **49** | **147** | **618** | **520** |
| **Change during the year** | **5** | **44** | **14** | **–2** | **–** | **15** | **22** | **98** | **–75** |
| Deferred tax liabilities | | | | | | | | | |
| **Opening balance** | **247** | **4** | **–** | **–** | **261** | **–** | **127** | **639** | **546** |
| Change reported in statement of income | 26 | 0 | – | – | –30 | – | 129 | 125 | 12 |
| Change due to new tax rates | – | – | – | – | – | – | – | – | 0 |
| Change due to reclassification | – | – | – | – | 3 | – | –40 | –37 | –25 |
| Change due to foreign currency effects | 8 | 0 | – | – | 7 | – | 3 | 18 | 30 |
| Change reported in shareholders' equity | 2 | – | – | – | 1 | – | – | 3 | 6 |
| Change due to acquisitions | – | – | – | – | 10 | – | – | 10 | 57 |
| Change due to new accounting principles | – | – | – | – | – | – | –138 | –138 | 13 |
| **Closing balance** | **283** | **4** | **–** | **–** | **251** | **–** | **81** | **619** | **639** |
| **Change during the year** | **37** | **0** | **–** | **–** | **–10** | **–** | **–46** | **–19** | **93** |

Of deferred tax assets of SEK 618 million (520), a total of SEK 258 million (252) is expected to be realized within 12 months. Of deferred tax liabilities of SEK 619 million (639), a total of SEK 6 million (4) is expected to be realized within 12 months.

## Loss carryforwards

The total tax loss carryforwards as of December 31, 2019, were SEK 529 million (386), of which SEK 3 million (5) has time limits. The Loomis companies with large loss carryforwards are mainly found in Denmark, Belgium, France and Germany as well as the international companies in the US and in Hong Kong.

Deferred tax assets relating to tax losses are recognized to the extent it is probable that they will be utilized against taxable income. As of December 31, 2019, tax loss carryforwards, for which deferred tax assets have been recognized, amounted to SEK 170 million (130) and deferred tax assets relating to these loss carryforwards amounted to SEK 49 million (34).

## NOTE 15 Acquisitions of subsidiaries and impairment testing

**Acquisitions of subsidiaries 2019:**

| | Consolidated as of | Segment | Acquired share[1] % | Annual revenue SEK m | Number of employees | Purchase price SEK m | Goodwill SEK m | Acquisition-related intangible assets SEK m | Other acquired/divested net assets SEK m |
|---|---|---|---|---|---|---|---|---|---|
| **Opening balance, January 1, 2019** | | | | | | | **6,533** | **515** | |
| Acquisition of Prosegur Cash Holding France[4] | July | Europe | 100 | 411[2] | 630 | 352[3] | 296[6] | 27 | 29 |
| Other acquisitions[5] | June | Europe | n/a | 45 | 150 | 44[3] | 33[6] | 18 | –7 |
| **Total acquisitions January–December 2019** | | | | | | | **329** | **45** | **22** |
| Adjustment of preliminary acquisition analysis[7] | | | | | | –29 | –13 | 3 | –18 |
| Amortization of acquisition-related intangible assets | | | | | | | | –101 | |
| Exchange rate differences | | | | | | | 244 | 15 | |
| **Closing balance December 31, 2019** | | | | | | | **7,094** | **478** | |

*1) Refers to share of votes. In acquisitions of assets and liabilities, no share of votes is indicated.*
*2) Annual revenue translated to SEK million on the acquisition date.*
*3) The enterprise value on the acquisition date amounted to around SEK 411 million for Prosegur and around SEK 43 million for other acquisitions.*
*4) The acquisition analysis is preliminary and subject to final adjustment no later than one year from the acquisition date.*
*5) The acquisition analysis is preliminary and subject to final adjustment no later than one year from the acquisition date. Complete IFRS 3 disclosures are not disclosed since the completed acquisitions are not deemed to materially impact the Group's statement of income or financial position.*
*6) Goodwill arising in connection with the acquisition is primarily attributable to market and synergy effects. Any impairment is not tax deductible.*
*7) Adjustments of preliminary acquisition analyses from the previous year for the following units: Compañía Chilena de Valores S.A. (CCV) and CPoR Devises.*

### Acquisition of Prosegur Cash Holding, France

Loomis has acquired all of the shares in Prosegur Cash Holding France. The purchase price amounted to SEK 352 million (33 MEUR). The acquired operations were consolidated by Loomis as of July 22, 2019.

Summarized balance sheet as of the acquisition date, July 22, 2019.

| SEK m | Preliminary acquisition balance |
|---|---|
| Intangible assets | 30 |
| Tangible assets | 78 |
| Accounts receivable and other receivables | 118 |
| Liquid funds | 13 |
| Interest-bearing liabilities | –73 |
| Accounts payable and other operating liabilities | –102 |
| Deferred tax liabiliy | –7 |
| **Net identifiable assets and liabilities** | **56** |
| Purchase price paid | 352 |
| Deferred consideration | – |
| **Goodwill** | **296** |

### Revenue and earnings attributable to the acquired company from January 1, 2019 and from the time of acquisition.

The acquisition has, as from the time of acquistion up to December 31, 2019, contributed approximately SEK 188 million to total revenue and approximately SEK –42 million to net income. If the acquisition had been completed on January 1, 2019, Loomis estimates that the Group's total revenue would have been affected by approximately SEK 421 million and net income by approximately SEK –95 million.

Total transaction costs for the acquisition amounted to approximately SEK 4 million and have been recognized on the line item Acquisition related costs.

### Intangible assets and Goodwill

In connection with the acquisition analysis, intangible assets of SEK 27 million have been identified as attributable to contract portfolios. These are estimated to have a useful life of 12 years. Deferred tax has been reported. The goodwill is considered to be attributable to market and synergy effects.

### Impact on the Group's liquid funds

Purchase price of SEK 352 million was paid on acquisition date and acquired liquid funds amounted to SEK 13 million. Net impact on the Group's liquid funds was SEK –339 million.

### Other acquisitions

Two smaller acquisitions of assets and liabilities wre implemented in the second quarter of 2019. Total purchase price for these acquisitions amounted to SEK 44 million. The acquired operations were consolidated by Loomis as of each respective acquisition date.

### Other

As of December 31, 2019, the Group as a whole had deferred considerations totaling SEK 72 million. The deferred considerations are due in 2020 and later.

### Impairment testing

For the purpose of impairment testing, assets are allocated to the lowest levels for which there are identifiable cash flows (cash generating units), i.e. by country or several countries where there are integrated operations under joint management. Goodwill divided between the cash generating units breaks down as follows:

| | | Goodwill, SEK m | |
|---|---|---|---|
| | WACC*, % | Dec. 31, 2019 | Dec. 31, 2018[1)] |
| Argentina | *41.9 (30.5)* | 6 | 10 |
| Belgium | *7.4 (8.6)* | 46 | 45 |
| Chile | *10.6 (n/a)* | 298 | 302 |
| Denmark | *5.7 (5.8)* | 23 | 22 |
| Finland | *6.1 (6.0)* | 112 | 110 |
| France | *7.3 (7.4)* | 1,031 | 735 |
| Portugal | *9.0 (9.5)* | 1 | 1 |
| Switzerland | *7.1 (7.7)* | 1,006 | 949 |
| Slovakia | *9.0 (9.1)* | 2 | 2 |
| Spain | *6.6 (8.7)* | 486 | 444 |
| UK | *7.4 (6.8)* | 321 | 299 |
| Sweden | *6.1 (6.4)* | 17 | 17 |
| Czech Republic | *10.0 (10.0)* | 0 | 0 |
| Turkey | *25.9 (24.1)* | 21 | 23 |
| Germany | *6.7 (n/a)* | 53 | 52 |
| USA | *8.0 (8.3)* | 3,670 | 3,522 |
| **Total** | | **7,094** | **6,533** |

*1) Comparative figures have been adjusted as a result of restructured segment reporting.*

Goodwill is tested on an annual basis for impairment. When impairment is indicated, the impairment loss to be recognized is the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The value in use is the present value of the estimated future cash flows. The cash flows are based on financial plans established by Group Management and approved by the Board of Directors that normally cover a period of five years. Cash flows beyond this period have been extrapolated using an estimated growth rate. Wherever possible, Loomis uses external sources of information, however, past experience is also important as there are no official indexes or similar information that can be used directly as a basis for assumptions and assessments made in connection with impairment testing.

The calculation of value in use is based on assumptions and assessments. The most important assumptions relate to organic growth, development of the operating margin, utilization of operating capital employed and the relevant WACC (weighted average cost of capital) rate used to discount future cash flows. The discount rates used are stated after tax and reflect specific risks that apply to the various cash generating units.

The assumptions and assessments on which impairment testing is based are summarized below (broken down by Loomis' operating segments):

| % | Estimated growth rate beyond forecasted period | WACC* |
|---|---|---|
| *Europe* | *2.0[1)] (2.0)* | *5.7–41.9* |
| *USA* | *2.0 (2.0)* | *8.0* |

*1) For all cash generating units, except the Nordic countries, Turkey and Argentina, an annual estimated growth rate of 2.0 percent is used beyond the forecast period. For the Nordic countries, a rate of 0 percent was used, for Turkey 5 percent and for Argentina a rate of 7 percent was used.*

The Group's annual impairment testing of all cash-generating units, except for acquisitions complete during the year, was carried out in the third quarter of 2019. The result of the impairment testing showed that there were no goodwill impairment losses to be recognized.

As of the balance sheet date, a sensitivity analysis of the estimated value in use was carried out in the form of a general reduction of 1 percentage point of the organic growth and operating margin for the forecast period, and a general increase in the WACC of 1 percentage point. The sensitivity analysis indicated that none of the adjustments individually generates a need for an impairment loss to be recognized in any cash generating unit.

## NOTE 16 Goodwill

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Opening balance | 6,584 | 5,615 |
| Acquisitions | 316 | 575 |
| Translation differences | 244 | 394 |
| **Closing accumulated balance** | **7,144** | **6,584** |
| Opening impairment | –51 | – |
| Impairment losses for the year | – | –51 |
| **Closing accumulated impairment losses** | **–51** | **–51** |
| **Closing residual value** | **7,094** | **6,533** |

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Goodwill distributed by operating segment: | | |
| USA | 3,670 | 3,522[1)] |
| Europe | 3,423 | 3,011[1)] |
| **Total** | **7,094** | **6,533** |

*1) Comparative figures have been adjusted as a result of restructured segment reporting.*

## NOTE 17 Acquisition-related intangible assets

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Opening balance | 1,056 | 777 |
| Acquisitions | 48 | 229 |
| Divestments | – | – |
| Translation differences | 36 | 50 |
| **Closing accumulated balance** | **1,140** | **1,056** |
| Opening amortization | –541 | –428 |
| Amortization for the year | –101 | –83 |
| Translation differences | –21 | –30 |
| **Closing accumulated amortization** | **–663** | **–541** |
| **Closing residual value** | **478** | **515** |

Acquisition-related intangible assets primarily consist of contract portfolios.

**The discount rate used in impairment testing is stated after tax. For 2019 WACC includes IFRS16.*

## NOTE 18 Other intangible assets

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Opening balance | 479 | 376 |
| Acquisitions | 3 | 57 |
| Capital expenditures | 85 | 47 |
| Disposals/write-offs | –41 | –12 |
| Reclassifications | 3 | 0 |
| Translation differences | 16 | 12 |
| **Closing accumulated balance** | **544** | **479** |
| Opening amortization | –311 | –274 |
| Disposals/write-offs | 39 | 12 |
| Amortization for the year | –51 | –40 |
| Reclassifications | –3 | 0 |
| Translation differences | –10 | –10 |
| **Closing accumulated amortization** | **–336** | **–311** |
| **Closing residual value** | **208** | **168** |

Other intangible assets regards mainly to software licenses.

## NOTE 19 Tangible fixed assets

| | Buildings and land | |
|---|---|---|
| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
| Opening balance | 1,316 | 1,080 |
| Acquisitions | 7 | 17 |
| Capital expenditure | 22 | 119 |
| Disposals/write-offs | –11 | –2 |
| Reclassifications | –75 | 27 |
| Translation differences | 90 | 75 |
| **Closing accumulated balance** | **1,348** | **1,316** |
| Opening depreciation | –385 | –325 |
| Disposals/write-offs | 0 | – |
| Depreciation for the year | 36 | – |
| Amortization for the year | –40 | –37 |
| Translation differences | –14 | –23 |
| **Closing accumulated depreciation** | **–402** | **–385** |
| **Closing residual value** | **946** | **931** |

| | Machinery and equipment | |
|---|---|---|
| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
| Opening balance | 14,609 | 12,760 |
| Acquisitions | 76 | 69 |
| Capital expenditure | 2,044 | 1,302 |
| Disposals/write-offs | –291 | –362 |
| Reclassifications | –317 | –16 |
| Translation differences | 20 | 855 |
| **Closing accumulated balance** | **16,141** | **14,609** |
| Opening depreciation | –10,182 | –8,826 |
| Disposals/write-offs | 241 | 328 |
| Reclassifications | 178 | 0 |
| Depreciation for the year | –1,137 | –1,106 |
| Translation differences | –365 | –578 |
| **Closing accumulated depreciation** | **–11,265** | **–10,182** |
| **Closing residual value** | **4,876** | **4,427** |

The closing residual value of land included in Buildings and land above amounted to SEK 206 million (208).

Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment. No impairment has been undertaken.

Reclassifications mainly relating to Right-of use assets, reported in Note 20.

## NOTE 20 Right-of use assets

| SEK m | Buildings | Safepoints | Vehicles | Machinery | Other | Total |
|---|---|---|---|---|---|---|
| Opening balance as of January 1, 2019 for finance leases before transition to IFRS16 | 51 | – | 235 | 31 | 6 | 323 |
| Opening balance as of January 1, 2019 according to IFRS16 | 2,302 | 423 | 54 | 2 | 8 | 2,789 |
| Adjustment of opening balances | 16 | –2 | 60 | – | 5 | 80 |
| **Total opening balance as of January 1, 2019** | **2,369** | **422** | **349** | **33** | **19** | **3,191** |
| Acquisitions | 32 | – | – | – | – | 32 |
| Capital expenditures | 230 | 243 | 44 | 1 | 2 | 520 |
| Disposals/write-offs | –70 | – | –13 | –1 | – | –84 |
| Reclassifications | 5 | – | 5 | –18 | – | –9 |
| Translation differences | 70 | 13 | – | – | – | 83 |
| **Closing accumulated balance** | **2,637** | **677** | **384** | **15** | **21** | **3,734** |
| Opening depreciation as of January 1, 2019 before transition to IFRS16 | –37 | – | –173 | –12 | –4 | –225 |
| Adjustment of opening balances | –6 | – | –20 | – | –3 | –28 |
| **Total opening depreciation as of January 1, 2019** | **–42** | **–** | **–192** | **–12** | **–6** | **–254** |
| Disposals | – | – | 12 | – | – | 12 |
| Depreciation for the year | –395 | –145 | –56 | –4 | –6 | –605 |
| Reclassifications | – | – | 6 | 9 | – | 15 |
| Translation differences | 5 | 3 | 1 | – | – | 8 |
| **Closing accumulated depreciation** | **–432** | **–142** | **–230** | **–6** | **–12** | **–823** |
| **Closing residual value** | **2,204** | **535** | **155** | **9** | **8** | **2,911** |

| Amounts recognized in the income statement | SEK m |
|---|---|
| Depreciation of right-of-use assets | –605 |
| Interest expense for lease liabilities | –105 |
| Costs attributable to short-term leases | –34 |
| Costs attributable to low-value leases | –11 |
| Income from subleasing of right-of-use assets | – |
| **Total amounts reported in the income statement** | **–755** |

As of December 31, the Group has obligations of SEK 32 million relating to short-term leases.

The Group's leases are mainly for the asset classes Buildings, SafePoints and Vehicles. The leases are normally contracted for fixed periods of between 3 and 20 years. Options to extend or terminate leases are included in some of the Group's leases, but lease extensions are included only where it is likely that these will be exercised.

The discount rate is calculated based on the country where the lease was entered into and the Group's transfer pricing for the country concerned, as well as the currency and term of the lease. The discount rate is the same for all asset classes.

The table below shows the undertakings for operating and finance leases as of December 31, 2018, and the opening balance of lease liabilities as of January 1, 2019:

| SEK m | |
|---|---|
| Operating lease undertakings as of December 31, 2018 | 3,099 |
| Added: Liabilities for financial leases as of December 31, 2018 | 113 |
| Added: Adjustments due to other handling of options to extend or terminate contracts | 168 |
| Removed: Leases for which the underlying asset is of low value or short-term leases which are expensed on a straight-line basis | –15 |
| Removed: Variable lease payments that are not part of the lease liability | –32 |
| Discounted using the Group's marginal interest rate | –431 |
| Removed: Pre-paid and accrued lease payments | –66 |
| **Lease liability as of January 1, 2019** | **2,836** |

The lease liability as of January 1, 2019 is divided into current and non-current liabilities as follows:

**Lease liabilities**

| SEK m | Jan. 1, 2019 |
|---|---|
| Current lease liabilities | 464 |
| Non-current lease liabities | 2,372 |
| **Total lease liabilities** | **2,836** |

In the balance sheet of January 1, 2019 the breakdown of right-of-use assets is as follows:

**Right-of-use assets**

| SEK m | Jan. 1, 2019 |
|---|---|
| Buildings | 2,327 |
| SafePoints | 422 |
| Vehicles | 157 |
| Machinery | 20 |
| Other | 12 |
| **Total right-of-use assets** | **2,938** |

## NOTE 21 Interest-bearing financial fixed assets

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Long-term external investments | 213 | 183 |
| Defined benefit plans[1] | 352 | 317 |
| **Total interest-bearing financial fixed assets** | **565** | **500** |

*1) For more information regarding defined benefit plans, refer to note 30.*

Long-term external investments refers to the fact that the insurance company in Ireland has deposited a portion of its assets with an external counterparty, according to an authority directive, of SEK 38 million (38). For additional information regarding financial instruments, refer to Note 6.

## NOTE 22 Other long-term receivables

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Long-term rent deposits | 143 | 29 |
| Other long-term receivables | 29 | 26 |
| **Total other long-term receivables** | **172** | **55** |

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Opening balance | 55 | 42 |
| Reclassifications | 17 | – |
| New receivables | 94 | 10 |
| Other changes | 5 | 1 |
| Translation differences | 1 | 2 |
| **Closing balance** | **172** | **55** |

## NOTE 23 Accounts receivable

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Accounts receivable before deduction of provisions for bad debt losses | 2,709 | 2,421 |
| Provision for bad debt losses, net | –90 | –80 |
| **Total accounts receivable** | **2,619** | **2,341** |

Bad debt losses for the year amounted to SEK 28 million (25), net.

**Ageing analysis for overdue accounts receivable**

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Maturity date <30 days | 571 | 546 |
| Maturity date 30–90 days | 187 | 176 |
| Maturity date >90 days | 126 | 104 |
| **Total overdue accounts receivable** | **884** | **826** |

## NOTE 24 Prepaid expenses and accrued income

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Prepaid expenses for insurance and risk management | 72 | 42 |
| Prepaid expenses for right-of use assets | 51 | – |
| Prepaid rent | 16 | 38 |
| Prepaid suppliers' invoices | 6 | 7 |
| Other prepaid expenses | 280 | 341 |
| Other accrued income | 61 | 72 |
| **Total prepaid expenses and accrued income** | **485** | **500** |

## NOTE 25 Interest-bearing financial current assets

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| External investments | 61 | 37 |
| **Total interest-bearing financial current assets** | **61** | **37** |

A description of the Group's risk exposure relating to financial instruments can be found in Note 6.

## NOTE 26 Liquid funds

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Liquid funds[1] | 1,655 | 1,308 |
| Inventory of cash at the cash processing operations[2] | 2,384 | 3,250 |
| Prepayments from customers[2] | 1,034 | 1,582 |
| **Total liquid funds** | **5,073** | **6,140** |

*1) Liquid funds include interest-bearing current assets with a term of less than 90 days.*
*2) Changed reporting of cash at the cash processing operations, see Note 2. The comparative figures have been adjusted as a result of this change.*

## NOTE 27 Shareholder's equity and comprehensive income

| SEK m | Share capital | Other capital contributed | Other reserves [1] | Retained earnings including net income for the year | Non-controlling interest | Total |
|---|---|---|---|---|---|---|
| | Shareholders' equity attributable to the owners of the Parent Company | | | | | |
| **Opening balance, January 1, 2019** | **376** | **4,594** | **1,102** | **2,349** | **1** | **8,422** |
| **Comprehensive income** | | | | | | |
| Net income for the year | – | – | – | 1,646 | – | 1,646 |
| **Other comprehensive income** | | | | | | |
| Actuarial gains and losses | – | – | – | –113 | – | –113 |
| Tax effect on actuarial gains and losses | – | – | – | 26 | – | 26 |
| Translation differences | – | – | 421 | – | – | 421 |
| Hedging of net investments, net of tax | – | – | –74 | – | – | –74 |
| **Total other comprehensive income** | **–** | **–** | **347** | **–87** | **–** | **260** |
| **Total comprehensive income** | **–** | **–** | **347** | **1,559** | **–** | **1,906** |
| **Transactions with shareholders** | | | | | | |
| Dividend[4] | – | – | – | –750 | – | –750 |
| Share-based remuneration[2] | – | – | 43 | – | – | 43 |
| Share swap agreement[3] | – | – | –29 | – | – | –29 |
| Non-controlling interest | – | – | – | – | 0 | 0 |
| **Total transactions with shareholders** | **–** | **–** | **14** | **–750** | **0** | **–736** |
| **Closing balance, December 31, 2019** | **376** | **4,594** | **1,463** | **3,158** | **1** | **9,592** |

*1) Other reserves refers to translation differences, hedging of net investments net of tax, share-based remuneration, revaluation of contingent consideration and share swap agreement.*
*2) Includes the expensed portion of Loomis share-based incentive schemes in the statement of income, as described in Note 11. For 2019 the expensed portion was SEK 41 million.*
*3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 104.*
*4) Total dividend was SEK 752 million, of which Loomis AB received SEK 2 million for B-shares in third party share swap agreement.*

The number of shares issued as of December 31, 2019 was 75,279,829 with a quotient value of 5. For more information on changes in the number of issued shares and distribution between Class A and Class B shares, refer to Note 51.

| SEK m | Share capital | Other capital contributed | Other reserves [1] | Retained earnings including net income for the year | Non-controlling interest | Total |
|---|---|---|---|---|---|---|
| | Shareholders' equity attributable to the owners of the Parent Company | | | | | |
| **Opening balance, January 1, 2018** | **376** | **4,594** | **678** | **1,389** | **–** | **7,037** |
| Effect of change in accounting principle IFRS 15 | – | – | –15 | – | – | –15 |
| Effect of IAS 29 | – | – | 2 | – | – | 2 |
| **Comprehensive income** | | | | | | |
| Net income for the year | – | – | – | 1,538 | – | 1,538 |
| **Other comprehensive income** | | | | | | |
| Actuarial gains and losses | – | – | – | 124 | – | 124 |
| Tax effect on actuarial gains and losses | – | – | – | –25 | – | –25 |
| Translation differences | – | – | 651 | – | – | 651 |
| Hedging of net investments, net of tax | – | – | –139 | – | – | –139 |
| **Total other comprehensive income** | **–** | **–** | **513** | **99** | **–** | **612** |
| **Total comprehensive income** | **–** | **–** | **513** | **1,637** | **–** | **2,150** |
| **Transactions with shareholders** | | | | | | |
| Dividend | – | – | – | –677 | – | –677 |
| Share-based remuneration[2] | – | – | 29 | – | – | 29 |
| Share swap agreement[3] | – | – | –105 | – | – | –105 |
| Non-controlling interest | – | – | – | – | 1 | 1 |
| **Total transactions with shareholders** | **–** | **–** | **–76** | **–677** | **1** | **–752** |
| **Closing balance, December 31, 2018** | **376** | **4,594** | **1,102** | **2,349** | **1** | **8,422** |

*1) Other reserves refers to translation differences, hedging of net investments net of tax, share-based remuneration, revaluation of contingent consideration and share swap agreement.*
*2) Includes the expensed portion of Loomis share-based incentive schemes in the statement of income, as described in Note 11. For 2018 the expensed portion was SEK 29 million.*
*3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 104.*

## NOTE 28 Loans payable and leases

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| **Long-term loans payable** | | |
| Liabilities, leases | 2,314 | 94 |
| Bond | 1,045 | – |
| Bank loans | 911 | 1,767 |
| MTN program | 1,750 | – |
| Commercial papers | 2,012 | 2,400 |
| **Subtotal long-term loans payable** | **8,031** | **4,260** |
| Derivatives and other items | 75 | 121 |
| **Total long-term loans payable** | **8,106** | **4,381** |
| | | |
| **Current loans payable** | | |
| Liabilities, leases | 560 | 24 |
| MTN program | – | 1,000 |
| Bank loans | 21 | 15 |
| **Subtotal current loans payable** | **581** | **1,038** |
| Derivatives and other items | 8 | 20 |
| **Total current loans payable** | **589** | **1,058** |
| **Total loans payable** | **8,695** | **5,439** |

## NOTE 29 Provisions for claims reserves

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Long-term provisions for claims reserves | 413 | 193 |
| Short-term provision for claims reserves | 193 | 172 |
| **Total provisions for claims reserves** | **606** | **365** |

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Opening balance | 365 | 339 |
| New provisions | 464 | 276 |
| Utilized amount | –231 | –275 |
| Provisions not used | –5 | –2 |
| Translation difference | 13 | 27 |
| **Closing balance** | **606** | **365** |

Claims reserves are calculated based on a combination of reported claims and incurred but not reported claims. Actuarial calculations are performed on a continuous basis to assess the adequacy of the reserves. There is a certain degree of uncertainty regarding dates for future payments. Considering this uncertainty, it is not possible to specify any detailed information regarding the date for future payments from Claims reserves. For further information refer to Note 2 and Note 4.

## NOTE 30 Provisions for pensions and similar commitments

The Group operates, or participates, in a number of defined benefit and defined contribution pension plans and other long-term employee benefit plans. These plans are structured in accordance with local rules and practices. The overall cost of these plans for the Group is detailed in Note 10.

### Defined contribution pension plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate legal entity and to which it has no legal or informal obligations to pay further contributions.

In 2019 the cost for defined contribution plans amounted to SEK 216 million (127).

### Defined benefit pension plans

Defined benefit plans are pension plans providing benefits after termination of service other than those benefits provided by defined contribution plans. Calculations for the defined benefit plans are carried out by independent actuaries on a continuous basis. Costs for defined benefit plans are estimated using the Projected Unit Credit method resulting in a cost distributed over the individual's period of employment.

*Summary of defined benefit plans*

The defined benefit obligation and plan assets are composed by country as follows:

**Funded and unfunded benefit obligations**

| | Dec. 31, 2019 | | | | |
|---|---|---|---|---|---|
| | France | Switzer-land | UK | Other countries | Total |
| **Funded plans** | | | | | |
| Present value of funded defined benefit obligations | – | 1,015 | 1,730 | 116 | 2,862 |
| Fair value of plan assets | –5 | –664 | –2,057 | –83 | –2,809 |
| **Funded plans, net** | **–5** | **351** | **–327** | **34** | **53** |
| | | | | | |
| **Unfunded plans** | | | | | |
| Present value of unfunded benefit obligations | 493 | – | – | 21 | 513 |
| **Total funded and unfunded benefit obligations** | **488** | **351** | **–327** | **54** | **566** |

| | Dec. 31, 2018 | | | | |
|---|---|---|---|---|---|
| | France | Switzer-land | UK | Other countries | Total |
| **Funded plans** | | | | | |
| Present value of funded defined benefit obligations | – | 909 | 1,517 | 102 | 2,527 |
| Fair value of plan assets | – | –659 | –1,815 | –73 | –2,547 |
| **Funded plans, net** | **–** | **250** | **–298** | **28** | **–20** |
| | | | | | |
| **Unfunded plans** | | | | | |
| Present value of unfunded benefit obligations | 396 | – | – | 18 | 413 |
| **Total funded and unfunded benefit obligations** | **396** | **250** | **–298** | **46** | **394** |

*UK*

The Loomis UK Pension scheme represents approximately 51 percent (52) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2019. The plan is a funded defined benefit plan in which the assets are held separately from those of the employer. Under the Loomis UK pension scheme, employees are entitled to annual pensions paid directly from the scheme on retirement which are calculated as a percentage of the member's final pensionable salary multiplied by number of years of service. In payment, the pension is increased annually with increases typically being linked to inflation capped at a certain level. Benefits are also payable on death and following other events such as withdrawing from the scheme.

The scheme is administrated by a board of Trustees which is legally separated from the Company. The board of Trustees are composed of representatives both from the employer and employees and is chaired by an Independent Trustee. The board of Trustees are required by law to:

- Act in the best interest of all beneficiaries of the scheme
- Ensure the scheme is operated in accordance with its rules and statutory requirements i.e the general law of trusts and specific UK law applying to pension schemes, including Acts of Parliament and regulations.
- Be responsible for the investment strategy of the scheme's assets and
- Be responsible for the day-to-day administration of the benefits.

The board of Trustees rely on professional advice to help them meet the requirements stated above.

Under UK Regulations, the company and the board of Trustees must agree what contributions should be paid into the scheme after receiving advice from an actuary.

The UK pension scheme is required to perform a funding valuation every third year. The scheme has, since March 3, 2013 been closed for future accrual.

The Company and the board of Trustees are working together to help ensure the UK scheme's investment risk are reduced as and when appropriate. This includes holding a diversified asset portfolio to ensure there is no concentrated risk in one market, asset class or region.

Loomis AB has also provided a guarantee of GBP 85 million to the pension scheme to further show its commitment to meet any obligations that the scheme provides to its members.

Loomis UK also participates in various defined contribution pension plans.

*Switzerland*

In Switzerland there are three funded pension schemes which, combined, constituted around 30 percent (31) of the Group's total commitments as of December 31, 2019. The Swiss pension schemes are funded so that the assets in the schemes consist of assets in pension funds that are separate from the other assets of the entities. The Swiss pension schemes are open to new employees and benefits are accrued in the schemes. There are no previous employees as members with vesting rights in the schemes because the pension liability goes to the new employer when employment ends.

Two of the pension schemes include pension benefits, disability pension, and benefits in the event of death in service for surviving spouses and children. The pension benefits in these schemes are based on earned capital multiplied by a conversion rate that is different for men and women. The disability pension benefits amount to a percentage of the pensionable salary. The death benefits and benefits for surviving spouses are calculated on the pensionable salary while the survival coverage for children for one of the plans is based on a percentage of the anticipated pension capital and for the other plan, based on the pensionable salary. Premiums increase with age and are shared equally between the employer and the employee.

One of the Swiss pension plans, aimed at senior executives, covers benefits for pensions, disability pension and death in service. The pension benefits in this plan are based on earned capital. The disability pension benefits amount to a percentage of pensionable remuneration, while the death benefits are based on earned capital. The percentage of the premiums does not change as the individual ages and the full premiums are paid by the employer.

All of the pension plans in Switzerland are controlled by boards that consist of an equal number of representatives from the company and the employees. All of Loomis' pension plans in Switzerland are reinsured with an external party. This means that all of the risks associated with the pension liability, including the investment risk, are covered by an insurance contract. Under this insurance contract the third party guarantees the funding level, which is calculated based on local laws, at a rate of 100 percent. The third party activity is regulated by federal Swiss legislation and all risk management activities are covered by the Swiss Solvency Test.

*France*

In France there are mainly two unfunded plans, a Retirement indemnity plan that represents approximately 14 percent (13) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2019 and a Jubilee award plan that represents approximately 1 percent (1) of the total commitments. The retirement indemnity plan provides a one-off lump sum retirement benefit to employees who retire from Loomis with five or more years' service. The size of the benefit is based on an employee's years of service, their salary at retirement and their role at the company.

The requirement for a one-off retirement indemnity is a legal obligation. The benefit from the plan is fixed by a collective bargaining agreement governed by industry representatives. A Council tribunal deals with any disputes between the employer and employees over the benefit payments. Benefits are paid directly by the company as and when they arise. The plan is open to future accrual and new members.

The Jubilee award plan is an unfunded arrangement and is paid to employees upon completion of a certain number of years of service.

*Other countries*

In addition to the plans mentioned above, there is a funded defined benefit plan in Norway that represent approximately 3 percent (3) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2019. There are also unfunded defined benefit plans in Austria that represent approximately 1 percent (1) of the Group's total commitments as of December 31, 2019.

*Sweden*

Blue-collar employees of the Group in Sweden are covered by the SAF-LO collective pension plan, which was negotiated by the parties in the labor market for persons employed in the private sector under collective agreements. The plan is a multi-employer defined contribution arrangement. Professional employees of the Group are instead covered by the ITP plan, which is a collectively agreed plan for professional employees within the private sector. A number of years back ITP was split into ITP1 and ITP2. ITP1 is a multi-employer defined contribution plan. ITP2 is a defined benefit plan which, according to a statement (UFR 10) issued by the Swedish Financial Reporting Board, is a multi-employer defined benefit plan. Alecta, a mutual insurance company that manages the pension plan's benefits, is unable to provide Loomis, or other Swedish companies, with sufficient information with which to determine an individual company's share of the total commitment and its plan assets. Consequently, the ITP pension plan that is secured by insurance with Alecta is reported as a defined contribution plan. The cost for 2019 amounted to SEK 14 million (14). The cost for 2020 is expected to be at a similar level. Alecta's surplus may be distributed to the policy holders and/or the insured. At the end of 2019, Alecta's surplus in the form of the collective consolidation level amounted to 148 percent (142). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated in accordance with Alecta's actuarial assumptions, which do not accord with IAS 19.

**Membership Summary**
As of December 31, 2019 the present value of the defined benefit obligation was comprised as follows:

| | Dec. 31, 2019 | | | |
|---|---|---|---|---|
| | France | Switzer-land | UK | Other countries |
| Liability Active members *(% of total obligation)* | *100* | *65* | *–* | *92* |
| Liability Deferred members *(% of total obligation)* | *–* | *–* | *54* | *–* |
| Liability Pensioner members *(% of total obligation)* | *–* | *35* | *46* | *8* |
| **Total** | **100** | **100** | **100** | **100** |
| Pension plan duration (years) | 12 | 18 | 19 | 20 |

**Financial disclosures**
The amounts recognized in the balance sheet are as follows:

**Provisions for pensions and similar commitments, net**

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Plans included in Interest-bearing financial fixed assets | –352 | –317 |
| Plans included in Provisions for pensions and similar commitments | 918 | 711 |
| **Total provisions for pensions and similar commitments, net** | **566** | **394** |

The table below shows the total cost for defined benefit plans in 2019 and 2018.

**Pension costs**

| SEK m | 2019 | 2018 |
|---|---|---|
| Current service costs | 48 | 50 |
| Administration costs (excluding investment related expenses for funded plans) | 2 | 11 |
| Net interest cost/gain (–) | 0 | 6 |
| Recognized actuarial gains (–)/ losses | – | 0 |
| Past service costs/credits (–) & settlements | –10 | –177 |
| **Total pension costs** | **39** | **–109** |

The movement in the net defined benefit obligation during 2017–2019 is as follows:

**Change in provisions for pensions and similar commitments, net**

| | Obligations | Plan assets | Net | Obligations | Plan assets | Net | Obligations | Plan assets | Net |
|---|---|---|---|---|---|---|---|---|---|
| SEK m | | 2019 | | | 2018 | | | 2017 | |
| **Opening balance** | **2,941** | **–2,547** | **394** | **3,193** | **–2,445** | **748** | **3,214** | **–2,428** | **786** |
| Current service costs | 48 | – | 48 | 50 | – | 50 | 51 | – | 51 |
| Administration costs (excluding investment related expenses for funded plans) | 2 | – | 2 | 11 | – | 11 | 6 | – | 6 |
| Net interest cost/gain (–) | 62 | –63 | 0 | 58 | –52 | 6 | 60 | –51 | 9 |
| Recognized actuarial gains (–)/losses | – | – | – | 0 | – | – | 1 | – | 1 |
| Past service costs/credits (–) & settlements | –12 | 2 | –10 | –178 | – | –178 | 0 | – | 0 |
| **Total pension costs** | **100** | **–60** | **39** | **–57** | **–52** | **–109** | **118** | **–51** | **67** |
| Actuarial gains (–) and losses due to experience | –2 | – | –2 | –46 | – | –46 | –2 | – | –2 |
| Actuarial gains (–) and losses from changes in financial assumptions | 274 | – | 274 | –127 | – | –127 | 60 | – | 60 |
| Actuarial gains (–) and losses from changes in demographic assumptions | –25 | – | –25 | –52 | – | –52 | 0 | – | 0 |
| Changes in the asset ceiling, excluding amounts included in interest expense/interest income | – | 2 | 2 | – | 2 | 2 | – | 12 | 12 |
| Return on plan assets, excluding amounts included in Net interest cost / gain (–) | – | –135 | –135 | – | 99 | 99 | – | –91 | –91 |
| **Total actuarial gains (–) and losses before tax** | **247** | **–133** | **113** | **–225** | **101** | **–124** | **58** | **–78** | **–20** |
| Employer contributions | – | –36 | –36 | – | –164 | –164 | – | –79 | –79 |
| Employee contributions | 20 | –20 | 0 | 21 | –21 | – | 20 | –20 | – |
| Benefits paid to participants | –187 | 162 | –25 | –131 | 131 | – | –153 | 153 | – |
| Administration costs paid over the year | –2 | 7 | 6 | –11 | 11 | – | –6 | 6 | – |
| Reclassifications | 6 | –6 | 0 | – | – | – | – | – | – |
| Acquisitions/Divestments | 73 | – | 73 | 3 | – | 3 | – | – | – |
| Translation differences | 177 | –175 | 2 | 146 | –109 | 37 | –56 | 50 | –5 |
| **Closing balance** | **3,375** | **–2,809** | **566** | **2,941** | **–2,547** | **394** | **3,193** | **–2,445** | **748** |

The contribution for 2020 is expected to be approximately SEK –58 million (–61).

**Assumptions and sensitives**

The significant actuarial assumptions used as of balance sheet day were as follows:

| Main actuarial assumptions as per December 31, 2019 (%) | UK | Switzerland | France | Other |
|---|---|---|---|---|
| *Discount rate* | *2.10* | *0.15–0.25* | *0.77* | *1.10–1.70* |
| *Salary increases* | *n/a* | *1.00* | *1.80* | *1.80–2.55* |
| *Inflation* | *2.20–3.20* | *0.75* | *1.20* | *0.00–1.50* |
| *Pension increases* | *3.20* | *0.00* | *n/a* | *0.00–0.70* |

| Main actuarial assumptions as per December 31, 2018 (%) | UK | Switzerland | France | Other |
|---|---|---|---|---|
| *Discount rate* | *2.90* | *0.65–0.85* | *1.20–1.50* | *1.90–2.00* |
| *Salary increases* | *n/a* | *1.00* | *2.30* | *1.80–2.75* |
| *Inflation* | *2.45–3.45* | *0.75* | *1.80* | *0.00–1.50* |
| *Pension increases* | *3.35* | *0.00* | *n/a* | *0.00–0.80* |

These assumptions are used in the valuation of the obligations of the defined benefit plans at the end of 2019 and 2018 and to determine the pension costs for 2020 and 2019. In the UK, the discount rate is based on iBoxx UK AA 15 years + with consideration given to duration of the liabilities. In Switzerland, the discount rate is based on discount rates published by Chamber of Pensions Actuaries, with consideration given to the duration of the liabilities. In the Eurozone, the discount rate is based on iBoxx Euro 10 years +, with consideration given to the duration of the liabilities.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. The mortality tables used in France, Switzerland and UK as follows:

**Mortality tables**

| | 2019 | 2018 |
|---|---|---|
| France | *INSEE 2015–2017* | *INSEE 2015–2017* |
| Switzerland | LPP 2015 | LPP 2015 |
| UK | SAPS2 base tables with scheme specific adjustments, CMI core 2017 projections and a 1% long term improvement rate | SAPS2 base tables with scheme specific adjustments, CMI core 2017 projections and a 1% long term improvement rate |

For Switzerland and the UK, the above assumptions mean the following average remaining life expectancy for a person retiring at the age of 65:

| UK | Dec. 31, 2019 |
|---|---|
| **Life expectancy at 65 for a pensioner currently aged 65:** | |
| Men | 20.2 |
| Women | 22.7 |
| **Life expectancy at 65 for a pensioner currently aged 45:** | |
| Men | 21.3 |
| Women | 24.6 |

| Switzerland | Dec. 31, 2019 |
|---|---|
| **Life expectancy at 65 for a pensioner currently aged 65:** | |
| Men | 22.2 |
| Women | 24.1 |
| **Life expectancy at 65 for a pensioner currently aged 45:** | |
| Men | 22.8 |
| Women | 24.6 |

No average life expectancy in years are given for France as this is not a key assumption due to the nature of the plan (lump sum arrangement).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is shown in the table below. The table shows the impact on the Defined benefit obligation in SEK millions. The Defined benefit obligation is decreasing when showing a negative (–) sign, whereas a positive (+) sign increases the obligation.

**Sensitivity analysis**

| SEK m | Dec. 31, 2019 |
|---|---|
| 0.1% increase in discount rate | –69 |
| 0.1% decrease in discount rate | 70 |
| 0.1% increase in inflation rate | 44 |
| 0.1% decrease in inflation rate | –43 |
| 1 year increase in life expectancy | 71 |

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to changes in significant actuarial assumptions the same method, the Projected Unit Credit method, has been applied as when calculating the pension liability recognized in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis have not been changed compared to previous year. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change.

**Plan assets**

Plan assets are comprised as follows:

| | Dec. 31, 2019 | | | | | Dec. 31, 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quoted | Unquoted | Info. not available | Total | % | Quoted | Unquoted | Info. not available | Total | % |
| **Equities** | | | | | | | | | | |
| UK | – | – | – | – | 0.0 | – | – | – | – | 0.0 |
| Other European countries | 7 | 2 | – | 9 | 0.3 | 5 | 2 | – | 7 | 0.3 |
| North America | 16 | – | – | 16 | 0.6 | 1 | – | – | 1 | 0.0 |
| Asia | – | – | – | – | 0.0 | – | – | – | – | 0.0 |
| Emerging markets | 1 | – | – | 1 | 0.0 | – | – | – | – | 0.0 |
| Other | 1 | – | – | 1 | 0.0 | 1 | – | – | 1 | 0.0 |
| **Total equities** | **25** | **2** | **–** | **26** | **0.9** | **7** | **2** | **–** | **8** | **0.3** |
| **Fixed index government bonds** | | | | | | | | | | |
| UK | 1 609 | – | – | 1 609 | 57.3 | 1 433 | – | – | 1 433 | 56.2 |
| Other European countries | 51 | 12 | – | 63 | 2.2 | 46 | 13 | – | 59 | 2.3 |
| North America | 25 | – | – | 25 | 0.9 | 38 | – | – | 38 | 1.5 |
| Emerging markets | 17 | – | – | 17 | 0.6 | – | – | – | – | 0.0 |
| Other | 8 | – | – | 8 | 0.3 | 8 | – | – | 8 | 0.3 |
| **Total fixed index government bonds** | **1 710** | **12** | **–** | **1 721** | **61.3** | **1 524** | **13** | **–** | **1 537** | **60.3** |
| **Corporate bonds** | | | | | | | | | | |
| UK | 30 | – | – | 30 | 1.1 | 9 | – | – | 9 | 0.3 |
| Other European countries | 18 | – | – | 18 | 0.6 | 7 | – | – | 7 | 0.3 |
| North America | 337 | – | – | 337 | 12.0 | 125 | – | – | 125 | 4.9 |
| Emerging markets | 54 | – | – | 54 | 1.9 | – | – | – | – | 0.0 |
| Other | 131 | – | – | 131 | 4.7 | 76 | – | – | 76 | 3.0 |
| **Total corporate bonds** | **570** | **–** | **–** | **570** | **20.3** | **216** | **–** | **–** | **216** | **8.5** |
| **Properties** | | | | | | | | | | |
| Other European countries | – | 9 | – | 9 | 0.3 | – | 6 | – | 6 | 0.2 |
| **Properties, total** | **–** | **9** | **–** | **9** | **0.3** | **–** | **6** | **–** | **6** | **0.2** |
| Cash | – | 2 | – | 2 | 0,1 | – | 41 | – | 41 | 1.6 |
| Derivative | 9 | – | – | 9 | 0.3 | 81 | – | – | 81 | 3.2 |
| Other | 426 | –623[1] | – | –197 | –7,0 | – | – | – | – | – |
| Other[2] | – | – | 669[3] | 669 | 23,8 | – | – | 659[3] | 659 | 25.9 |
| **Total plan assets** | **2 738** | **–598** | **669** | **2 809** | **100** | **1 828** | **61** | **659** | **2 547** | **100** |

*1) Relates to the hedging strategy in the UK to increase the exposure to Gilt investments.*

*2) Refers to the assets in the three Swiss pension schemes where insurance contracts exists. The assets in these plans are managed by an external party and the return that these assets generates are used to pay the employees' benefits.*

*3) The distribution of these assets, geographically or by asset class, as well as information on whether the holding was listed or not, was not available at the date of the publication of this Annual report.*

**Risks**

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

| | |
|---|---|
| **Asset volatility** *(Relevant to funded plans in UK and Norway)* | The majority of the scheme liabilities are calculated using a discount rate set with reference to investment grade bond yield curves. If return on scheme assets underperform the discount rate this will create a deficit. Equity instruments are expected to outperform liability matching bonds. Returns on equities are expected to be volatile relative to liability matching bonds thus introducing volatility and risk into the funding position. |
| **Changes in yields** *(Relevant to UK and France)* | A decrease in the discount rate will increase the scheme liabilities, although this will for funded plans, be partially offset by an increase in the value of the scheme's bond holdings. |
| **Inflation risk** *(Relevant to UK)* | The majority of the pension obligations are linked to inflation, and higher inflation in insolation will lead to higher liabilities although, in most cases, caps on the level of inflationary increases are in place to protect the scheme against inflation. A majority of the assets are equity based where valuations have little predictable sensitivity to inflation meaning that an increase in inflation will be expected to increase the deficit. |
| **Life expectancy** *(Relevant to UK and Norway)* | The obligations in some countries provide benefits for the life of the Member and/or their dependents, so increases in life expectancy will result in an increase in the scheme liabilities. In some countries, the benefit provided at retirement is a lump sum payment and therefore increases in life expectancy do not impact liabilities in these countries. |
| **Lag och regleringsrisk** | Governments may consult on certain aspects on benefits. If changes are implemented by the Governments, the Company will reflect its impact on the accounting liabilities at the appropriate time. |

## NOTE 31 Other provisions

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Other long-term provisions | 102 | 78 |
| Other short-term provisions | 76 | 33 |
| **Total other provisions** | **178** | **111** |
| **Other long-term provisions** | | |
| **Opening balance** | 78 | 82 |
| New provisions | 20 | 14 |
| Reclassifications | 11 | – |
| Utilized amount | –9 | –7 |
| Provisions not used | – | –12 |
| Translation differences | 3 | 2 |
| **Closing balance** | **102** | **78** |

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| **Other short-term provisions** | | |
| **Opening balance** | 33 | 51 |
| New provisions | 22 | 18 |
| Reclassifications | 40 | – |
| Utilized amount | -17 | –29 |
| Provisions not used | -3 | –9 |
| Translation differences | 1 | 2 |
| **Closing balance** | **76** | **33** |
| **Total other provisions** | **178** | **111** |

Other provisions refer primarily to provisions related to disputes. Disputes are often lengthy processes which extend over several years. It is, therefore, not possible to give any detailed information regarding the timeline for outflows from other provisions.

## NOTE 32 Liabilities, cash processing operations

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Liabilities related to prepayments from customers and liabilities to customers | 1,694 | 2,799 |
| Credit facility related to cash processing operations | 1,327 | 1,641 |
| **Total Liabilities, cash processing operations** | **3,021** | **4,440** |

Loomis changed the reporting of inventory of cash at the cash processing operations, see Note 2.

Cash processing operations are financed by specific credit facilities and prepayments from customers. The credit facilities and prepayments are only used for this purpose. Financing costs relating to this loan financing amount to SEK 39 million (34) and are recognized as production expenses.

## NOTE 33 Accrued expenses and prepaid income

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Accrued personnel costs | 1,163 | 1,292 |
| Accrued interest expenses | 9 | 8 |
| Accrued rent charges | 26 | 40 |
| Other accrued expenses | 297 | 249 |
| **Total accrued expenses and prepaid income** | **1,495** | **1,589** |

Other accrued expenses, as per the above, refer to, amongst other things, accrued insurance expenses, accrued suppliers' invoices and accrued lease expenses.

## NOTE 34 Other current liabilities

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Current liabilities attributable to VAT | 237 | 233 |
| Current contract liabilities | 188 | 138 |
| Other current liabilities | 165 | 120 |
| **Total other current liabilities** | **590** | **490** |

## NOTE 35 Contingent liabilities

| SEK m | Dec. 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Securities and guarantees | 2,014 | 1,707 |
| Other contingent liabilities | 0 | 0 |
| **Total contingent liabilities** | **2,014** | **1,707** |

### Other legal proceedings

Some companies within the Loomis Group are involved in tax audits and other legal proceedings that have arisen in the course of operations. Any liability to pay damages in conjunction with legal proceedings is not expected to have a significant impact on the Group's business operations or financial position.

Over the years Loomis has made a number of acquisitions in different countries. As a result of these acquisitions, certain contingent liabilities attributable to the acquired operations have been taken over by Loomis. Risks attributable to such contingent liabilities are covered by contractual guarantee liabilities, insurances or necessary provisions.

The Spanish tax authorities denied deductions for certain costs (amounting to EUR 24 million) relating to intra-group transactions in the years 2007– 2009. The procedure for invoking application of the double taxation agreement was initiated during 2016. Due to the applicable double taxation agreement the future outcome is not expected to have any significant effect on the Group's tax expense. The Spanish tax authorities has during 2019 denied deductions for cartain costs (amounting to EUR 20 million excluding interest and surcharges) relating to intra-group transactions for the years 2013 – 2016. Loomis has initiated a new mutual agreement procedure.

Similar to several other companies in Spain, Loomis' Spanish subsidiary has been under investigation by the Spanish competition authority (CNMC). In November 2016 the authority informed Loomis Spain of its decision. The decision is to impose a fine of EUR 7 million on Loomis Spain for alleged market sharing. Loomis maintains that it has acted in compliance with the laws in effect and, accordingly, disagrees with the content of the decision and the fine imposed. Loomis has appealed the decision in the Spanish courts. Therefore, no provision has been recognized in the balance sheet regarding this dispute. A possible negative outcome is not expected to have a significant negative impact on either the Group's income or financial position.

At the beginning of July 2018, Loomis' Danish subsidiary was informed that a competitor had filed a lawsuit with a Danish court. The amount in the lawsuit was originally DKK 125 million and the suit relates mainly to alleged misuse of a dominant position in the Danish market. In January 2020 the lawsuit was extended with additional DKK 102 million. Loomis is of the opinion that it has acted in compliance with the laws in effect and has contested the lawsuit. Therefore, no provision has been recognized in the balance sheet regarding this dispute.

## NOTE 36 Items not affecting cash flow

| SEK m | 2019 | 2018 |
|---|---|---|
| Depreciation of tangible fixed assets and amortization of intangible assets | 1,834 | 1,183 |
| Amortization of acquisition-related intangible assets | 101 | 83 |
| Items affecting comparability | –34 | –87 |
| Acquisition-related costs and revenue | 26 | –7 |
| Financial income | –35 | –32 |
| Financial expenses | 248 | 133 |
| **Total items not affecting cash flow, items affecting comparability and acquisition-related costs and revenue** | **2,138** | **1,273** |

# Parent Company statement of income

| SEK m | Not | 2019 | 2018 |
|---|---|---|---|
| Other revenue | 39 | 631 | 516 |
| **Operating income (EBIT)** | | | **516** |
| | | | |
| Administrative expenses | 41, 42 | –257 | –206 |
| **Operating income (EBIT)** | | **374** | **310** |
| | | | |
| **Result from financial investments** | | | |
| Result from participations in Group companies | 43 | 506 | 749 |
| Financial income | 44 | 797 | 827 |
| Financial expenses | 44 | –945 | –1,051 |
| **Total result from financial investments** | | **359** | **524** |
| **Income after financial items** | | **733** | **834** |
| | | | |
| Income tax | 45 | –41 | –38 |
| Deferred tax | 45 | – | 3 |
| **Net income for the year** | | **692** | **800** |

# Parent Company statement of comprehensive income

| SEK m | 2019 | 2018 |
|---|---|---|
| Net income for the year | 692 | 800 |
| Other comprehensive income | – | – |
| **Total comprehensive income for the year** | **692** | **800** |

# Parent Company balance sheet

| SEK m | Note | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible fixed assets | | 18 | 5 |
| Machinery and equipment | 46 | 11 | 3 |
| Shares in subsidiaries | 47 | 8,510 | 8,572 |
| Participation in associated companies | | 31 | 18 |
| Interest-bearing long-term receivables from subsidiaries | 39 | 2,996 | 2,559 |
| Other long term receivables | | 6 | 3 |
| **Total fixed assets** | | **11,571** | **11,160** |
| **Current assets** | | | |
| Current receivables from subsidiaries | 39, 48 | 36 | 136 |
| Interest-bearing current receivables from subsidiaries | 39 | 1,203 | 996 |
| Other current receivables | 49 | 6 | 3 |
| Current tax assets | | 74 | – |
| Prepaid expenses and accrued income | 50 | 83 | 54 |
| Liquid funds | | 269 | 94 |
| **Total current assets** | | **1,671** | **1,283** |
| **TOTAL ASSETS** | | **13,242** | **12,444** |

| SEK m | Note | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | 51 | | |
| *Restricted equity* | | | |
| Share capital | | 376 | 376 |
| **Total restricted shareholders' equity** | | **376** | **376** |
| *Non-restricted equity* | | | |
| Other capital contributed | | 5,673 | 5,673 |
| Retained earnings | | –1,583 | –1,640 |
| Net income for the year | | 692 | 800 |
| **Total non-restricted shareholders' equity** | | **4,781** | **4,833** |
| **Total shareholders' equity** | | **5,158** | **5,209** |
| **Long-term liabilities** | | | |
| Loans payable, external | 40 | 5,716 | 4,157 |
| Other Long-term liabilities external | 40 | – | 19 |
| **Current liabilities** | | | |
| Current liabilities to subsidiaries | 39 | 59 | 70 |
| Loans payable to subsidiaries | 39 | 2,213 | 1,907 |
| Interest-bearing current liabilities, external | 40 | 16 | 1,012 |
| Accounts payable | 40 | 15 | 6 |
| Current tax liability | 45 | – | 16 |
| Other current liabilities | 40 | 8 | 20 |
| Accrued expenses and prepaid income | 52 | 58 | 26 |
| **Total liabilities** | | **8,084** | **7,234** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **13,242** | **12,444** |

# Parent Company statement of cash flows

| SEK m | Note | 2019 | 2018 |
|---|---|---|---|
| **Operations** | | | |
| Income after financial items | | 733 | 834 |
| Items not affecting cash flow | 53 | -363 | –529 |
| Financial items received | | 93 | 72 |
| Financial items paid | | -144 | –130 |
| Income tax paid | | 27 | 2 |
| Dividends received | | 1 188 | 704 |
| Change in other operating capital employed | | 14 | –18 |
| **Cash flow from operations** | | **1,547** | **936** |
| | | | |
| **Investing activities** | | | |
| Investments in fixed assets | 46 | -7 | –1 |
| Shares in subsidiaries | | 46 | –259 |
| **Cash flow from investing activities** | | **39** | **–260** |
| | | | |
| **Financing activities** | | | |
| Other changes in financial fixed assets | | -361 | –1 110 |
| Decrease/increase in current financial investments | | -214 | –81 |
| Decrease/increase in liabilities | | 289 | 590 |
| Change in issued commercial papers | | -385 | 550 |
| Group contributions received | | 110 | 45 |
| Dividend paid | | -752 | –677 |
| Share swap agreement | | -98 | –104 |
| **Cash flow from financing activities** | | **-1 411** | **–788** |
| | | | |
| **Cash flow for the year** | | **175** | **–112** |
| **Liquid funds at beginning of year** | | **94** | **206** |
| **Liquid funds at end of year[1]** | | **269** | **94** |

*1) Liquid funds include interest-bearing financial current assets with maturity shorter than 90 days.*

# Parent Company statement of changes in equity

| SEK m | Share capital[1, 2] | Other contribut-ed capital[3] | Retained earnings including Net Income for the year[4, 5, 6] | Total |
|---|---|---|---|---|
| **Opening balance, January 1, 2018** | **376** | **5 673** | **–891** | **5 158** |
| | | | | |
| **Comprehensive income** | | | | |
| Net income for the year | – | – | 800 | 800 |
| **Total comprehensive income** | | | **800** | **800** |
| | | | | |
| **Transactions with shareholders** | | | | |
| Dividend | – | – | –677 | **–677** |
| Share swap agreement[7] | – | – | –71 | **–71** |
| **Total transactions with shareholders** | **–** | **–** | **–748** | **–748** |
| **Opening balance, January 1, 2018** | **376** | **5 673** | **–839** | **5 209** |
| | | | | |
| **Comprehensive income** | | | | |
| Net income for the year | – | – | 692 | 692 |
| **Total comprehensive income** | **–** | **–** | **692** | **692** |
| | | | | |
| **Total transactions with shareholders** | | | | |
| Dividend[8] | – | – | –750 | **–750** |
| Share swap agreement[9] | – | – | 7 | **7** |
| **Total transactions with shareholders** | **–** | **–** | **–743** | **–743** |
| **Closing balance, December 31, 2018** | **376** | **5 673** | **–890** | **5 158** |

*1) For information on the number of issued shares refer to Note 51.*
*2) Since March 29, 2019, Parent Company shares issued consist of only Class B shares. Each Class B share carries 1 vote. For information on distribution refer to Note 51.*
*3) Includes statutory reserves amounting to SEK 20 thousand.*
*4) Retained earnings are comprised of Other capital contributed and Retained earnings including net income for the year.*
*5) As of December 31, 2018, the Company held 53,797 Class B treasury shares.*
*6) As of December 31, 2019, the Company held 53,797 Class B treasury shares.*
*7) Refers to the Group's share-related Incentive Scheme 2017 and the closure of 2016 Incentive Scheme. A total of 123,963 shares have during 2018 been hedged under this swap agreement and they will be allotted to the employees during the period March–June 2019 provided that the criteria under the scheme have been met, including still being employed by the end of February, 2019. A total of 240,560 shares referring to the long-term incentive Scheme "LTIP 2018-2021" have been hedged during 2018.*
*8) Total dividend was SEK 752 million, of which Loomis AB received SEK 2 million for B-shares in third party share swap agreement.*
*9) Refers to the Group's share-related Incentive Scheme 2018 and the closure of 2017 Incentive Scheme as well as the long-term Incentive Scheme "LTIP 2018-2021". A total of 91,090 shares refering to the Incentive Scheme 2018 have been hedged during 2019 and they will be allotted to the employees during the period March–June 2020. The allotment is provided that the criteria under the scheme have been met, including still being employed by the end of February, 2020.*

# Parent Company notes

## NOTE 37 Summary of important accounting principles

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Standard RFR 2 Accounting for Legal Entities. The Parent Company thereby applies the same accounting principles as the Group, where relevant, except in the cases stipulated below. Differences between the Parent Company's and the Group's accounting principles arise as a result of the limited applicability of IFRS for the Parent Company, due to the regulations of the Swedish Annual Accounts Act, the Swedish Act on the Safeguarding of Pension Commitments, etc., and due to the alternatives stipulated in RFR 2.

### IAS 17 Leases

Financial leases cannot be accounted for at legal entity level, as specific rules on taxation are not available or are not complete. At legal entity level, therefore, financial leases can be reported according to the requirements for operational lease agreements.

### IAS 19 Employee Benefits

The Parent Company are not, according to the Swedish Act on the Safeguarding on Pension Commitments, etc, able to report any defined contribution plans as defined benefit plans at legal entity level. Pension solutions either fall within the framework of the ITP plan insured via Alecta, which is described in the Group's accounting principles, or, in all material aspects, comprise other defined contribution plans.

### IAS 39 and IFRS 7 Financial instruments

The Parent Company applies the exception in RFR 2 regarding IFRS 7, paragraph 1, which means that no information is provided in accordance with IFRS 7 or IAS 1 paragraph 124 A–124 C. In accordance with the Swedish Annual Accounts Act, Chapter 4, paragraph 14a, the Parent Company reports derivative instruments at fair value. Fair value is equivalent to the market value, calculated on the basis of current market listings as at balance sheet date. In addition, the Parent Company applies the exception in RFR 2 regarding IAS 39 paragraph 2. This means that the Parent Company does not apply the rules on assessment and recognition regarding any indemnity agreements benefiting subsidiaries. In accordance with RFR 2, the Parent Company, instead, applies IAS 37, Provisions, contingent liabilities and contingent assets.

Receivables with maturities greater than 12 months after the balance sheet date are reported as fixed assets, and other receivables as current assets. Receivables are reported in the amounts at which they are expected to be received, on the basis of individual assessment.

### IAS 21 Effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange rate differences constituting a portion of a reporting entity's net investments in a foreign operation shall be reported via the statement of income in the separate financial statements of the reporting company.

### Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies have been translated to SEK at the rate prevailing on the balance sheet date and the difference between the acquisition cost and the value on the balance sheet date has been recognized in the statement of income.

### Group contributions

The Parent Company applies the general rule in RFR 2 IAS 27 concerning Group contributions, which means that Group contributions the Parent Company receives from subsidiaries are accounted for as financial revenue. Group contributions submitted from the Parent Company to subsidiaries are reported as an increase in participations in subsidiaries.

## NOTE 38 Events after the balance sheet date

See information about the Group in Note 5.

## NOT 39 Transactions with related parties

Subsidiaries in the Group, board members in the Company's Board of Directors, the Group Management, as well as close family members to these individuals are regarded as related parties. Related parties are also companies in which a significant portion of votes are directly or indirectly controlled by these individuals, or companies in which these individuals can exercise a significant influence.

Transactions with related parties refer to license fees and other revenue from subsidiaries, dividends from subsidiaries, interest income and interest expenses from and to subsidiaries, as well as receivables and liabilities to and from subsidiaries.

Transactions with other companies within the Loomis Group are listed in the tables below:

**Income from other companies within the Loomis Group**

| SEK m | 2019 | 2018 |
|---|---|---|
| License fees | 631 | 516 |
| Interest income | 64 | 55 |
| Group contributions | 0 | 45 |
| Dividend | 568 | 704 |

**Expenses from other companies within the Loomis Group**

| SEK m | 2019 | 2018 |
|---|---|---|
| Interest expenses | 35 | 26 |

**Receivables from other companies within the Loomis Group**

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Interest-bearing long-term receivables from subsidiaries | 2,996 | 2,559 |
| Current receivables from subsidiaries | 36 | 136 |
| Interest-bearing current receivables from subsidiaries | 1,203 | 996 |

**Liabilities to other companies within the Loomis Group**

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Current liabilities to subsidiaries | 59 | 70 |
| Interest-bearing current liabilities to subsidiaries | 2,213 | 1,907 |

All transactions with related parties are executed based on market conditions.

## NOTE 40 Financial risk management

There is no difference between the carrying amount and estimated fair values of assets and liabilities in Loomis AB's balance sheet. The fair value of liabilities and currency swaps that are included as hedging instruments in the hedging of net investments amounts to SEK –811 million (– 951) and SEK 22 million (12) respectively.
Loomis AB uses hedge accounting according to the principle of hedging net investments to limit translation risk. Loomis has two hedges, one with a value of MUSD 124 (138) where the shares in subsidiaries is the hedged item. Loomis has in connection with the acquisition of VIA MAT entered into a hedge in the amount of MCHF 60 (80) where the net investment is the hedged item. The ineffectiveness of the hedge during the year was SEK 0 million (0).

For other currencies, loans and currency swaps constitute hedges of corresponding receivables where hedge accounting is not applied.

For further information regarding the Parent Company's financial risk management refer to Note 6.

The table below presents an analysis of the Parent Company's financial liabilities classified according to the time remaining from the balance sheet date until the contractual maturity date. The amounts shown in the table refer to contractual non-discounted cash-flows.

| December 31, 2019 | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|
| External bank loans | – | 5,026 | 690 |
| Accounts payable and other liabilities | 26 | 84 | – |
| **Total** | **26** | **5,110** | **700** |

| December 31, 2018 | Less than 1 year | Between 1 1 och 5 years | More than 5 years |
|---|---|---|---|
| External bank loans | 1,012 | 4,157 | – |
| Accounts payable and other liabilities | 26 | 19 | – |
| **Total** | **1,038** | **4,176** | **–** |

## NOTE 41 Administrative expenses

**Distribution of expenses by type**

| SEK m | Note | 2019 | 2018 |
|---|---|---|---|
| Depreciation, amortization and impairment | 46 | 4 | 4 |
| Personnel expenses | 42 | 98 | 54 |
| Vehicle expenses | | 1 | 1 |
| Costs of premises | | 4 | 4 |
| Costs of technical equipment | | 9 | 6 |
| Consulting expenses | | 46 | 43 |
| Administrative expenses | | 10 | 9 |
| Other expenses | | 72 | 85 |
| **Total expenses by type** | | **244** | **206** |

**Personnel expenses**

| SEK m | Note | 2019 | 2018 |
|---|---|---|---|
| Salaries and bonuses | 42 | 64 | 33 |
| Social security expenses | 42 | 20 | 10 |
| Pension costs – defined contribution plans | 42 | 13 | 12 |
| **Total personnel expenses** | | **98** | **54** |

**Audit fees and other fees**

| SEK m | 2019 | 2018 |
|---|---|---|
| Elected auditors | | |
| – Audit assignment | 3 | 3 |
| – Auditing activities other than audit assignment | 0 | 0 |
| – Tax advice | 0 | 0 |
| – Other assignments | 0 | 0 |
| **Total elected auditors** | **3** | **3** |

Audit assignment refers to fees for the statutory audit, that is, such work that has been necessary to issue the audit report. Also included is audit advice provided in conjunction with the audit assignment.

## NOTE 42 Personnel

**Average number of full time equivalent employees: distribution by gender**

| | 2019 | 2018 |
|---|---|---|
| Number of employees | 21 | 21 |
| (of whom men) | (14) | (13) |

**Total personnel costs: Board of Directors, Presidents and other employees**

| 2019 | Salaries | Social security contributions | (of which pension) |
|---|---|---|---|
| SEK m | | 2019 | |
| Board and President[1)] | 19 | 9 | 2 |
| Other employees | 45 | 2 | 10 |
| **Total** | **64** | **33** | **13** |

| 2018 | Salaries | Social security contributions | (of which pension) |
|---|---|---|---|
| SEK m | | 2018 | |
| Board and President[1)] | 10 | 7 | 2 |
| Other employees | 23 | 15 | 9 |
| **Total** | **33** | **22** | **12** |

In 2019 the President/CEO Patrik Andersson received variable remuneration amounting to SEK 8.6 million (0.3), of which SEK 6.2 million relates to the Company's Annual Incentive Plan (AIP) and SEK 2.4 million is expensed remuneration relating to the long-term saving share-based incentive scheme (LTIP 2018–2021).

The remuneration to the President constitutes fixed salary, variable remuneration, pension and insurance benefits, and a company car. The variable remuneration is capped at 85 percent of the fixed salary. The President's pension and absence due to illness benefits correspond to 30 percent of the fixed salary. In the event of termination of the employment agreement on the part of the Company, the President is entitled to twelve months' notice and to severance pay corresponding to twelve months' salary.

Further information on remuneration to members of Group Management is shown in Note 11.

## NOTE 43 Result from participations in Group companies

| SEK m | 2019 | 2018 |
|---|---|---|
| Dividends | 568 | 704 |
| Impairment | –62 | – |
| Group contributions | 0 | 45 |
| **Total result from participations in Group companies** | **506** | **749** |

Pricing of transactions between Parent Company and subsidiaries are undertaken according to business principles. These transactions have Loomis AB, registration number 556620-8095, as a parent company.

## NOTE 44 Result from other financial investments

**Financial income**

| SEK m | 2019 | 2018 |
|---|---|---|
| Interest income | 93 | 72 |
| Translation differences | 705 | 755 |
| **Total financial income** | **797** | **827** |

**Finansiella kostnader**

| SEK m | 2019 | 2018 |
|---|---|---|
| Interest expenses | –144 | –130 |
| Translation differences | –798 | –922 |
| Other financial expense | –2 | 0 |
| **Total financial expenses** | **–945** | **–1 051** |
| **Financial income and expenses, net** | **–147** | **–225** |

## NOTE 45 Tax on income for the year

**Statement of income**
Tax expense

| SEK m | 2019 | 2018 |
|---|---|---|
| Tax on income before taxes | | |
| – current tax expense | –41 | –38 |
| – deferred tax expense | – | 3 |
| **Total tax expense** | **–41** | **–34** |

The Swedish corporate income tax rate was 21.4 percent in 2019 and 22.0 percent in 2018.

**Difference between statutory Swedish tax rate and actual tax expense for the Parent Company**

| SEK m | 2019 | 2018 |
|---|---|---|
| Tax based on Swedish tax rate | –157 | –184 |
| Taxes attributable to previous periods | 9 | 2 |
| Tax attributable to non-taxable income | 122 | 145 |
| Tax attributable to non-deductible expenses | –15 | –1 |
| **Actual tax expense** | **–41** | **–38** |

Tax attributable to non-taxable income relates mainly to dividends from subsidiaries.

## NOTE 46 Machinery and equipment

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| **Opening balance** | 9 | 9 |
| Investments | 9 | 0 |
| Disposals | – | – |
| **Closing accumulated balance** | **18** | **9** |
| **Opening depreciation** | –6 | –5 |
| Depreciation for the year | –2 | –1 |
| Disposals | – | – |
| **Closing accumulated depreciation** | **–7** | **–6** |
| **Closing residual value balance** | **11** | **3** |

## NOTE 47 Shares in subsidiaries[1)]

| Subsidiary | Corporate Identification number | Countries where Loomis is registered and has operations | Operations | *Share of capital directly owned by the Parent Company (%)* | Carrying amount (SEK m) | *Share of capital owned by the Group (%)* |
|---|---|---|---|---|---|---|
| Loomis Holder Spain SL | B83379685 | Spain | Holding company | *100* | 870 | *100* |
| Loomis Spain SA | A79493219 | Spain | CIT and CMS company | – | – | *100* |
| Loomis Portugal SA | 506632768 | Portugal | CIT and CMS company | – | – | *100* |
| Transportadora de CaudalesVigencia Duque SA | 30-68901181-7 | Argentina | CIT and CMS company | – | – | *100* |
| Loomis Holding Chile SpA | 768882347 | Chile | Holding Company | – | – | *100* |
| Wagner Seguridad Custodia y Transporte de Valores SPA | 995052407 | Chile | CIT and CMS company | – | – | *100* |
| Compañia Chilena de Valores SpA | 779775801 | Chile | CIT and CMS company | – | – | *100* |
| Loomis Holding Norge AS | 984912277 | Norway | Holding company | *100* | 49 | *100* |
| Loomis Norge AS | 983445381 | Norway | CIT and CMS company | – | – | *100* |
| Loomis Foreign Exchange AS | 914588839 | Norway | Foreign currency company | – | – | *100* |
| Loomis Holding UK Ltd | 2586369 | UK | Holding company | *100* | 602 | *100* |
| Loomis UK Ltd | 3200432 | UK | CIT and CMS company | – | – | *100* |
| Loomis Holding US Inc | 47-0946103 | USA | Holding company | *100* | 689 | *100* |
| Loomis Armored US LLC | 75-0117200 | USA | CIT and CMS company | – | – | *100* |
| Loomis International (AT) GmbH | FN320790 | Austria | Valuables logistics company | *100* | 7 | *100* |
| Loomis Österreich GmbH | FN104649x | Austria | CIT and CMS company | *99* | 128 | *100* |
| Loomis Suomi Oy | 1773520-6 | Finland | CIT and CMS company | *100* | 171 | *100* |
| Loomis Value Solutions Oy | 1811298-3 | Finland | Comprehensive solutions for recycling of cash | *100* | 186 | *100* |
| Loomis Sverige AB | 556191-0679 | Sweden | CIT and CMS company | *100* | 69 | *100* |
| Loomis eStore AB | 556197-6837 | Sweden | Supplier of consumables | *100* | 15 | *100* |
| Loomis Belgium NV | 0834600965 | Belgium | CIT and CMS company | *100* | 76 | *100* |
| Loomis Czech Republic a.s. | 26110709 | Czech Republic | CIT and CMS company | *100* | 43 | *100* |
| Loomis Danmark A/S | 10082366 | Denmark | CIT and CMS company | *100* | 216 | *100* |
| Loomis Güvenlik Hizmetleri A.S. | 539774 | Turkey | CIT and CMS company | *98* | 107 | *100* |
| Loomis Germany Holding Gmbh | HRB 97274 | Germany | Holding company | *100* | 1 | *100* |
| Loomis Holding France SASU | 498543222 | France | Holding company | *100* | 763 | *100* |
| Loomis France SASU | 479048597 | France | CIT and CMS company | – | – | *100* |
| CPoR Devises | 352572937 | France | Foreign currency company | – | – | *100* |
| Loomis Logistique de Valeurs Azur SA | 037020757 | France | CIT and CMS company | – | – | *100* |
| Loomis Traitement de Valeurs | 352330484 | France | CIT and CMS company | – | – | *100* |
| Loomis Traitement de Valeurs Azur SA | 312086739 | France | CIT and CMS company | – | – | *100* |
| Loomis Traitement de Valeurs EST | 997818800 | France | CIT and CMS company | – | – | *100* |
| Loomis Traitement de Valeurs Provence | 444136402 | France | CIT and CMS company | – | – | *100* |
| Loomis Reinsurance Ltd | 152439 | Ireland | Reinsurance company | *100* | 110 | *100* |
| Loomis SK a.s. | 36 394 238 | Slovakia | CIT and CMS company | *100* | 35 | *100* |
| Loomis UK Finance Company Ltd | 7834722 | UK | Investment company | *100* | 2,724 | *100* |
| Via Mat Holding AG | CHE-103.445.244 | Switzerland | Holding company | *100* | 1,650 | *100* |
| Loomis International Corporate AG | CHE-106.825.583 | Switzerland | Holding company | – | – | *100* |
| Loomis Schweiz AG | CHE-109.503.213 | Switzerland | CIT and CMS company | – | – | *100* |
| Loomis International (CH) AG | CHE-114.058.489 | Switzerland | Valuables logistics company | – | – | *100* |
| **Total shares in subsidiaries** | | | | | **8,510** | |

*1) A complete detailed specification of subsidiaries can be obtained from the parent Company.*

All subsidiaries are consolidated into the Group. The percentage of voting rights in the subsidiaries owned directly by the Parent Company is the same as the percentage of shares held. There is no subsidiary that has a holder of non-controlling interests and that is of significance to the Group.

**Shares in subsidiaries**

| SEK m | 2019 | 2018 |
|---|---|---|
| **Opening balance, January 1** | 8,572 | 8,333 |
| Capital contributions | – | 238 |
| Impairment losses | –62 | – |
| **Closing balance, December 31** | **8,510** | **8,572** |

The change in shares in subsidiaries in 2019 is due to write-down of shares in Loomis Güvenlik Hizmetleri. The change in 2018 was due primarily to capital contributions made to Loomis France Holding SASU to enable the acquisition of CPoR to be implemented.

## NOTE 48 Current receivables from subsidiaries

The amount consists primarily of group contributions from Loomis Sverige AB.

## NOTE 49 Other current receivables

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Other current receivables | 6 | 3 |
| **Total other current receivables** | **6** | **3** |

## NOTE 50 Prepaid expenses and accrued income

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Prepaid insurance premiums | 0 | 3 |
| Accrued interest income | 79 | 46 |
| Other items | 4 | 4 |
| **Total prepaid expenses and accrued income** | **83** | **54** |

## NOTE 51 Changes in shareholders' equity

| Year | Event | Number of shares | Increase in share capital |
|---|---|---|---|
| 2004 | Number of shares , January 1, 2004 | 100,000 | 100,000 |
| 2006 | Bonus issue | 364,958,897 | 364,958,897 |
| 2008 | Bonus issue | 3 | 3 |
| 2008 | Reverse split 1:5 | –292,047,120 | – |
| 2013 | New share issue | 2,268,049 | 11,340,245 |
| **Total** | | **75,279,829** | **376,399,145** |

The following funds are at the disposals of the AGM (SEK):

| | |
|---|---|
| Retained earnings | 4,080,605,155 |
| Share-based remuneration | 9,140,257[1)] |
| Net Income for the year | 691,727,422 |
| **Total** | **4,781,472,834** |

The Board proposes that the profits be appropriated as follows:

| | |
|---|---|
| To be carried forward | 4,781,472,834 |
| **Total** | **4,781,472,834** |

*1) The changes relates to the swap in accordance with Loomis´s share-based Incentive Scheme 2017 and 2018.*

For the full proposed appropriation of profits, see the Administration Report.

Parent Company shares issued consists Class B shares. Each Class B share carries one vote, as follows:

| Class of shares | Voting rights | Number of shares outstanding |
|---|---|---|
| B | 1 | 75,279,829[1)] |
| **Total shares outstanding** | | **75,279,829** |

*1) Includes 53,797 shares which, as a result of Loomis' Incentive scheme, are held as treasury shares as of December 31, 2019.*

Information on the largest shareholders see page 36.

## NOTE 52 Accrued expenses and prepaid income

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Accrued personnel costs | 43 | 14 |
| Accrued consultancy fees | 0 | 1 |
| Accrued interest expenses | 5 | 5 |
| Other accrued expenses | 10 | 7 |
| **Total accrued expenses and prepaid income** | **58** | **26** |

## NOTE 53 Items not affecting cash-flow

| SEK m | 2019 | 2018 |
|---|---|---|
| Financial income | –797 | –827 |
| Financial expenses | 945 | 1 050 |
| Result from participations in Group companies | –506 | –749 |
| Depreciation | –4 | –4 |
| **Total items not affecting cash-flow** | **–363** | **–529** |

## NOTE 54 Contingent liabilities

| SEK m | Dec.31, 2019 | Dec.31, 2018 |
|---|---|---|
| Guarantees for bank loans | 4,401 | 1,683 |
| Other contingent liabilities | 44 | 2,577 |
| **Total contingent liabilities** | **4,444** | **4,260** |

Contingent liabilities mainly relate to payment and adequacy guarantees for subsidiaries. It is difficult to assess whether these contingent liabilities will result in any financial outflow. Loomis AB has a policy to support subsidiaries, if circumstances require such support. Loomis AB has no pledged assets. In addition to the guarantee commitments reported in the table above, Letters of Comfort have been issued on behalf of subsidiaries within the Group.

The Parent Company's and the Group's statements of income and balance sheets are subject to adoption at the Annual General Meeting on May 6, 2020.

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the financial position and performance of the Group. The annual report has been prepared in accordance with generally accepted accounting principles, and provides a true and fair view of the financial position and performance of the Parent Company.

The administration report for the Group and Parent Company provides a true and fair view of the development of the activities, financial position, and performance of the Group and Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and companies which form part of the Group.

Stockholm, April 3, 2020
The Board of Directors, Loomis AB

**Alf Göransson**
Chairman

**Ingrid Bonde**
Board member

**Cecilia Daun Wennborg**
Board member

**Jan Svensson**
Board member

**Patrik Andersson**
Board member,
president and CEO

**Lars Blecko**
Board member

**Johan Lundberg**
Board member

Our audit report was submitted on April 3, 2020
Deloitte AB

**Sofie Nordén**
Board member,
employee representative

**Peter Ekberg**
Authorized Public Accountant

# Auditor’s report

To the general meeting of the shareholders of Loomis AB (publ.) corporate identity number 556620-8095

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Loomis AB (publ.) for the financial year 2019-01-01 - 2019-12-31. The annual accounts and consolidated accounts of the company are included on pages 87-148 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 the parent company as of 31 December 2019 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 2019 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. The statutory administration report is consistent with the other parts of the annual accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### 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.

## Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgement, 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.

### Processes and controls related to Cash Management and valuation of cash stock.

Loomis Group offer cash management services and cross-border transportation of cash and precious metals and storage of valuables. The services are primarily aimed at central banks, commercial banks, retail stores, other commercial businesses and the public sector. The operations involve taking over the customer’s risks associated with managing, transporting and storing cash, precious metals and valuables. In the nature of the business as such there are risks of loss of cash and valuables due to crime or failures in procedures. If a difference between deposited amounts and physically counted cash stock is noted, Loomis may need to reimburse the difference regardless of the stock being owned by Loomis or by the customer. The management of cash and valuables are associated with extensive risks for both personnel and property which is why satisfactory operational risk management is of high importance for the Group. Processes and controls for cash management and cash stock valuation are of high importance, differences in cash stock may lead to significant costs for the Group.

Risk management is further described on page 47-53. The cash management business is described on page 87 in the Administration Report. A specification of cash stock is presented in note 26.

Our audit included, but was not limited to:

- visits to a selection of cash processing centers including participation in inventory counts for cash stock;
- discussions with the Group's operational risk management function regarding compliance with policies and procedures, observations and action plans;
- on a sample basis, walkthroughs of processes with internal auditors, so called cash auditors, at cash processing centers, including follow up on differences;
- review of compliance with Group procedures for reconciliation of cash stock and follow up on differences identified;
- reconciliation of cash stock owned by Loomis against external confirmations;
- follow up on central reporting of cash stock balances and identified differences at year end; and
- review of compliance with and disclosures in accordance with IFRS.

**Valuation of intangible assets**

The Group reports significant intangible assets. As part of the impairment test of goodwill and other acquisition related intangible assets the Group normally assess the recoverable amount based on a calculated value in use as it normally does not exist at any applicable market prices to assess the net present value of the assets. The Group base the calculation of the value in use on estimates and assessments of organic growth, gross margin development, utilization of operating capital employed and the weighted average cost of capital which is used to discount future cash flows. Changes in these assumptions have a significant impact of the Groups future cash flows, and thus the estimated value in use for goodwill and other acquisition related intangible assets.

The Group's principles for impairment tests are described in note 2. Critical estimates and assessments are described in note 4 and disclosures regarding performed impairment tests are presented in note 15.

Our audit included, but was not limited to:

- review of the Group's principles and processes for impairment tests;
- review of the model used for calculation of future cash flows for arithmetic accuracy;
- from the support of our internal valuation specialists, challenge managements critical estimates and assessments regarding future organic growth, gross margin development, utilization of operating capital employed, weighted cost of capital and the sensitivity o changes in these assumptions; and
- review of compliance with and disclosures in accordance with IFRS.

**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 1–38 and 149-151. 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 responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms 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 Loomis AB (publ.) for the financial year 2019-01-01 - 2019-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 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 fulfill 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 responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description forms part of the auditor´s report. Deloitte AB, was appointed auditor of Loomis AB (publ.) by the general meeting of the shareholders on the 2019-05-08 and has been the company's auditor since 2018-05-03.

Stockholm April 3, 2020
Deloitte AB
*Signature on Swedish original*

**Peter Ekberg**
*Authorized public accountat*

# Five-year overview

## Revenue and income, summary

| SEK m | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Revenue, continuing operations | 20,411 | 18,300 | 16,824 | 16,485 | 15,391 |
| Revenue, acquisitions | 633 | 868 | 404 | 315 | 706 |
| **Total revenue** | **21,044** | **19,168** | **17,228** | **16,800** | **16,097** |
| Real growth, % | 5 | 8 | 3 | 5 | 7 |
| Organic growth, % | 2 | 3 | 2 | 5 | 2 |
| Operating margin (EBITA), % | 2,601 | 2,200 | 2,093 | 1,890 | 1, 703 |
| **Operating income (EBITA)** | **12.4** | **11.5** | **12.1** | **11.2** | **10.6** |
| Operating income (EBIT) | 2,422 | 2,158 | 1,992 | 1,852 | 1,575 |
| Operating margin (EBIT), % | 11.5 | 11,3 | 11.6 | 11.0 | 9.8 |
| Financial income | 63 | 32 | 13 | 12 | 8 |
| Financial expenses | –275 | –133 | –122 | –129 | –122 |
| Income before taxes | 2,210 | 2,057 | 1,882 | 1,735 | 1,461 |
| Income tax | –564 | –519 | –454 | –477 | –392 |
| **Net income for the year** | **1,646** | **1,538** | **1,428** | **1,258** | **1,069** |

## Statement of cash flows, additional information

| SEK m | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Operating income (EBITA)** | **2,548** | **2,200** | **2,093** | **1,890** | **1,703** |
| Depreciation | 1,265 | 1,183 | 1,124 | 1,105 | 1,061 |
| Change in accounts receivable | –150 | –6 | –165 | –53 | –170 |
| Change in other operating capital employed and other items | 37 | 85 | –145 | 192 | 48 |
| **Cash flow from operating activities before investments** | **3,700** | **3,462** | **2,908** | **3,134** | **2,642** |
| Investments in fixed assets, net | –1,643 | –1,449 | –1,152 | –1,120 | –1,379 |
| **Cash flow from operating activities** | **2,057** | **2,013** | **1,756** | **2,013** | **1,264** |
| *Cash flow from operating activities as % of operating income (EBITA)* | *81* | *91* | *84* | *107* | *74* |
| Financial items paid and received | –106 | –101 | –111 | –117 | –118 |
| Income tax paid | –641 | –472 | –403 | –326 | –341 |
| **Free cash flow** | **1,310** | **1,439** | **1,242** | **1,570** | **805** |
| Cash flow effect of items affecting comparability | –12 | –1 | –1 | 138 | –14 |
| Divestment of operations | 38 | – | – | – | – |
| Acquisition of operations | –384 | –1,403 | –467 | –201 | –279 |
| Acquisition-related costs and revenue, paid and received | –75 | –52 | –80 | –17 | –52 |
| Dividend paid | –750 | –677 | –602 | –527 | –451 |
| Change in interest-bearing net debt excluding liquid funds | 155 | –296 | –117 | –168 | –258 |
| Issuance of bonds | 2,795 | – | – | – | 549 |
| Amortization of bonds | –1,000 | – | – | – | – |
| Change in commercial papers issued and other long-term borrowing | –1,753 | 1,447 | 231 | –816 | –225 |
| **Cash flow for the year** | **325** | **456** | **207** | **–20** | **74** |

## Financial position and return, summary

| SEKm | Dec 31, 2019 | Dec 31, 2018 | Dec 31, 2017 | Dec 31, 2016[1] | Dec 31, 2015[1] |
|---|---|---|---|---|---|
| Goodwill | 7,094 | 6,533 | 5,615 | 5,626 | 5,437 |
| Tangible fixed assets | 8,732 | 5,358 | 4,689 | 4,709 | 4,305 |
| Interest-bearing fixed assets | 565 | 500 | 96 | 80 | 78 |
| Other fixed assets | 1,503 | 1,189 | 910 | 829 | 1,039 |
| Interest-bearing current assets | 61 | 37 | 62 | 54 | 84 |
| Other current assets | 8,609 | 9,313 | 6,098 | 3,570 | 3,470 |
| Total assets | **26,563** | **22,931** | **17,471** | **14,869** | **14,415** |
| Shareholders' equity | 9,592 | 8,422 | 7,037 | 6,647 | 5,843 |
| Interest-bearing long-term liabilities | 8,106 | 5,092 | 4,745 | 3,972 | 5,168 |
| Other long-term liabilities | 2,035 | 812 | 630 | 729 | 806 |
| Interest-bearing current liabilities | 589 | 1,058 | 75 | 754 | 73 |
| Other current liabilities | 6,241 | 7,547 | 4,983 | 2,767 | 2,525 |
| **Total Shareholders´ equity and liabilities** | **26,563** | **22,931** | **17,471** | **14,869** | **14,415** |
| *Equity ratio, %* | *36* | *37* | *46* | *45* | *41* |
| Interest-bearing net debt, SEK m | 7,332 | 4,305 | 3,823 | 3,929 | 4,425 |
| Capital employed, SEK m | 16,924 | 12,727 | 10,860 | 10,576 | 10,268 |

| % | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| *Return on capital employed, %* | *15* | *17* | *19* | *18* | *17* |
| *Return on shareholders' equity, %* | *17* | *18* | *20* | *19* | *18* |

*1) During 2019, Loomis changed reporting of inventory of cash at the cash processing operations, see Note 2. The comparative figures for 2016 and 2015 are not adjusted.*

## Share Data

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| Number of outstanding shares, million[1] | 75.2 | 75.2 | 75.2 | 75.2 | 75.2 |
| Earnings per share before and after dilution, SEK[1] | 21.88 | 20.45 | 18.99 | 16.73 | 14.21 |
| Shareholders' equity per share, SEK | 127.51 | 111.95 | 93.55 | 88.36 | 77.67 |

*1) The number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 75,226,032. The number of treasury shares amount to 53,797.*

**Annual General Meeting 2020**

Provided that the Board of Directors considers that it is possible to hold the Annual General Meeting with respect to current restrictions imposed by Swedish authorities, the Annual General Meeting 2020 will be held on Wednesday 6 May 2020 in Stockholm, as previously announced. Appropriate precautionary measures to decrease any risk of spreading the coronavirus will of course be taken. The notice of the Annual General Meeting will be published four weeks prior to the Annual General Meeting at the latest.

**Reporting dates**

Loomis will publish the following financial reports for 2020:

| | |
|---|---|
| Interim Report Jan – Mar: | May 6, 2020 |
| Interim Report Jan – Jun: | July 24, 2020 |
| Interim Report Jan – Sep: | Nov 5, 2020 |