Loomis

Annual Report and Sustainability Report 2018

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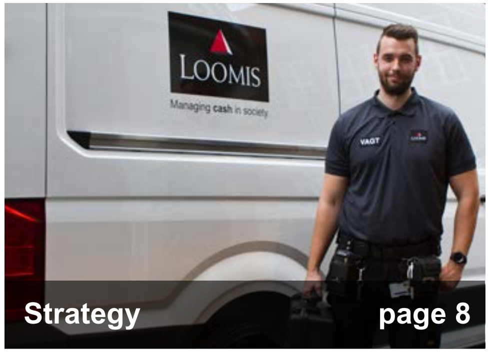
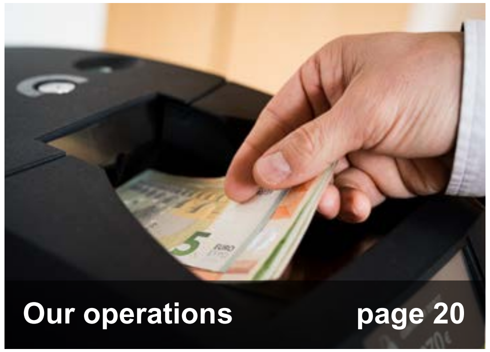
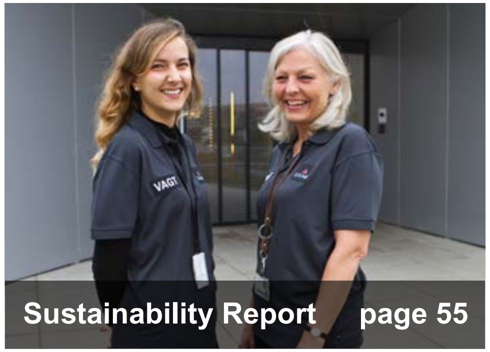
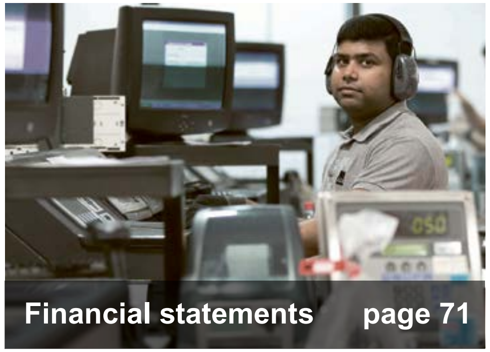








Calendar 2019

Loomis' Annual General Meeting 2019 will take place at on Wednesday, May 8 at 3 pm CEST at Konserthuset, Stockholm, Sweden. Read more on page 136.

Interim report Jan – March	April 25, 2019
Interim report Jan – June	July 25, 2019
Interim report Jan – Sep	November 1, 2019

About this report

The formal Annual Report is presented on pages 72–129. Sustainability is integrated into the Group's operations and the statutory Sustainability Report, including the GRI Index, are presented on pages 55–70.

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' internal investigations and studies have been used.

About **Loomis**

Operations

Loomis improves cash flow efficiency in society

Loomis' service offering consists of national cash handling and international valuables logistics. Loomis' services help customers in the banking sector and in retail to increase their efficiency and reduce their risks. The national cash handling offering consists of cash-in-transit and cash management services as well as comprehensive solutions, such as SafePoint. Cash-in-transit is the single largest service area. The international offering consists of services for cross-border transportation, and management and storage of foreign currency, precious metals and other valuables.

Cash in Transit, CIT | **Cash Management Services, CMS** | **SafePoint** | **International Services**

Read more about Loomis' offering on pages 23-25.

Strategy

Sustained growth and new services

Loomis intends to grow both organically and through acquisitions in the growing and changing cash handling and valuables logistics markets. Increased profitability will be achieved by developing the Company's core business and entering new areas of the cash management value chain, and over time through new payment services. Other examples of movement in the value chain are increased offerings in foreign currencies, ATM forecasting services and other digital solutions. The strategy for 2018–2021 is based on five pillars:

1. Accelerate the core business
2. Launch adjacent new services
3. Move up the value chain
4. Strengthen geographic & technology footprint
5. Protect and build the Loomis way of working

Leading the transformation of the **Cash Ecosystem**

Read more about Loomis' strategy on pages 9-12.

Geographic footprint and segments

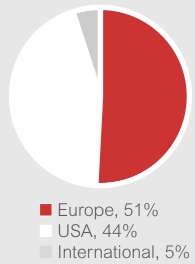
Leading player in multiple markets

Loomis holds a strong position in Europe where the Group is number one or two in the market for national cash handling services in most of the countries where Loomis operates. In the USA, Loomis is one of the leading players in cash handling with a market share of around 30 percent. With offices in the world's most important financial centers and logistics hubs, Loomis International is a leading player in the global market for cross-border transportation, and management and storage of precious metals, foreign currency, diamonds and other jewelry.

Read more about the business environment and markets on pages 21-22.

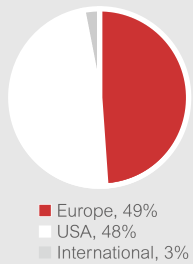
The South American operations are reported and followed up within Segment Europe. Read more about Segment Europe on pages 26-27, about Segment USA on pages 28-29 and about Segment International on pages 30-31. Loomis' head office is located in Stockholm, Sweden.

REVENUE BY SEGMENT



Revenue Group 2018:
SEK 19.2 billion

EBITA BY SEGMENT



EBITA Group 2018:
SEK 2.2 billion

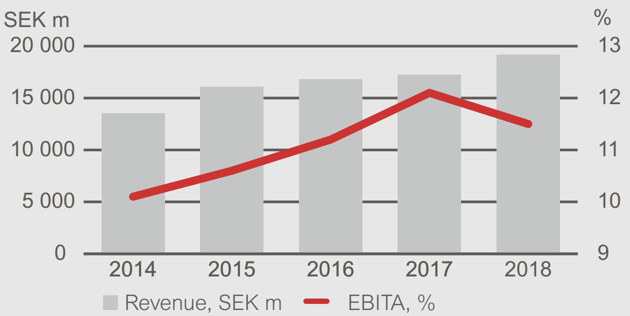
About Loomis – continued

The year in figures

Key ratios	2018	2017	2016
Revenue, SEK m	19,168	17,228	16,800
Real growth, %	8	3	5
Organic growth, %	3	2	5
Operating income (EBITA), SEK m	2,200	2,093	1,890
Operating margin (EBITA), %	11.5	12.1	11.2
Net income for the year, SEK m	1,538	1,428	1,258
Earnings per share, SEK	20.45	18.99	16.73
Dividend per share, SEK	10[1]	9	8
Dividend as a percentage of net income, %	49	47	48
Number of full-time employees	24,790	22,811	21,983
Number of workplace injuries	214	165[2]	N/A
Direct carbon emissions, CO_2 e	153,657	156,124[3]	N/A
Plastics usage, thousand kg	1,645	1,810	N/A

1) Refers to proposed dividend for 2018.
2) 2017 numbers have been updated to facilitate future comparison between the segments.
3) 2017 numbers have been restated to reflect a change of methodology for calculations.

REVENUE AND PROFITABILITY



Sustainability

Focus on safety, the environment and our people
Loomis provides a key function in society. The Company ensures that cash, foreign currency and other valuables are in the right place at the right time. Strong mutual trust between Loomis, the customers and the community is therefore essential. Maintaining this trust depends on Loomis being a responsible actor in the long and short term. The Group's responsibility as an employer for its employees, for the environment and for risk and safety procedures is a key element of Loomis' sustainability efforts.

Out of all the focus areas, three have been identified as external targets integrated into the Group's 2018–2021 strategy period: zero workplace injuries, 30 percent reduction in carbon emissions and 30 percent reduction in the use of plastics.

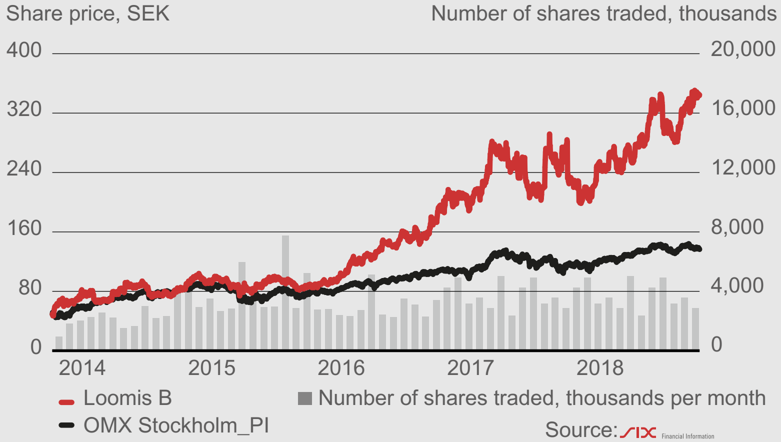
Read more about Loomis' risk management on pages 34-35 and Loomis' Sustainability Report starting on page 55.

The share

40-60% of net earnings are distributed to shareholders
Loomis' dividend policy has been unchanged since 2010, 40–60 percent of the Group's net earnings are to be distributed to the shareholders. For the 2018 financial year Loomis' Board of Directors has proposed a dividend of SEK 10.00 per share. The proposal represents around 49 percent of net earnings and a dividend yield of around 3 percent, based on the share price at December 31, 2018.

Read more about Loomis' share on pages 36-38 and corporate governance starting on page 39.

SHARE PRICE PERFORMANCE AND TURN OVER VOLUME



Source: SIX

About Loomis – continued

Significant events in 2018

First quarter

Acquisition of KGW in Germany
In January, Loomis acquired the German company KÖTTER Geld- und Wertdienste (KGW), which offers national cash handling services, has around 800 employees and the annual revenue in 2017 was approximately EUR 45 million. The acquired operations is reported in Segment Europe.

Acquisition of Sequel in the USA
In January, Loomis acquired the company Sequel International Logistics (USA) Inc. from Sequel Logistics Pvt. Ltd (Sequel). The acquired company has around 15 employees and the annual revenue in 2017 was around USD 2.6 million. It will be reported within Segment International.

Changes to Loomis’ Group Management
- Kristian Ackeby was appointed as the new Chief Financial Officer (CFO). He joins Group Management and reports to the President and CEO.
- Kristoffer Wadman was appointed as Chief Innovation Officer (CINO). He joins Group Management and reports to the President and CEO.
- Anders Haker, the former CFO at Loomis, was appointed as Chief Investor Relations Officer (CIRO).

Second quarter

Acquisition of CPoR in France
In June Loomis entered into an agreement to acquire the French company CPoR Devises (CPoR). The company offers foreign currency services as well as physical gold for investment purposes. CPoR has around 130 employees and the annual revenue in 2017 was approximately EUR 37.5 million. The acquisition expands Loomis’ foreign currency services offering in Europe and will be reported under Segment Europe.

Acquisition of CCV in Chile
In June, Loomis acquired the Chilean cash handling services company Compañía Chilena de Valores S.A. (CCV), which has around 1,000 employees and had annual revenues in of SEK 95 million in 2017. After the acquisition Loomis’ cash handling market share in Chile rose to more than 30 percent. CCV is reported in Segment Europe.

Third quarter

Loomis and Sonect will become global partners
In July, Loomis and Sonect AG (Sonect) entered into a strategic partnership agreement. Sonect is based in Switzerland and the company's platform enables retailers to serve as “virtual ATMs.” It gives consumers access to their digital cash and enables withdrawing it as physical cash in many more locations than today. This reduces cash management costs for banks and facilitates cash management for retailers. The acquisition is line with Loomis’ strategy of offering advanced digital solutions.

Forth quarter

Restructuring of Loomis International
To take better advantage of future growth opportunities and create additional cost synergies, Loomis’ Segment International ceased to exist as a separate segment on January 1, 2019. From an organizational perspective the segment is being divided up geographically into regions USA and Europe, and financial data for Segment International will no longer be reported separately as of the first quarter of 2019.

Loomis signs SafePoint contract in the US
In November, Loomis entered into a five-year contract with a US retail chain to install and service around 1,000 new SafePoint units. The contract includes an extension for 250 units already installed. The total value of the agreement is around USD 48 million through 2023.

”In 2018 we have taken a number of important steps to climb up the customers' value chain which will lead to a higher operating margin”

Patrik Andersson
President and Chief Executive Officer

A new chapter in **Loomis' evolution**

There were numerous initiatives and investments in 2018, following the course charted in our new business strategy. The clear objective of which is to climb higher up the customers' value chain and to accelerate our core business in our established markets and in selected growth markets. The best description and headline for the past year is therefore that we have entered a new chapter in Loomis' evolution.

Higher quality and increased customer confidence

Loomis has a stable core business and a reliable business model. We have a flat and greatly decentralized organizational structure which promotes customer focus and commitment. We meet our customers' needs by developing our products and services. By continuously raising the quality of our services, gaining more trust, and constantly focusing on measures that improve operational efficiency, we will achieve good profitability and organic growth over time. Our offering varies depending on the conditions in each market, but our core business is essentially the same.

The single most important factor for us is the willingness of banks and retailers to outsource their cash management. We see great differences between our 20 or more markets in how far this process has developed. In some mature markets outsourcing has come a long way; in other markets it has barely begun. The important thing is that our progress follows the same pattern over time in all markets. Based on growth in demand in individual markets we can subsequently add services and implement solutions that are well-tried and tested and that we know work in other markets.

Higher up the customers' value chain and stronger core business

In 2018 we made important strides in our strategy of climbing up the customers' value chain for higher operating margins. Examples of movement in the value chain are increased offerings in foreign currencies, ATM forecasting services and other digital solutions. For example, we have acquired CPoR in France and initiated a strategic partnership with Sonect in Switzerland. In 2018 we worked intensely to develop and refine the list of acquisition candidates that can add new related services and technologies. Our focus is clear but acquisition processes are always uncertain and can take time.

Our acquisitions have been aimed at strengthening our core business. In January 2018 Loomis acquired the company KÖTTER Geld-und Wertdienste (KGW) in Germany. This was a first, important inroad into one of Europe's most cash-intensive and growing markets. In January 2019, we acquired Ziemann, a nationwide German cash handling services company with around 2,700 employees, provided that the authorities approve the transaction. This is the largest acquisition that Loomis has ever made. Outsourcing by banks and retailers in the German market has accelerated in recent years and we see great future potential for Loomis to offer its well-tried and tested solutions, especially SafePoint, in the German market. We also acquired Compañia Chilena de Valores in Chile in 2018, giving Loomis almost one third of the highly cash-intensive Chilean market.
In 2018 we established a new Innovation Center in Stockholm to serve the whole group. Its purpose is to

A new chapter in Loomis' evolution – continued

develop today's core business and add brand new services with more technology content. Intense and long-term professional development and leadership initiatives are energizing us as we climb up the value chain. Our two Centers of Excellence in Madrid and Houston are focusing on improving our existing services, but also developing new services to add to our core business and to accelerate knowledge transfer throughout the Group.

Increased focus on sustainability

Our role as one of the world's leading cash handling companies requires long-term responsible behavior focusing on the environment, employees and safety. Our branches have a strong mission to fulfil and many exciting initiatives were rolled out in 2018 to reach our 2021 sustainability targets. They included procurement in Europe of security bags made from 60 percent recycled plastic and a proactive traffic safety initiative.

To reduce the Group's direct carbon emissions, we are prioritizing vehicle efficiency, transition to renewable fuels (HVO diesel) and vehicle fleet diversification. In December Loomis USA was the first cash handling company in the world to receive delivery of an electric, armored CIT vehicle. Safety requirements make our vehicles heavy and until now the electric engines were not strong enough to ensure their operation. The vehicle is now being tested and the initial results are promising.

Big potential for SafePoint in both the USA and Europe

The Group has seen good, real growth amounting to 8 percent. The US market remains a strong growth engine for the Group and, with a couple of exceptions, the European markets have also seen stable growth over the year. Our SafePoint concept is gaining ground in both Europe and the USA. In 2018 we signed a five-year and very substantial SafePoint contract worth USD 48 million with a US retail chain. This shows the potential of our in-house-developed concept.

The operating margin for 2018 was 11.5 percent. This is slightly lower than the previous year (2017: 12.1%) and is to a great extent explained by the readjustments in Sweden and France. We believe, however, that now that the restructuring programs are complete, both countries will be in a position to increase their operating margins in 2019. The acquisition of KGW in Germany was also a short-term factor in the lower operating margin, but we expect an improvement in the German market by 2019 as well. Profitability in the US operations was higher in 2018 than the previous year.

2018 also saw increased growth (4%) in Segment International and profitability of 7.2 percent, which is higher than in 2017. To take better advantage of future growth opportunities and gain additional cost synergies, we have decided to fully integrate our international cash and valuables handling operations into our other operations in Europe and the USA.

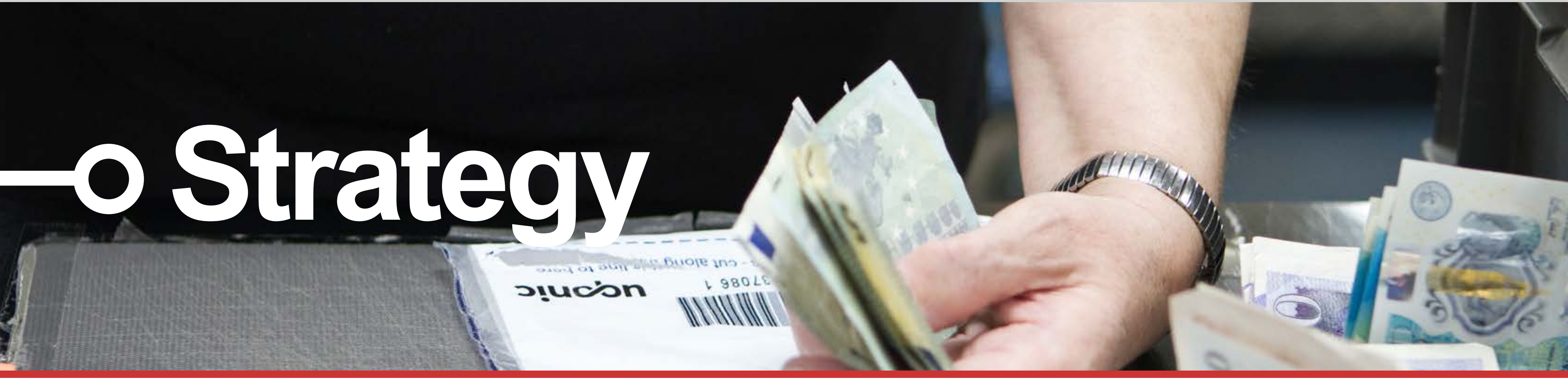
Ambitious plans in the future

The list of new initiatives for 2019 and the years ahead is long and ambitious. The goal of increasing our offerings to include more advanced solutions in areas such as foreign currencies, ATM forecasting services and other digital solutions are at the top of it and will take us higher up the customers' value chain.

I would like to take this opportunity to thank all of my colleagues for the dedicated and inspired commitment that I always encounter amongst you and the desire to find new paths and new opportunities for profitable growth, without losing focus on our continuous efficiency improvement efforts. It is a joy to lead "Team Loomis".

I also want to thank all our customers and shareholders for having so much confidence in us. We look forward to 2019 and the years to follow ■

Patrik Andersson
President and Chief Executive Officer,
Stockholm, April 2019



Strategy

Sustained growth and increased profitability in focus during the strategy period 2018–2021.

Next strides for higher **operating margins and increased growth**

Loomis has a solid core business in a growing market and this has provided both increased organic growth and improved operating margins year after year. A new four-year strategy period began in 2018. Increased growth and profitability will be achieved by developing the Company's core business, but also through new strides up the cash management value chain and through new payment services. Acquisitions in established markets as well as select growth markets are also in the cards.

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

Leading the cash management transition in society

Growth in the cash and valuables markets continues as economies grow. There is also an increased willingness among banks and retailers to outsource increasingly advanced processes to external actors like Loomis to increase their cost efficiency and security.

1 2 Accelerating the core business and launch new services

Willingness to outsource is the single most important driver of market growth in Loomis' markets. This market development puts Loomis in a strong position to both accelerate its core business and to launch new related services in established markets. There are significant differences in the conditions and opportunities that exist among the more than 20 markets in which Loomis operates, but the direction is the same. Cash-in-transit is usually outsourced first, followed by other aspects of cash management, and then associated value-adding services. This creates great potential for increasing both organic growth and margins.

The same potential is provided by adding services already offered in one or more markets within the Group to the core offering in even more of Loomis' markets. The rollout of the SafePoint concept in market after market that has taken place in recent years is a very successful example of this. Loomis believes that there is still great potential for SafePoint growth in both the USA and Europe. A service that allows customers to buy and sell physical foreign currency from Loomis is another.

Two Centers of Excellence were opened in 2018. One is based in Houston and will focus on further developing the SafePoint offering and other solutions for retail customers. Another Center of Excellence is located in Madrid and will similarly further develop Loomis' offering in CIT and CMS, adding more related services.

3 Moving up the value chain

At the core of Loomis' strategy is a focus on climbing up the customers' value chain by combining traditional and digital business models.

An Innovation Centre was established during the fall in Stockholm with a clear purpose to develop new services and roll these out within the Group. Examples of the new types of services being developed are new innovative solutions for managing foreign currency, new planning and forecasting tools and new digital platforms.Read the interview with Loomis' Chief Innovation Officer on page 12.

Acquisitions to acquire new skills and the ability to move up the value chain have already been implemented. A key aspect of the strategy over the next few years is for Loomis to develop and to acquire companies that help to improve the Company's ability to reach higher up the customers' value chain through new technologies. Read the interview with Loomis' Head of M&A on page 11.

4 Strengthening the geographical and technical footprint

The strategy is also based on an assessment that consolidation in the market will continue and increase

Next strides for higher operating margins and increased growth – continued

in the years ahead. This gives Loomis – with its strong financial position – good potential to make attractive acquisitions. The intention is to increase the pace of acquisition in the period ahead. Loomis expects half of all growth during the strategy period to be achieved through acquisitions.

There are two main priorities in this area. One priority is to grow the Company's core business, primarily in existing markets but also in select growth markets. The markets in Europe, the USA and Latin America are a high priority. The recent acquisitions in Chile are a good example and enabled Loomis, in a short space of time, to increase its market share to one third in a country experiencing rapid growth. The Group's acquisitions in the Germany market can be included in the same category.

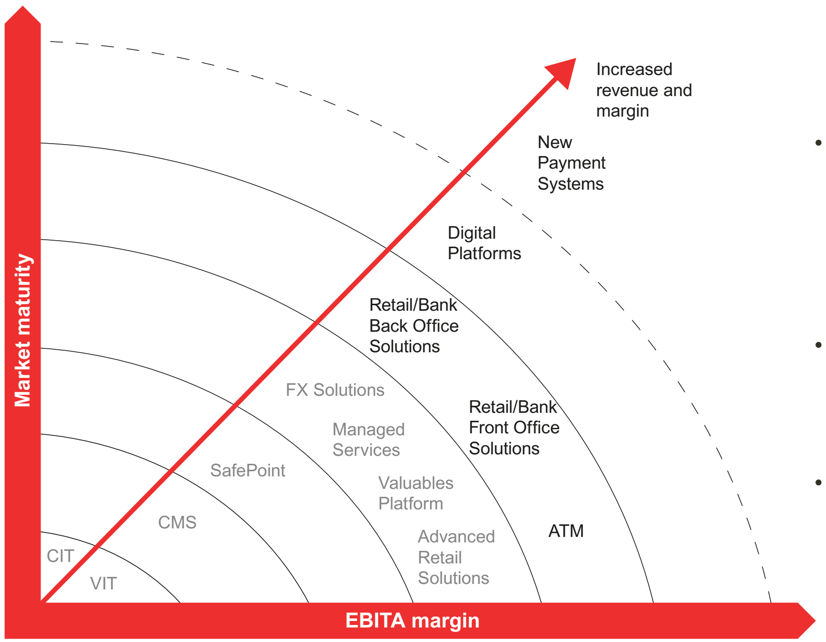
The second priority relates to acquisitions of and partnerships with companies that add new technology. Software and hardware solutions for back/front office and other planning tools are at the top of the list. Initiatives of this type have been implemented during the year. The intention for all of this new knowledge and expertise to be rolled out in more of Loomis' markets.

5 Protecting and building the Loomis way of working

An important aspect of the strategy is also to develop Loomis' successful business model, the Loomis Model, to safeguard 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 their experience and acquired knowledge within the Group. The new strategy also emphasizes that it is imperative for Loomis to develop and stimulate new capabilities and skills.

Implementation of the new strategy is forging ahead at full speed, but a lot of work remains to be done to reach the strategic goals ■

Higher up the value chain



- An increased focus on innovation and development as well as acquisitions of companies that add new technology and new knowledge to reach higher up the customers' value chain.
- Aquisitions to consolidate key markets and expansion in select growth markets.
- Accelerate Loomis' core business and launch new related services in key markets as they become more mature.

Next strides for higher profit margins and increased growth – continued

Johannes Bäckman, Head of M&A

Acquisitions and partnerships contributing to Loomis moving up the value chain

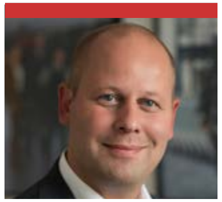
During the current strategy period, 2018–2021, half of the growth is to be generated by acquisitions. The acquisition strategy focuses on two criteria: growth of the Company's core business in existing markets as well as select growth markets, and taking advantage of business opportunities with new technology in mature markets. Three questions for Johannes Bäckman, Head of M&A, about acquisitions.

1. In September 2017 the Finnish company Intermarketing Oy, a market leader in cash recycling solutions in the Nordic region, was acquired. How has this contributed to Loomis' business?
Our service, which we now call Loomis Value Solutions, offers our bank and retail customers a comprehensive solution that includes hardware, software, installation and integration, as well as servicing and aftermarket support. The SafePoint product family has thus been expanded so that we can now offer a solution where the cash circulates internally at the customer's end. This will not only benefit customers, but also opens the door to a new market for us. Loomis Value Solutions is a good option in countries where the maturity level is high. Our business focus from the start was Scandinavia. The next stage is to shift our focus to the whole of Europe. Thanks to this acquisition we have gained access to new expertise, IT systems and customers. This, combined with our own core business, CMS/CIT, has moved us up the value chain.

2. What were the driving forces behind the acquisition in June 2018 of the French credit institution CPoR Devises (CPoR)?
The acquisition of CPoR expands Loomis' offering in foreign currency to include the biggest tourist market in the world. As we witness more and more banks outsourcing foreign currency management, this is the first time that France allows a foreign, non-bank actor to take over the supply side. Important reasons for the trust placed in us are our excellent background in similar operations in Norway and Sweden, our strong local presence and our broad core offering. The acquisition of CPoR is entirely in line with Loomis' overall strategy – to move up the value chain.

3. One of Loomis' most recent initiatives is the strategic partnership with the Swiss company Sonect, whose service offering is described as the Uber of the cash market. How does this align with other areas of Loomis' business?
Sonect offers an app that helps individuals to find the closest cash distributor, which could be a kiosk or grocery store around the corner. The funds are withdrawn directly from the customer's account regardless of who they bank with. It drives traffic to stores and, while banks pay the cost of the transaction, over time the number of ATMs can be reduced. Sonect is therefore the partnership that enables Loomis to extend its offering the most towards digital cash management and new payment solutions. It's a way for us to increase the availability of cash in society and to connect consumers with our customers. Sonect has good growth potential and the solution will be offered to select customers in Europe in 2019.

Next strides for higher profit margins and increased growth – continued



Kristoffer Wadman,
Chief Innovation Officer

Innovation starts with the customer

As the cash handling market changes, new opportunities are opening up and Loomis is determined to lead the transformation. Higher profitability will be achieved by further developing today's core business throughout the Group and by adding new services higher up the value chain, enhanced by increased new technology content. Three questions for Kristoffer Wadman, Loomis' Chief Innovation Officer.

1. In what way contributes innovation to higher profitability?
The level of innovation in the cash management market – which is our core business – is growing incrementally in small 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 the cash circulates internally at the customer's end. If we turn our attention to the fast-moving payment market, more radical innovations and often brand new solutions are needed. This requires new work processes and methods, the right skills and leadership, and a focus on attitudes to investment returns and financial numbers in general. A clear example is the EU's revised Payment Services Directive (PSD2). It will fundamentally affect the existing payment landscape. The banks' monopoly on the customers' information disappears which makes it possible for bank customers to authorize other external actors to retrieve account data from their banks and thereby sell their services to the bank's account holders, so-called Open Banking. This creates opportunities for new business.

2. How is Loomis doing in terms of innovation?
Innovation has always been a natural aspect of business development at Loomis, but in 2018 innovation was moved to a strategic level. My position was created and tasked with managing this process. The focus for the year has therefore been on establishing the necessary conditions to work strategically on innovation, incorporating a long-term perspective. A review of the organization resulted in a number of innovation programs and activities. We will set up group-wide management systems for innovation as well as metrics that we can follow up to ensure we are focusing on the right things. The next step will be to scale up and implement innovations for higher growth and increased profitability.

3. What is the connection to the customer?
Loomis has a strong offering linked to the core business and offers a highly competitive portfolio. We take care of the entire cash handling chain, creating customer benefits that are hard to beat. Having a real understanding of the customers and their needs is also the basis for all innovation. During the year we launched a systematic process in Norway and Sweden to identify customer value. We call this method "The Voice of the Customer." It will provide us with important insights and tools for our continued innovation work in all of our markets.

Loomis’ **strategic targets**

Since Loomis was listed on the stock exchange in 2008 a number of strategic targets have been established for fixed strategy periods. The targets for the fourth strategy period were presented in September 2017 for the years 2018 to 2021. The strategic targets are formulated in two categories: financial and sustainability.

Financial targets

Loomis is one of the leading international players in the growing markets for cash handling and valuables logistics services. Loomis is number one or two in most of the markets where the Company has operations. This is a strong starting point. The combination of a solid financial position and an accelerated focus on innovation and development of new services gives the Company strong potential for continued growth and improved profitability.

The 2018–2021 strategy period is based on five pillars which are presented in the strategy section on pages 9-12. The financial targets have been formulated based on these. They encompass growth, profitability and dividend policy targets.

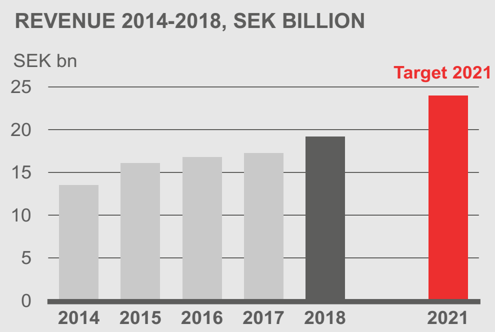
Revenue

24
SEK billion
in revenue
by 2021

Description

The intention for the 2018–2021 strategy period is to further accelerate growth. The target is that approximately half of revenue growth by the end of 2021 should come from acquisitions, with total revenue at the end of 2021 reaching SEK 24 billion. Loomis will prioritize acquisitions in existing and nearby markets, as well as investments in new technology and new services. Existing operations in cash management services, SafePoint and international valuables logistics will also be developed to drive growth.

Outcome



Group revenue 2018:
SEK 19.2 billion

Sustained strong development in the US market is a key reason for the Group’s increasing revenue. With the exception of a couple of markets, growth in Europe has developed well. All service lines: Cash in Transit, Cash Management Services and International have demonstrated sustained growth. Our SafePoint concept is gaining ground in both Europe and the USA. Acquisitions during the year have opened the door to new markets and customers.

Loomis' strategic targets – continued

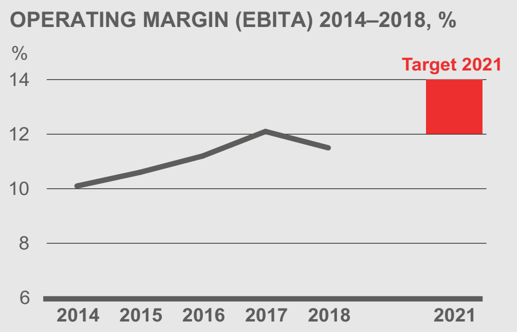
Operating margin

12-14%
operating margin
by 2021

Description

The operating margin for the 2018–2021 strategy period is expected to reach between 12 and 14 percent. Assuming that no margin-dilutive acquisitions take place, the business is expected to generate an operating margin at the upper end of the target range for 2021. Profitability improvement will be achieved by, for example, implementing new pricing models and new technical solutions, and by the already completed reorganization of the European organization. Efficiency improvement measures are also in focus in all markets.

Outcome



Group operating margin (EBITA) 2018: 11.5 percent

The Group's operating margin in 2018 was slightly lower than the previous year. The operating margin was higher in both the US market and Loomis International. The lower operating margin in Europe can to a great extent be explained by the extensive restructuring programs in both France and Sweden, as well as the acquisition of KGW in Germany. Loomis believes there is good potential for an improved operating margin in Europe in 2019.

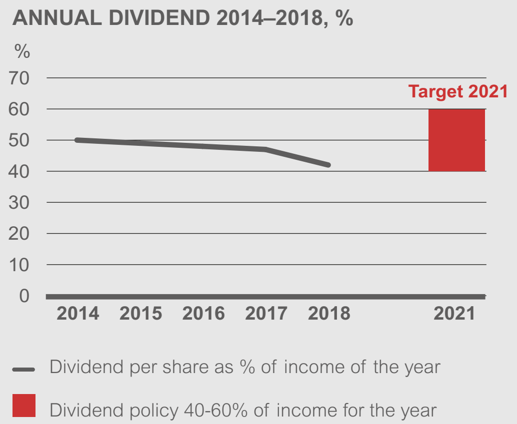
Annual dividend

Dividend
policy of
40-60%
of the Group's
income

Description

It has been possible to pay out consistently high dividends while also developing Loomis' business and achieving good growth through acquisitions and the Company's successful strategic initiatives. For the 2018–2021 strategy period Loomis' dividend policy is the same as before, i.e. 40–60 percent of the Group's net earnings will be distributed to the shareholders. Earnings and operating cash flow are expected to remain strong and support both dividends and financing for growth.

Outcome



The Board's dividend proposal for the 2019 Annual General Meeting of SEK10 per share represents 49 percent of the Group's income after tax.

Loomis' strategic targets – continued

Sustainability targets

The role as one of the world's leading cash handling companies requires long-term responsible behavior. The creation of lasting and sustainable value for customers, employees and owners – today and in the future – is a key aspect of that responsibility. The Company's sustainability efforts are based on a stable platform created in 2017 and consisting of six focus areas: responsibility as an employer, zero tolerance for workplace injuries and unethical behavior, carbon emissions, plastic usage and lastly, Loomis' role as a local participant in society. Clear goals, key ratios, measurable results and relevant connections to the entire organization are what determine the content of the sustainability process.

Out of all the focus areas, three have been identified specifically as external targets integrated into the Group's 2018–2021 strategy period. The focus for 2018 has been on implementing the framework established in 2017, training the employees and ensuring that data is collected and reported. Read the Sustainbility Report starting on page 55.

Workplace injuries

0

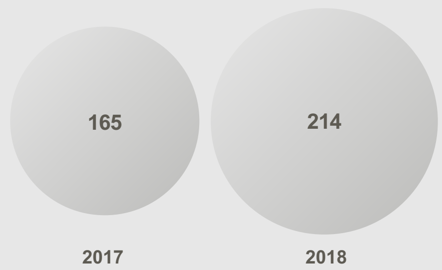
workplace injuries by 2021

Description

Loomis is exposed to risk in its operations. Extensive proactive efforts are made on a daily basis to reduce the risks and to improve safety – all to protect people and property. The outcome of this work is of great significance for employees, the community in general and for the sustainable development of Loomis as a company. Two fundamental principles guide the work: no loss of life and a balance between profitability and risk of theft and robbery. To further address the serious injuries that can occur due to violence and heavy traffic, Loomis has a zero vision for such injuries.

Outcome

NUMBER OF WORKPLACE INJURIES



Key aspects of the preventive measures to reduce the number of injuries from external violence and in traffic are the preventive training the employees receive and ensuring that they follow the risk and safety routines designed specifically for this purpose. The focus in 2018 has been on continuing the proactive training. The total number of injuries have increased. This is mainly due to new acquisitions in Europe. In the USA injuries have decreased and a contributing factor has been an extra focus on traffic safety.

Loomis' strategic targets – continued

Carbon emissions

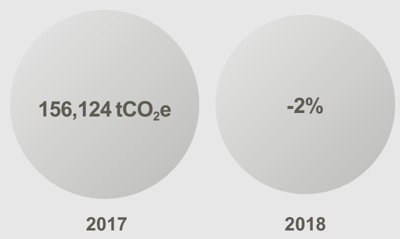
30%
reduction in carbon emissions by 2021

Description

Loomis' impact on the environment is mainly in the form of carbon emissions. A majority of these come from transports and its use of fossil fuels. A smaller portion comes from indirect emissions relating to energy consumption, business trips and plastics. The goal is to reduce the Company's carbon emissions by 30 percent in relative numbers during the strategy period 2018-2021. Emissions are monitored in absolute numbers, but since the operations involves transportation, emissions are put in relation to business volumes to measure change. To reach the target, efforts are concentrated on vehicle efficiency, a transition to renewable fuels and diversification of the vehicle fleet. This is a long-term effort and visible effects are expected towards the end of the strategy period.

Outcome

CHANGE DIRECT CARBON EMISSIONS, %*



*Change relative to Loomis' operational volume.

In 2018 the Loomis Group's direct emissions of greenhouse gases decreased, both in absolute and relative numbers. Relatively to an increased business volume the direct emissions decreased by 2 percent. The Group has also become more efficient at gathering data to calculate carbon emissions. Numerous measures were initiated during the year and they are expected to reduce emissions over the long term. Renewal of the vehicle fleet with lighter and more fuel-efficient vehicles has begun, a pilot program to introduce electric, armored CIT vehicles in the USA is under way, and a test using 100% HVO diesel in older vehicles.

Plastics

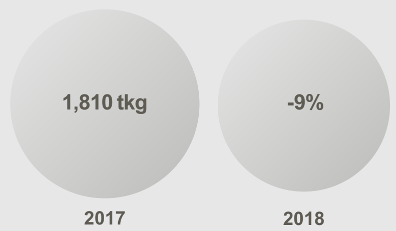
30%
reduction in plastics by 2021

Description

Security bags used for the storage of coins and notes are made of plastic since the material meets all of the industry's extensive security requirements. The challenge is that plastic bags are made from fossil raw materials. Loomis has initiated a process of change aimed at reducing its use of security bags manufactured from fossil-based plastic.

Outcome

CHANGE PLASTIC USAGE, %*



*Decrease of plastic volumes in absolute numbers.

In 2018 Loomis initiated a large procurement tender of new plastic bags to supply the European region. There will be a new standard type of bag made from 60 percent recycled plastic. The effects of this new framework agreement are expected in the second half of 2019 and will significantly improve the Group's environmental footprint. A parallel initiative is under way in the USA on several fronts. This includes testing a re-usable non-plastic bag.

Loomis' strategic targets – continued

Kristian Ackeby, Chief Financial Officer

Steady progress toward our long-term goals

In 2018 Loomis implemented several acquisitions and invested to further raise operational quality and increase the Company's capacity. Increased revenue and higher operating margins are a priority. The journey has begun toward ambitious financial targets to be reached by the end of 2021. Three questions for Kristian Ackeby, Loomis' Chief Financial Officer.

1. What would you like to say about the 2018 outcomes?
We're continuing to grow and increase our earnings per share. There are significant differences in the conditions and trends between the more than 20 individual markets where Loomis has operations, but we are proving that we can offer our customers relevant solutions regardless of the market's maturity. We can therefore report stable growth in most of our markets. In a number of markets we have strengthened our market position significantly and achieved a greater share of the market. We have also carried out a number of acquisitions that will make a positive contribution to the Group's growth going forward.

The Group's operating margin is slightly lower than last year, which is explained by Europe. A key reason for this is the challenging markets in France and Sweden. It has therefore been necessary to implement restructuring programs, which has impacted profitability. Also, an acquisition in Germany in 2018 is demonstrating lower profitability than our European average. But we expect profitability in Sweden and France to increase again once the current programs are concluded. Our objective is for margins in our Germany operations to improve gradually in 2019. The USA had a good year with strong organic growth and a higher operating margin.

We are still focusing on investing for growth as we work towards our long-term goals for 2021.

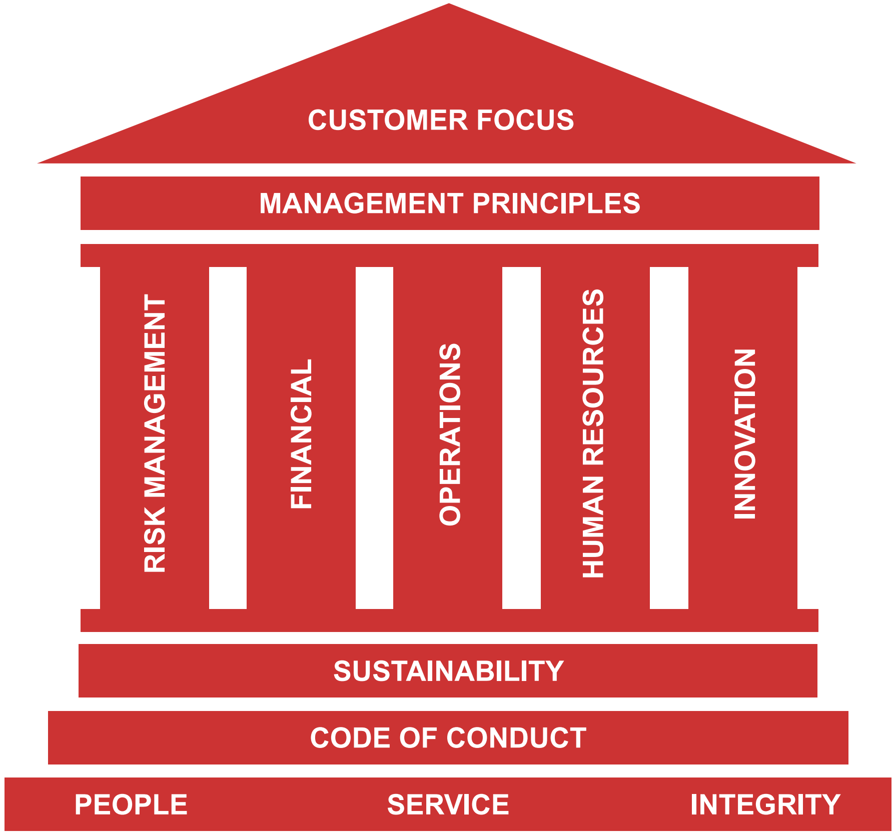
2. You certainly have an ambitious growth target for the strategy period. Will you be able to reach it?
We firmly believe that we will reach our target. We know that we can continue to grow organically, but to achieve our target we also make acquisitions. We are aiming to acquire operations in which we believe we can quickly implement our business model and raise volumes, and which will contribute to higher operating margins. Provided that the authorities approve our other acquisitions in Germany, we will have made good progress. The German market is the largest in Europe with great potential for additional outsourcing. We are also focusing on acquiring operations with a higher technology content that can help us move higher up the customer's value chain and therefore improve our operating margins over time. Sonect is also an example of one such partnership implemented in 2018, where we move our positions forward.

Loomis has a very strong financial position and the muscle needed for an aggressive acquisition strategy, while also keeping the same dividend policy.

3. What comments do you have on sustainability work in 2018?
In 2018 Loomis increased its focus on sustainability and refined its sustainability reporting with an emphasis on our strategic targets. We have a high level of ambition. We are reviewing, for example, how, through coordinated sourcing of things like plastic bags, we can not only reduce costs but also our environmental impact. Another important area for us is carbon emissions from our vehicle fleet, so in 2018 we worked on increasing our use of biodiesel. We have realized that some countries have made less progress than others on this, but we're working on moving ahead in cooperation with our partners. Incorporating our Sustainability Report into our Annual Report will help to improve transparency in this area and show our level of ambition.

The Loomis Model

Loomis' business model, called the Loomis Model, describes the common principles, processes, routines and policies for operational management. In 2018 the Model was updated to align with the new strategy and has now been digitalized for fast knowledge transfer across the Group, and to encourage implementation of new, innovative services.



The Loomis Model is based on the Group's core values and Code of Conduct, and describes how Loomis, based on a number of fundamental principles, organizes and runs the business with the support of the Group's business processes. Many years of experience and knowledge gathered within the Group are described in a simple and clear business model. The Model is particularly valuable when new operations are being incorporated into the Group or when new managers or employees are recruited.

Loomis' method of running its business, based on the Loomis Model, has without doubt been instrumental in the Company's ability to raise its operating margin during several years. Since 2008 Loomis' operating margin has risen from 6.6 percent to 11.5 percent in 2018.

A model that continues to yield results

To stimulate innovation, customer focus and sustainability, while also ensuring that the key aspects of Loomis' recipe for success are implemented, the Loomis Model was updated in 2018. It is still based on the conditions and requirements of a decentralized organizational structure. It assigns a high level of local responsibility, with a clear focus on measurement and evaluation of business operations, and sharing experiences within the Group.

In addition to the fundamental core business, Loomis offers a number of supplementary services in some of the more than 20 markets where the Company has operations. Digitalization of the Model and the creation of a best practice system are enabling knowledge and experience to be more quickly transferred over national borders and are thereby helping to speed up the implementation and addition of innovative services in more markets. Digitalization also makes the Loomis Model easily accessible to all employees in the Group and simplifies

The Loomis Model – continued

implementation in connection with business acquisitions through a "plug-and-play" system. Each country is responsible for ensuring that all employees have access to the digital Loomis Model in their local language.

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' 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 2018 an important process was implemented to digitalize training in the Code of Conduct. All employees must complete the training by the first quarter of 2019.

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 owners – today and in the future – is a key aspect of Loomis' sustainability responsibility. In 2017 a platform was developed to determine how sustainability will be managed and integrated into the organization, and which key ratios and targets are to be reached during the 2018–2021 period. Read more in the Sustainability Report starting on page 55.

Business processes

Loomis has six business processes to develop and support business operations. The operational process is the core of the business model. The other processes support the operational process.

Management principles

The Loomis Model has ten management principles which are key to the operation of the business. They include guidelines on how to formulate 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 very competitive organization and encourages comparisons between different branches. Loomis believes that what gets measured gets done.

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 is given the opportunity to develop better solutions and new business models in traditional operations, and to explore new opportunities and services ■

Our operations

> Loomis streamlines cash flow in society – around-the-clock in more than 20 markets.

Global trends support **Loomis' strategy**

Although the total volume of cash in the world is increasing, attitudes to payment methods vary between countries. High cash usage has a positive impact on demand for cash in transit services. Reduced cash usage, on the other hand, makes banks more willing to outsource cash management processes to companies that can make them more cost-efficient. The demand for value-adding comprehensive solutions requires new technology and innovation as well as an increased understanding of customers' needs.

A diversified market

Cash is the dominant payment method and the total volume of cash is increasing in line with economic growth. Significantly more than half of all payment transactions in the USA and Europe are cash payments. In 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. No two markets are the same or follow the exact same trend. Loomis has operations in more than 20 countries and the Company's cash handling business varies between each of the markets.

A market characterized by consolidation

The total global market for cash in transit and cash management services is estimated at around USD 18 billion[1]. The market is fragmented and has more than 500 smaller local players. The general trend is towards consolidation in the cash industry, which works in Loomis' favor with its strong position and ambition to be a market leader in the markets where it operates. For the Cash in Transit service line, density and efficient route planning are crucial factors in achieving good profitability. In most cases, a high quality cash in transit offering is crucial in order to be able to compete for the more profitable cash management contracts.

Willingness to outsource cash handling

Over time the degree of outsourcing has increased in all of Loomis' 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 associated value-adding services. More and more banks are, for example, outsourcing their foreign currency processes. Generally speaking, high cash usage in a market has a positive impact on

1) Source: Freedonia and management estimates.

Global trends support Loomis' strategy – continued

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 as handling cash in-house becomes more expensive when the volumes go down and a company like Loomis can provide these types of services more cost-effectively.

Sustained strong outsourcing trend

In the Scandinavian countries and in Spain, the degree of outsourcing of cash handling processes by banks is 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 while increasingly focusing on their core business. In many of Loomis' 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.

Increased demand for value-adding comprehensive solutions

As customers are increasingly focusing on their core business, demand is growing for advanced and integrated comprehensive solutions. New technology plays a key role. SafePoint is Loomis' add-on service for the retail market to facilitate cash management processes. Fast deposits of daily receipts on bank accounts, increased safety for store employees, reduced cash losses and fewer employee work hours spent on cash reconciliation are the main explanations for the increased demand for the SafePoint concept. There is a demand for more advanced solutions in areas such as ATMs and digital payments, which is bringing end-customers closer to providers such as Loomis.

Loomis International has a different market logic than other parts of the Loomis' offering. Economic and political changes, fluctuation in exchange rates, inflation or interest rates, and an increased desire to move assets and valuables between countries are creating business opportunities. The positive or negative macroeconomic trends in a market are actually not as important as the fact that there are movements. Increased tourism is also a factor that has a positive impact on Loomis International's business prospects ■

Loomis improves **cash flow efficiency in society**

Cash is the most common payment method in the world. Notes and coins circulate among banks, consumers and retailers every day. With skilled employees, secure cash in transit vehicles and technically advanced equipment, Loomis ensures that cash circulates quickly, cost-effectively and securely – both in the local community and internationally – around the clock, every day of the year in more than 20 markets across the globe.

Loomis' primary mission is to ensure the secure cash flow in society. The Group's cash -in-transit teams make sure that ATMs are replenished and that bank branches and retailers have the amount of cash they need. They collect daily receipts and cash from stores, restaurants, service boxes, etc. and transport them to Loomis' cash centers. There the employees count and quality assure notes and coins, and the amounts are then deposited on the customers' bank accounts. The notes and coins are packaged and recirculated back into society as quickly as possible.

Loomis' International segment offers cross-border transportation and storage of cash and valuables. Loomis is thus able to ensure the efficient flow of cash and valuables over national borders and between continents.

The success of the business is based on customer confidence, a high level of safety and security, and more cost-effective and sustainable processes. This enables Loomis to guarantee that the right amount of cash is at the right place at the right time.

Specialist in cash handling and valuables logistics

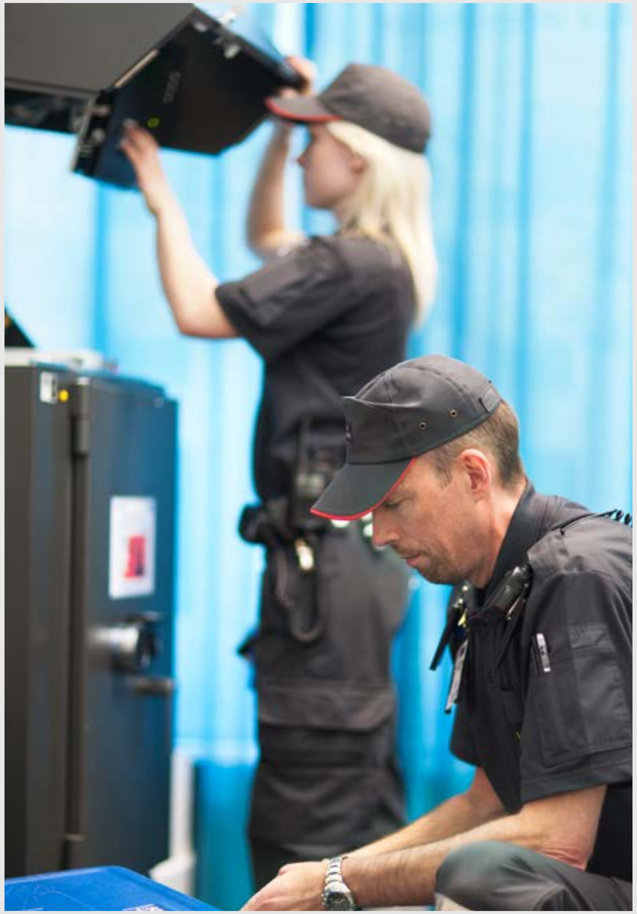
Loomis' offering comprises of domestic and international cash handling services and valuables logistics. The domestic offering consists of cash in transit, cash management services and comprehensive solutions such as SafePoint within national boundaries. The international offering consists of cross-border transportation, and management and storage of foreign currency, precious metals and other valuables.

Cash in Transit (CIT)

Every day Loomis collects daily receipts, provides retailers and banks with change money and foreign currency, replenishes ATMs, and services and performs maintenance of ATMs. Through carefully planning of routes and the number of stops on each route it is possible to maintain a high level of efficiency. Loomis' cash in transit teams work according to strict routines to minimize the risks associated with cash in transit, and have vehicles and equipment that provide maximum safety and security. In the markets where the banks are still handling most of their cash management processes in-house, cash in transit accounts for the majority of Loomis' revenue. In 2018 cash in transit accounted for around 62 percent of the Group's total revenue, making it the largest source of revenue for Loomis.

Cash Management Services (CMS)

Daily receipts and cash from retailers, bank branches and ATMs are normally transported to one of Loomis' more than 200 branches for CMS. At the branch, by using state-of-the art equipment and efficient processes, Loomis' employees quality assure, package and store notes and coins. Loomis also provides services for analysis, forecasting and reporting of customer cash flows, as well as customized solutions for retailers such as SafePoint. Loomis is seeing a growing demand for cash management services as banks and retailers choose to focus more on their core business. Loomis' efficient cash management methods and large-scale operations reduce costs for the customers, which increases their willingness to outsource these types of processes. Cash Management Services accounted for 31 percent of Loomis' revenue in 2018.



Specialist in cash handling and valuables logistics – continued

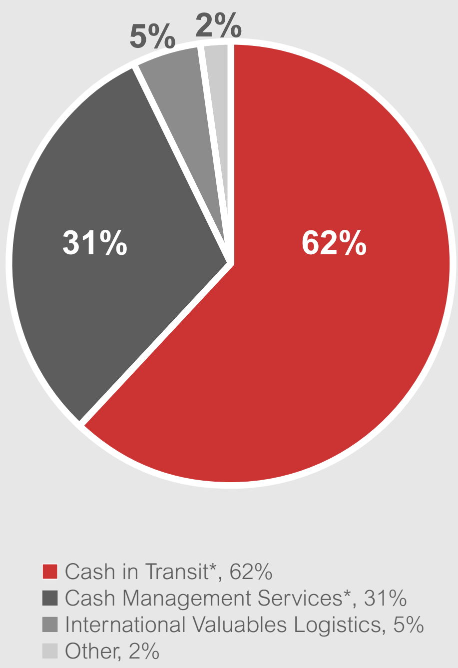
SafePoint

SafePoint is a comprehensive solution developed by Loomis for retailers. The customer deposits receipts on an ongoing basis into the secure SafePoint unit where the cash is counted and safely stored at the retailer's location. The cash is stored in the unit until it is collected by the Loomis cash in transit team. The SafePoint concept varies from country to country, but in all cases the customer's bank account is credited no later than the day after the cash is deposited into the SafePoint unit. This improves the customer's cash flow. 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. SafePoint reduces the number of work hours spent on managing cash, reduces cash losses and provides customers with ongoing and detailed cash reports, which facilitates cash reconciliations. The SafePoint service offering is constantly being developed and includes, among other things, a comprehensive solution for depositing and withdrawing cash as well, so-called cash recyclers. A portion of the revenue from SafePoint is reported as Cash in Transit revenue and the other portion as revenue from Cash Management Services.

International Valuables Logistics (Valuables in Transit, VIT, Valuables in Storage, VIS)

Loomis transports cash, precious metals and other valuables such as watches, jewelry, diamonds and credit cards between countries. Loomis organizes the entire chain by collecting cash, precious metals and other 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 national presence, the Company also uses a global network of agents and partners. International Services accounted for 5 percent of Loomis' revenue in 2018 ■

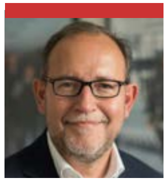
LOOMIS' SERVICE LINES' SHARE OF TOTAL REVENUE 2018



*Includes revenue, from SafePoint, which in Loomis' accounts is divided between Cash in Transit and Cash Management Services.

Strengths and skills **combined in Segment Europe**

In the past Europe was divided into three regions; now all are working under one roof. This has spawned a new mindset and the benefits are manifold. A flatter organization, cost efficiency improvements, common solutions and a new vision for knowledge transfer are a few of them. This creates a good position for continued growth and product development.



"We inspire each other to find new solutions to challenges"

Georges López Periago, Regional President Europe

Although conditions in the countries included in Segment Europe are often different in terms of laws, regulations, market maturity and customers, there is a lot that unites them – for example the market development and solutions for industry-specific challenges. The goal is to preserve the benefits of a decentralized organization while also identifying and exploiting the economies of scale that exist.

Economies of scale and best practice

After three independent European regions were combined in 2017, Loomis AB took the initiative to create a platform for the countries to share experiences and toghether look for optimal solutions. Much of this work is being channeled through a new joint Center of Excellence for cash in transit (CIT) and cash management services (CMS), located in Madrid but managed and controlled by Loomis AB. This hub is gathering knowledge and experience accumulated by the different countries in procurement, daily operations, IT and product solutions. Several exciting initiatives have been launched, such as joint procurement of equipment and uniforms, an in-house developed software solution for both CIT and CMS, and an accelerated rollout of the entire SafePoint family in Europe.

"We are already seeing that Loomis' business model enables a new approach where Loomis AB ensures that countries take advantage of each other's support and are inspired to find new solutions to challenges. They don't need to do everything in the same way as their neighbors, but they can find solutions to specific problems based on a broader knowledge base," says Georges López Periago, Regional President Europe.

Sustained growth and product development

During the year Segment Europe continued to grow both geographically and within its markets. The acquisition of the cash handling operations KGW from the KÖTTER Group, gave Loomis access to a brand new geographical market, Germany. With the acquisition of the French company CPoR, Loomis will climb the value chain by becoming a distributor of foreign currency to banks and currency exchange offices. With a further acquisition in Chile, CCV, Loomis' market share in Chile has grown to 30 percent. This, in combination with a continuing strong focus on service and product development, means that Segment Europe is well equipped for the future.

"We offer smart and effective solutions for all types of cash management. We serve customers of all sizes – from small retailers to the largest banks. We can leverage our technology and innovation, as well as our unique infrastructure and market experience," continues Georges López Periago.

Sustainability over time

In line with Loomis' strategy of climbing up the value chain, the Company must ensure its long-term sustainability. To reduce carbon emissions, procurement of transport vehicles with lower emissions and alternative fuels such as gas and electricity is being evaluated. Every vehicle is to have specialized software installed to identify driving behavior and to actively train drivers in safer, more efficient and greener driving. Joint procurement of security bags is also being implemented. This is helping to increase recycled plastic usage and to reduce the consumption of plastic volumes in general. All together, these actions are expected to make a significant difference in efforts to reach the group-wide sustainability target of reducing carbon emissions and plastic usage by 30 percent each during the strategy period ■

Strengths and skills combined in Segment Europe – continued

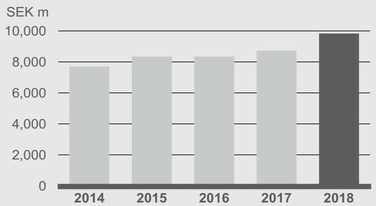
About Segment Europe

In addition to operations in 14 European countries*, Segment Europe also includes Argentina, Chile and Turkey. The cash handling market varies greatly from country to country. While the degree of outsourcing in the Nordic region is high, many banks in Southern and Eastern Europe still manage their cash processes internally. There is, however, a clear trend of an increasing willingness to outsource cash management to cash handling companies like Loomis. In growth countries such as Turkey, Chile and Argentina cash usage is very high. Banks largely manage a significant portion of their cash in-house and, although outsourcing is increasing, it is still relatively uncommon. Loomis holds a strong position in Europe where the Group is number one or two in the market in most of the countries where the Company operates.

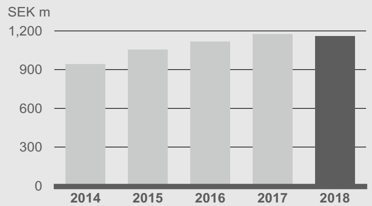
*Austria, Belgium, Denmark, Finland, France, Germany, Norway, Portugal, Slovakia, Spain, Switzerland, Sweden, the Czech Republic and the United Kingdom.

Key ratios

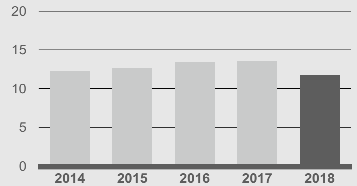
REVENUE, SEK m



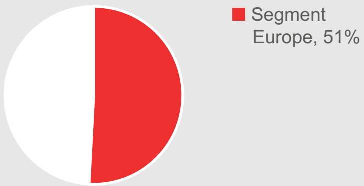
OPERATING INCOME, SEK m



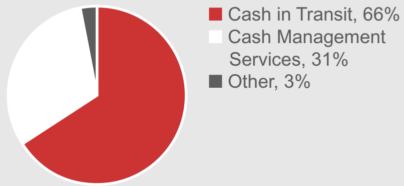
OPERATING MARGIN, %



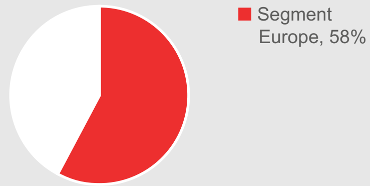
SHARE OF LOOMIS' TOTAL REVENUE 2018



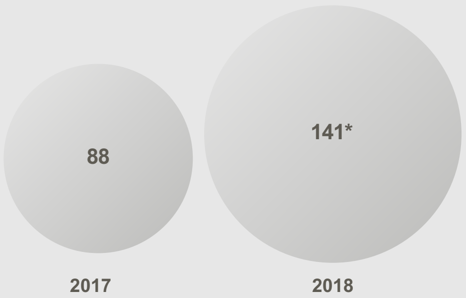
SHARE OF SERVICE LINES OF SEGMENT EUROPE'S REVENUE 2018



SHARE OF LOOMIS' TOTAL NUMBER OF FULL-TIME EMPLOYEES 2018

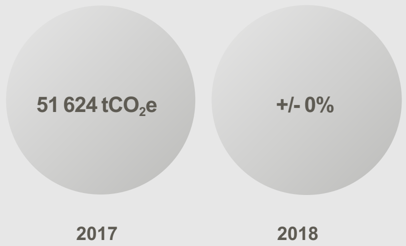


NUMBER OF INJURIES



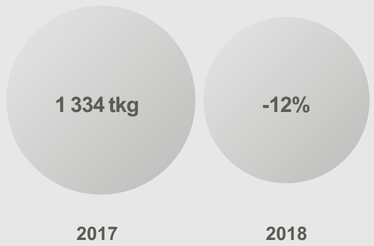
*Number of injuries from traffic has increased foremost due to addition of new markets in Chile and Germany..

CHANGE CARBON EMISSIONS, %*



*Change relative the segment's operational volume.

CHANGE PLASTIC, %*

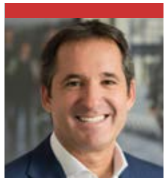


*Decrease of plastic volumes in absolute numbers.

For more key ratios read Loomis' Administration Report starting on page 72 and the Sustainbility Report starting on page 55.

Cash volume and outsourcing **drive growth in the USA**

2018 was a good year with sustained growth for Segment USA. The volume of cash and outsourcing of cash management continue to grow. With high delivery quality, efficient processes, a well-developed product portfolio and creative ideas for smart solutions and meeting customer needs, Loomis US is well equipped to meet future challenges.



”Loomis US is distinguished by high quality, operational efficiency and flexibility ”

Aritz Larrea Uribiarte, Regional President USA

In 2018 Aritz Larrea Uribiarte took over as the new Regional President USA. As the former Country President of Loomis Spain, Aritz brings solid experience from the mature Spanish market, which has been experiencing a high degree of outsourcing with good profitability as a result for many years. This knowledge is a valuable asset for Loomis' US operations where the market is significantly more traditional, but where the leap in technology may accelerate development.

Quality and efficiency critical in business and culture

Historically, players in the US market have mainly competed on price. Now customers are increasingly demanding quality and a high level of security in cash handling services. Potential for growth in cash in transit and cash management is also being created, as customers are focusing more and more on their core business and outsourcing peripheral services. While cash in transit represents around two thirds of the business in the USA, new challenges and opportunities are arising as an increasing percentage of consumption moves to online channels.

"I'm impressed by the high quality through the US organization. We also have good operational efficiency, capacity for flexibility and tried and tested risk management capabilities," says Aritz Larrea Uribiarte, Regional President USA.

Technology and innovation cornerstones for growth

Being able to assist customers based on their specific challenges is a critical success factor. Technology and innovation are driving development. New technical platforms to manage digital payment methods will be a prioritized aspect of the focus on innovation. Developing the technology offering for ATMs to enable Loomis to be a full service partner is another. SafePoint is the offering that is showing the strongest growth. An important underlying factor is investment in the employees, technology and quality. Automation is a key aspect of Loomis' growth strategy and a Center of Excellence for group-wide retail services has been established in Houston, USA. Here, among other things, significant development of the SafePoint offering is taking place.

"Technology and innovation are important cornerstones of Loomis' future growth. They provide us with the best tools to meet our customers' biggest challenges. Through close partnerships, we are helping our customers to not only develop traditional cash management services, but also new payment solutions outside the traditional cash arena," says Aritz Larrea Uribiarte.

Sustainability integrated into the business

Loomis' sustainability initiatives are closely linked to day-to-day operations. An increase in SafePoint sales means reduced use of security bags and fewer miles driven. Other initiatives Loomis is activating are phasing in lighter-weight vehicles that use less fuel and training in cash in transit driving behavior. Also, a test is being carried out with security bags made from recycled plastic. The results will be evaluated in 2019.

"Our responsibility of ensuring high security and safety in a risk-exposed business has the same high priority as in the past. An important focus is training our staff in routines and safety measures. We use monthly themes for this. Safe driving is a parameter we have focused extra on in 2018.. The number of accidents has gone down by 6 percent, and costs for accidents have been reduced by 11 percent," Aritz Larrea Uribiarte says in conclusion ■

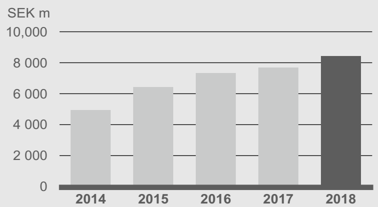
Cash volume and outsourcing drive growth in the USA – continued

About Segment USA

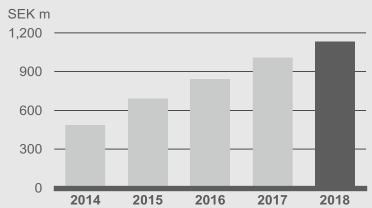
With around 30 percent of the market, Loomis is one of the market leaders in cash handling in the USA. Loomis operates across continental USA (including Alaska), Hawaii and also in Puerto Rico. Segment USA has an integrated network that provides services to financial institutions and retail companies throughout the region. The combination of services and comprehensive solutions creates an extensive, secure cash ecosystem.

Key ratios

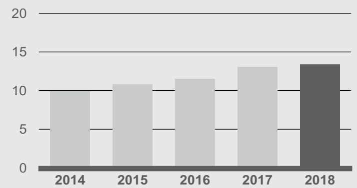
REVENUE, SEK m



OPERATING INCOME, SEK m



OPERATING MARGIN, %



SHARE OF LOOMIS' TOTAL REVENUE 2018

SHARE OF SERVICE LINES OF SEGMENT USA'S REVENUE 2018

SHARE OF LOOMIS' TOTAL NUMBER OF FULL-TIME EMPLOYEES 2018

NUMBER OF INJURIES

2017	2018
77	73*

*Fewer work injuries is mainly due to an extra focus on traffic safety during the year.

CHANGE CARBON EMISSIONS, %*

2017	2018
102 818 tCO_2e	-3%

*Change relative the segment's operational volume.

CHANGE PLASTIC, %*

2017	2018
466 tkg	+/-0

*Decrease of plastic volumes in absolute numbers.

For more key ratios read Loomis' Administration Report starting on page 72 and the Sustainability Report starting on page 55.

A fast-moving world of **jewelry, precious metals and currency**

2018 was an eventful year for Segment International with new business opportunities and increased growth. Demand for global logistics solutions for diamonds and jewelry is growing. Several central banks in Latin America are new customers and the global network of logistics hubs is expanding on target and according to plan.

> Individual customized comprehensive solutions where one party takes responsibility for the entire chain continue to increase.

The market for international valuables logistics continues to benefit from increased globalization and mobility. Demand is developing as the number of global customers increases and outsourcing of services becomes more common. Segment International's goal is to meet the growing demand through new technology, a strong global logistics network, a broader service portfolio and an increased presence in more markets.

Global presence and customer focus

Segment International's business is not as predictable as domestic cash handling services. The Company operates all around the world. Some markets perform well while other regions face headwinds. Demand from customers for individually customized comprehensive solutions for cross-border transportation – a one-stop-shop solution where one party takes responsibility for the entire chain – continues to increase.

To grow in line with demand, Segment International continues to focus on increasing its international network and presence in important markets. New logistics hubs were added during the year, which is now enabling Loomis to handle the entire global value chain between Asia, Europe and the USA. Loomis has added to its strong presence in the USA and Europe full-service branches in Dubai, Singapore and Hong Kong. In 2018 Segment International had opportunities to show how flexible and competent the organization is. For example, during Argentina's financial crisis, Loomis was entrusted with quickly supplying the country with the cash, in foreign currency, it needed to facilitate management of the crisis.

A broader offering adds value

The acquisition Loomis made during the year of Sequel's diamond and jewelry logistics operations in the USA has advanced Loomis' position in the US market and broadened the Company's product portfolio. It was a successful start to the year, with trading in diamonds and jewelry contributing most of the segment's growth, in part thanks to a global trend, but also to Loomis using synergy effects from existing precious metals trading. In addition, Loomis was approved in 2018 by COMEX* as an official depository for precious metals in the US market. This enables Loomis to store both COMEX and non-COMEX precious metals, which has increased the Company's attractiveness.

In 2018 there was also new business and customers in the form of central banks in Central and Latin America. As more banks outsource areas that are not their core business, new opportunities open up for Loomis. Segment International supplies, for example, a growing number of central banks in Central and Latin America with US dollars. Another new contract Loomis has signed is for the storage operations of the Singapore Precious Metal Exchange. Loomis won this contract thanks to the Company's new security facility in Singapore.

Scale up with new technology

Within the framework of the Group's strategy of moving up the customers' value chain, it is increasingly crucial to have modern technology that enables individual and customized solutions. In 2018 Segment International rolled out a new digital online tool in the form of an "ordering app" for customers in the USA and Asia. The response has been very positive and the app is now being rolled out in more markets ■

**The American marketplace for trading in metals such as gold, silver, platinum, palladium, copper and aluminum.*

A fast-moving world of jewelry, precious metals and currency – continued

About Segment International

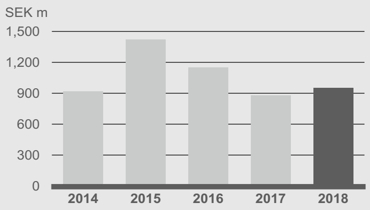
Segment International is a leading supplier of international valuables logistics with full service offices in Dubai, Hong Kong, Shanghai and Singapore. Through a global network of Loomis branches, partners, suppliers and agents, Segment International offers comprehensive solutions to transport, manage and store precious metals, foreign currencies, diamonds and jewelry throughout the world. Customers include the mining industry, refineries, wholesalers and banks.

Restructuring of Segment International
In order to gain efficiencies through economies of scale and cooperation Segment International was integrated into the other operations as of year-end 2018/19. Organizationally International was divided geographically between Segment Europe and Segment USA. Segment International will thus no longer be reported as a separate segment. In 2018, Europe contributed to just over two-thirds of International's revenues, and slightly less than one-third was attributed to the US.

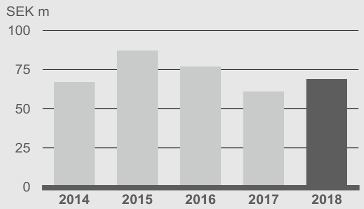
Key ratios for sustainability
Loomis International has had zero work injuries during 2018. Internationals' share of the Group's carbon emissions and plastic volumes are 1 percent respectively 1 percent. In the future the results will be incorporated into Europe's and the US' reporting. For additional sustainability data on Loomis International please see the Sustainability Report starting on page 55.

Key ratios

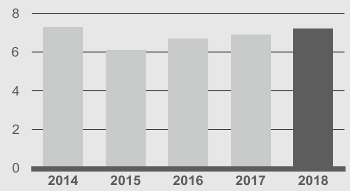
REVENUE, SEK m



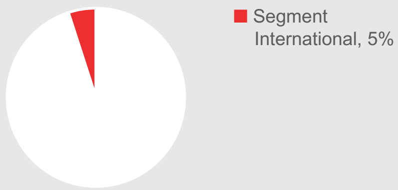
OPERATING INOME, SEK m



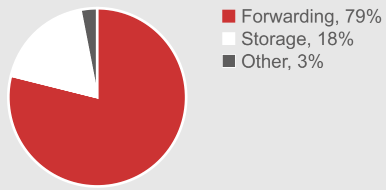
OPERATING MARGIN, %



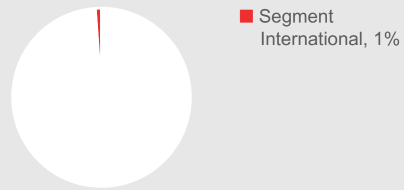
SHARE OF LOOMIS' TOTAL REVENUE 2018



SHARE OF SERVICE LINES OF SEGMENT INTERNATIONALS' REVENUE 2018



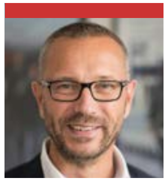
SHARE OF LOOMIS' TOTAL NUMBER OF FULL-TIME EMPLOYEES 2018



For more key ratios read Loomis' Administration Report starting on page 72.

The right expertise in **the right place grows the business**

An intense and long-term initiative is under way to ensure that Loomis' employees and managers have the right expertise in the right place and at the right time – now and in future years. The work is based on Loomis' Code of Conduct and the common core values which permeate the entire organization.



"The ambitions increase the complexity of our work in an exciting way"

Mårten Lundberg, Chief Human Resources Officer

After launching the new strategy and before heading into 2018, Loomis asked itself the following question: "What are the challenges and opportunities that our employees and managers will face as a result of the Company's strategic development?" A long-term goal for guidance in this effort was formulated: Loomis' responsibility as an employer is to ensure that, regardless of how the payment market develops in general and however the maturities in different markets may differ, Loomis must be prepared to handle changes in supply and demand by ensuring that its managers and employees have the right skills and knowledge.

"The ambitions increase the complexity of our work in an exciting way. In addition to the usual professional development, we are now being challenged to develop new dimensions in leadership to equip managers to lead as we move up the value chain," says, Loomis' Chief Human Resources Officer Mårten Lundberg.

Three strategic areas

Essentially, Loomis' focus as an employer can be categorized into the three following strategic areas of responsibility, all of which are closely interlinked: continued investment in the core values; increased investment in professional development for managers and employees; greater knowledge transfer between countries.

The foundation is based on the common core values

Loomis is a company that believes it is given a position of trust in its business relationships. The Company's Code of Conduct and core values provide the guiding principles for the ethical and moral standards that permeate the entire organization, regardless of market or task. One of many critical factors is the ability to recruit the right people. During the year the recruiting process was reviewed and updated to quality assure the selection process. In 2017 the Company's sustainability platform was given its current structure with strong links to Loomis' role as an employer as it relates to social issues, anticorruption and employees. Transparency in attitude measurements linked to employer responsibility is one of several important factors that are assessed and evaluated.

Increased investment in professional development

In 2018 three important investments were made to lay the foundation for new dimensions in professional development. Loomis conducted a leadership evaluation to learn about the Company's managerial capacity. This was followed by a gap analysis to determine which skills need to be developed. An internal digital meeting place was also launched which is available on cellphones and computers and is intended to increase understanding and knowledge of the new strategy, Loomis Model 2.0.

The biggest and most comprehensive investment is the rollout of a company-wide digital training and development platform called Loomis Academy for all employees.

"Loomis Academy is a multifaceted platform to be used by all parts of the Company over time. We can work at the local or group-wide level to provide courses and content. We are ensuring that all employees develop their skills. We are also creating content for various target groups," continues Mårten Lundberg.

Knowledge transfer between countries

Since Loomis' operations are spread far and wide in more than 20 countries, there is an awareness of and sensitivity to the different conditions and market maturity levels that impact day-to-day operations. But with the emergence of new markets and new business, there is growing internal knowledge transfer between countries.

"As professional development requirements increase and become more complex, it is the joint tools and the knowledge exchange between countries that drive us forward," concludes Mårten Lundberg ■

The right expertise in the right place grows the business – continued

Loomis as an employer

It is in the interactions with Loomis' 25,000 employees that the customers meet Loomis. The key to maintaining successful relationships with customers is the employees' ability in their customer interactions to perform their duties based on Loomis' core values, Code of Conduct and routines. As an employer it is the responsibility of management to ensure that all employees have the right conditions to succeed and that they have the 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 share of employees working within Segment Europe is 58 percent, in Segment USA 41 percent and in Segment International 1 percent. The gender breakdown is 31 percent women and 69 percent men.

Loomis' Code of Conduct

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

Key ratios

EMPLOYEE RATING OF STATEMENT:
"At Loomis we are treated fairly regardless of age, ethnicity, gender, sexual orientation or disability."

88%

2018

EMPLOYEE RATING OF STATEMENT:
"I consider Loomis to be a fair, equal-opportunity and responsible employer."

88%

2018

CUSTOMER RATING OF STATEMENT:
"I consider Loomis to be a fair and equal-opportunity employer and member of society."

82%

2018

Key figures	2018	2017
Average number of hours of training/employee/year	**14**	6
Share of employees completing the course in Loomis' Code of Conduct	**60**	•
Share of follow-up on reports of unethical behavior or leadership, %	**100**	100

For more key ratios read Loomis' Sustainability Report starting on page 56.

Loomis' core values

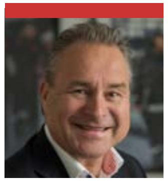
People
Loomis is committed to developing quality people and treating everyone with respect

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

Effective risk management **is key**

At Loomis, effective risk management is a key component in achieving sustainable growth and profitability. Robust processes and routines are implemented and evaluated on a continual basis. 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.



"We develop our risk mitigation processes all the time, we must never get into a rut"

Martti Ojanen, Group Head of Risk

Common guidelines but local responsibility

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

"One of our important risk management principles is that the local managers ultimately 'own' their operational risks. The branch managers are the ones who are most familiar with local conditions; they know the customers and the local environment and are therefore also in the best position to evaluate and manage the risks that exist," says Martti Ojanen, Group Head of Risk at Loomis.

Systematic approach, continuity and best practice

Being proactive is essential for effective risk management. Loomis works constantly to identify, evaluate, manage and monitor the risks that exist. Loomis makes every effort to prevent personal injury and financial losses, and to minimize identified risks. There are also structures in place for branches and countries to share their experiences with each other for ongoing development of risk mitigation processes.

"It's important for the various operations within the Group to constantly challenge themselves. The greatest danger is if branch managers feel satisfied or if they think they have everything under control and are handling all risks. As being the risk owner you should never allow yourself to become complacent. Our customers place a great deal of trust in us to manage their cash and we have an equally important responsibility to our employees to ensure that they come home unharmed to their families every evening. This is a responsibility we must work to the best of our ability to meet every day," continues Martti Ojanen.

New targets for a safer workplace

The safety of the employees is always the primary focus of risk management and the process of preparing safety routines is therefore very thorough. One of Loomis' key sustainability targets is zero workplace injuries. The injuries are specifically those that can occur in connection with external events, such as crime and traffic.

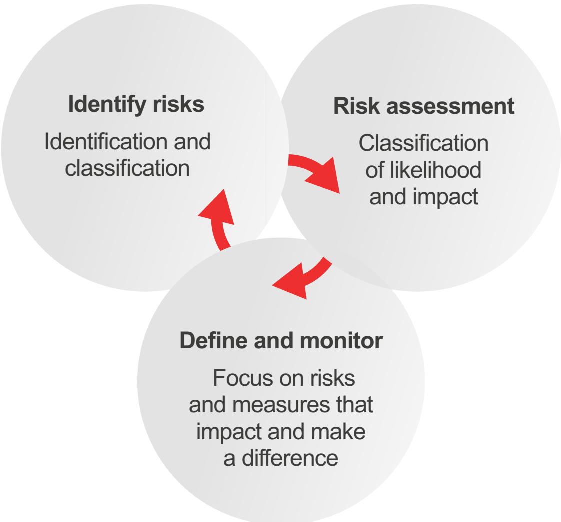
A focus on ethics and values combined with clearly-defined work routines are key aspects of the employees' professional development. Actively monitoring the external environment also enables Loomis to anticipate possible incidents. Employees at all levels must understand and be able to manage the risks associated with their job. A focus on recruiting the right people and providing good training programs are other ways in which Loomis minimizes risk.

"In our line of business, risk is part of daily life at work. Minimizing risk is a lot about having efficient processes and routines, but always developing risk mitigation processes is also important. We like routines, but we must never get into a rut," Martti Ojanen says in conclusion ■

Effective risk management is key – continued

Loomis' risk management is based on a well tried and tested process involving the systematic identification, classification, management and prevention of various types of risk in the Company's operations.

Loomis' risk management process



Risks are constantly monitored

Given the risk that cash handling involves, an assessment of risk and safety is a natural aspect of every new assignment. Loomis has established routines and processes to identify, take action to mitigate and monitor risks. 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 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 and local responsibility

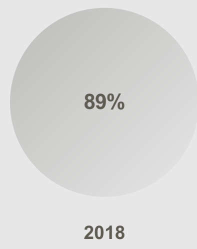
Around 200 people within Loomis are working on operational risk management at the Group, regional and national levels. Risk management is controlled at the corporate level and all of the branches have common structures, processes and systems for their risk mitigation work. Operational responsibility for risk management is delegated to each branch.

Reporting and follow-up

Local risk management is based on 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 practices to identify areas where improvement measures can be implemented and to maintain a strong risk management culture ■

Key ratios

EMPLOYEE RATING:
Loomis' processes and routines are designed to maintain a safe environment for me in my work



For more key ratios read Loomis' Sustainability Report starting on page 55.

Number of shareholders **increases**

The Loomis Class B share has been listed on Nasdaq Stockholm since 2008 and is part of the Industrial Goods and Services sector. Loomis' market capitalization as of the end of 2018 was SEK 21.5 billion (25.9).

Share price performance

The last price paid for the Loomis share on December 30, 2018 was SEK 286.00 (SEK 344.60 on December 29, 2017), representing a decrease in the share value in 2018 of 17 percent (up 27). In 2018 Nasdaq Stockholm (OMXSPI) decreased by 7.7 percent (3.9) and the index for Loomis' sector, Industrial Goods and Services (SX-2700PI), decreased by 16.0 percent (up 22.0).

Loomis' total return in 2018, i.e. the share price performance including re-invested dividend, amounted to -14.0 percent (30.0). Nasdaq Stockholm's total return (SIXRX) amounted to -4.4 percent in 2018 (13.2).

The share is traded under the ticker symbol LOOMB and the ISIN code is SE0002683557.

Share capital

At the end of 2018, Loomis' share capital amounted to SEK 376 million (376), broken down as 3.4 million Class A shares (3.4) and 71.9 million Class B shares (71.9). All of the shares have a quota value of SEK 5 and an equal share of the Company's earnings and capital. Each Class A share entitles the holder to 10 votes and each Class B share to one vote. The total number of treasury shares as of December 31, 2018 was 53,797 (53,797).

Ownership structure

Ever since Loomis' listing in 2008, Latour and Melker Schörling AB have been the Company's largest shareholders in terms of number of votes. In 2018 there were only minor changes among the Company's major shareholders. During the year Norges Bank reduced its holding, while Handelsbanken Fonder increased its holding and as of December 31, 2018 was among the Company's 10 largest shareholders. The total number of shareholders increased in 2018 from 14,425 to 15,481.

On March 11, 2019, Latour and Melker Schörling divested all their holdings of class A-shares in Loomis. In connection to this, all class A-shares were also converted to class B-shares and the total number of votes in Loomis were decreased by 30,856,680.

Dividend and dividend policy

Since 2010 Loomis' dividend policy has been to distribute 40–60 percent of the Group's net earnings to the shareholders. The dividend shall give shareholders a good yield and dividend growth. For the 2018 financial year Loomis' Board of Directors has proposed a dividend of SEK 10.0 (9.00) per share. The proposal represents around 49 percent (47) of earnings per share and a dividend yield based on the share price at the end of the year of around 3 percent (3) ■

Key ratios and share data

	2018	2017
Share price performance		
Share price Dec 31, SEK	286.00	344.60
Market cap Dec 31, SEK million	21,530	25,941
Share price performance in 2018, %	-17	27
Highest price paid	356.80	350.60
Date highest price paid	Jan 8	Dec 4
Lowest price paid	254.20	253.10
Date lowest price paid	Oct 23	Jan 23
Trading		
Trading on Nasdaq Stockholm, %	37	34
Turnover, millions of shares	166.7	118.9
Average daily turnover, thousands of shares	664.1	473.8
Average turnover rate, %	221	165
Shareholders		
Number of shareholders, Dec 31	15,481	14,425
Key ratios		
Earnings per share before dilution, SEK	20.45	18.99
Earnings per share after dilution, SEK	20.45	18.99
P/E ratio	14.0	18.1
Shareholders' equity per share after dilution, SEK	111.95	93.54

Calendar 2018

Interim Report January – March 2019	April 25, 2019
Annual General Meeting 2019	May 8, 2019
Interim Report January – June 2019	July 25, 2019
Interim Report January – September 2019	November 1, 2019

Number of shareholders increases – continued

SHARE TURNOVER IN DIFFERENT MARKETPLACES

- CBOE Global Markets, 49%
- Nasdaq OMX, 37%
- LSE Group, 11%
- Other, 4%

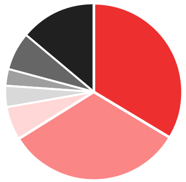
Source: Fidessa.

SHAREHOLDERS PER CATEGORY, AS OF DECEMBER 31, 2018

- Foreign owners, 67%
- Swedish institutions, 29%
- Swedish private persons, 3%
- Other, 1%

Source: Modular Finance.

GEOGRAPHICAL OWNERSHIP DISTRIBUTION AS OF DECEMBER 31, 2018



- USA, 34%
- Sweden, 33%
- UK, 6%
- France, 4%
- Norway, 3%
- Other, 7%
- Anonymous foreign ownership, 14%

Source: Modular Finance.

Largest shareholders as of December 31, 2018

	Number of Class A shares	Number of Class B shares	Votes %	Capital %
Latour Förvaltning AB	2,528,520	–	23.8	3.4
Melker Schörling AB	900,000	–	8.5	1.2
BlackRock	–	6,468,215	6.1	8.6
SEB Fonder	–	5,367,619	5.1	7.5
Fidelity Investments (FMR)	–	3,988,964	3.8	5.3
Swedbank Robur Fonder	–	2,902,282	2.7	3.9
Didner & Gerge Fonder	–	2,523,641	2.4	3.4
Vanguard	–	2,448,945	2.3	3.3
Handelsbanken Fonder	–	2,434,289	2.3	3.2
BNP Paribas Asset Management	–	2,315,923	2.2	3.1
10 largest shareholders	**3,428,520**	**28,449,878**	**59.1**	**42.7**
Other foreign shareholders	–	35,084,805	33.1	46.3
Other Swedish shareholders		8,316,626	7.8	11.0
Total	**3,428,520**	**71,851,309[1)]**	**100**	**100**

1) Includes 53,797 treasury shares as of December 31, 2018.

Source: Monitor by Modular Finance AB. Data compiled and processed from, among others, Euroclear, Morningstar and the Swedish Financial Supervisory Authority (Finansinspektionen).

Ownership structure as of December 31, 2018

Number of shares	Number of sharehol-ders	% of total capital	% of total votes
1–1,000	14,871	2.3	1.7
1,001–5,000	392	1.1	0.8
5,001–10,000	53	0.5	0.4
10,001–100,000	100	4.4	3.1
100,001–	65	77.8	84.3
Anonymt ägande		13.9	9.8
Total	**15,481**	**100.0**	**100.0**

Source: Monitor by Modular Finance.

”A strong financial position enables us to continue to grow”

Anders Haker, Chief Investor Relations Officer

1. Chief Investor Relations Officer (CIRO) is a new position. What do you hope to achieve in your new role?
There are about ten analysts who regularly follow Loomis' share, as well as a large number of shareholders who are very interested. My previous position as CFO included having primary responsibility for investor relations. Now that we have streamlined that role and Kristian Ackeby is taking over as CFO, I can, in my IR role, concentrate more on relationships with those who follow our share. Many of our shareholders – almost 67 percent – are foreign investors. As I'm now based in the USA I believe I will be in a better position to reach out and make Loomis an even more obvious choice as an investment opportunity, and that we will be more efficient and proactive in our communication with analysts and investors – both existing and future parties.

2. How would you describe Loomis as an investment?
One common misconception is that cash usage in society is on the decline in general and that Loomis' business model is therefore unsustainable. There is no indication today of such a trend happening in the foreseeable future. The volume of cash in circulation is growing globally; banks and retailers are increasing their outsourcing of cash handling services and markets are consolidating. Loomis is benefitting from and taking advantage of these clear trends. Also, we have for a long time been able to demonstrate our strong ability to successfully improve our

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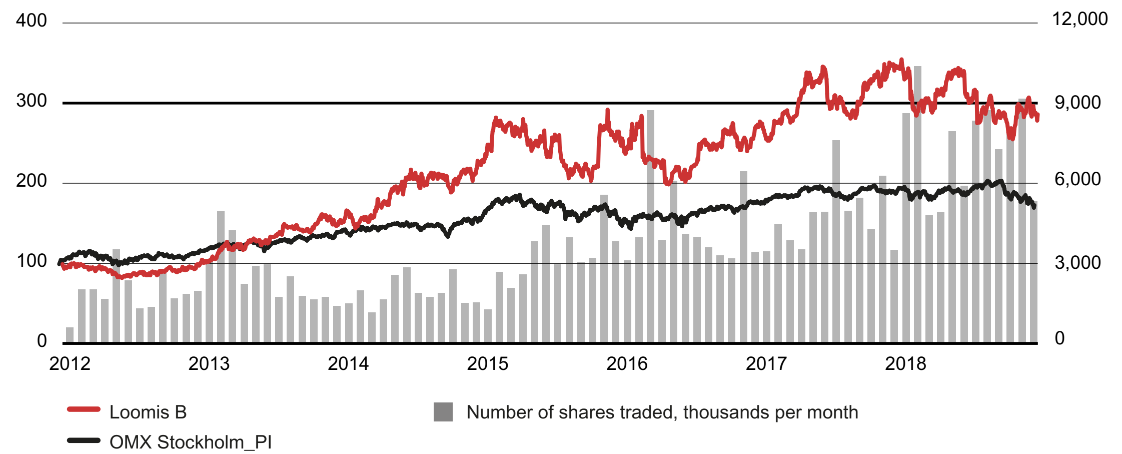
Number of shareholders increases – continued

SHARE PRICE PERFORMANCE AND TURNOVER VOLUME



cont. from page 37

process efficiency for greater profitability, and to develop new services and products that simplify our customers' operations. With a fundamentally strong financial position, our prospects for continued growth are good – both organic and acquired – and for even stronger profitability.

3. What are the most common questions you get from analysts and investors?

Many people I speak to are very familiar with our company and therefore usually have very specific questions about our business and our markets. On a more general level, there is a lot of interest in our strategic plan. We are highly ambitious when it comes to strengthening our geographic footprint and developing our technology. Analysts and investors are keen to understand the details of our plans, and our discussions therefore often center around how we intend to achieve our long-term goals.

Analysts who follow Loomis on a continuous basis

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

Corporate Governance Report

Corporate governance

The primary goal of Loomis' corporate governance is to create clear goals, strategies and values that effectively protect shareholders and other stakeholders by minimizing risk and that 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, §6 and chapter 10 of the Code. The Code, which is available at www.bolagsstyrning.se, 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, state the reason for it and describe the alternative solution they have chosen. In 2018 Loomis complied with all parts of the Code with the exception of sections 2.4, and 9.7.

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, Jan Svensson, is a member of the Board, which is a deviation from the Code's stipulation. The reason Jan Svensson was appointed chairman of the Nomination Committee is that it can be considered a natural choice taking into account Loomis AB's ownership structure. Jan Svensson is President and CEO of Investment AB Latour which, through Latour Förvaltning AB, is one of Loomis' two principal owners in terms of voting power.

The second deviation relates to the Code section 9.7, which states that the vesting period for the 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. One of Loomis' two incentive schemes, as described on page 72 under the heading "Other significant events during the year," 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 purely 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.

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, 2018 consisted of 3,428,520 Class A shares and 71,851,309 Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. Loomis AB's largest shareholders and ownership structure as of December 31, 2018 are shown in the table below.

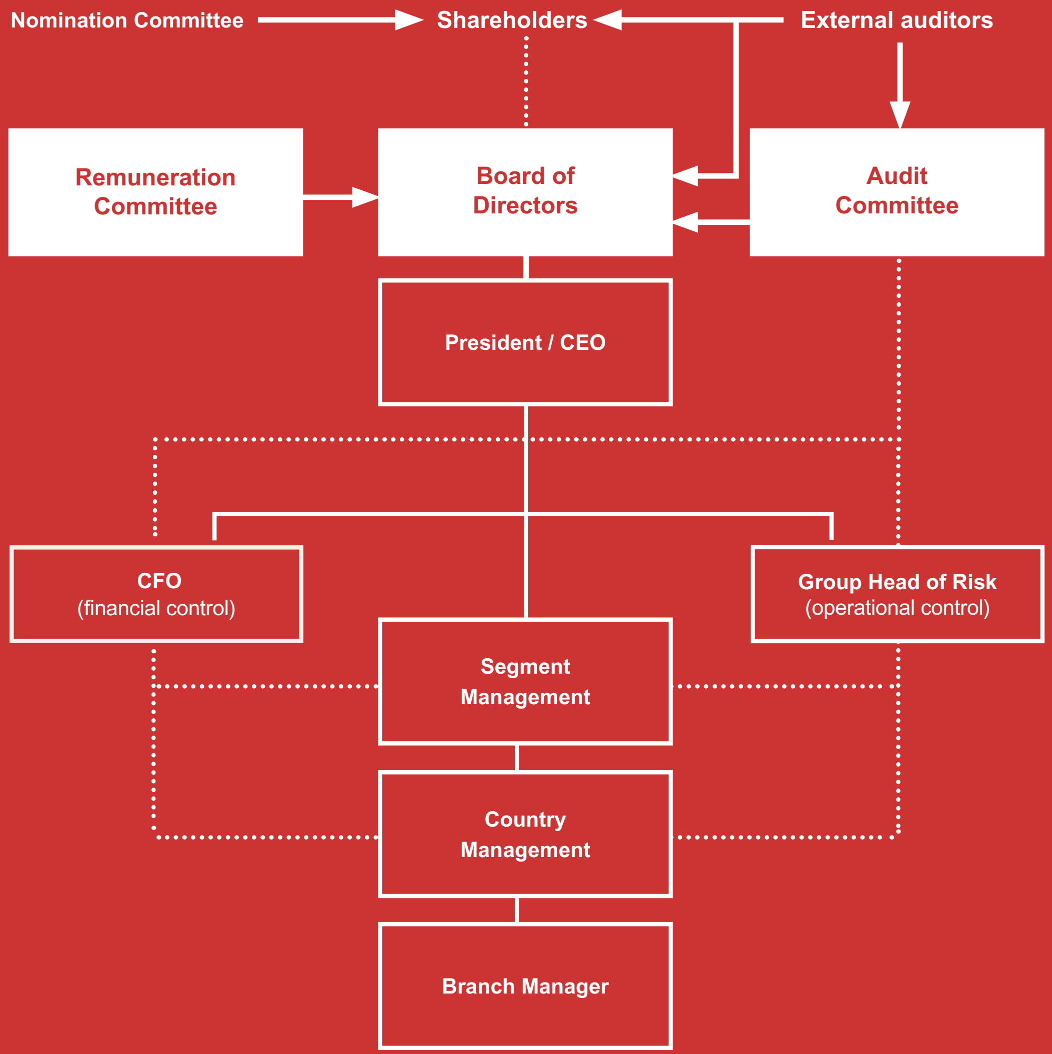
Largest shareholders as of December 31, 2018

	Number of Class A shares	Number of Class B shares	Votes %	Capital %
Latour Förvaltning AB	2,528,520	–	23.8	3.4
Melker Schörling AB	900,000	–	8.5	1.2
BlackRock	–	6,468,215	6.1	8.6
SEB Fonder	–	5,367,619	5.1	7.5
Fidelity Investments (FMR)	–	3,988,964	3.8	5.3
Swedbank Robur Fonder	–	2,902,282	2.7	3.9
Didner & Gerge Fonder	–	2,523,641	2.4	3.4
Vanguard	–	2,448,945	2.3	3.3
Handelsbanken Fonder	–	2,434,289	2.3	3.2
BNP Paribas Asset Management	–	2,315,923	2.2	3.1
10 largest shareholders	**3,428,520**	**28,449,878**	**59.1**	**42.7**
Other foreign shareholders	–	35,084,805	33.1	46.3
Other Swedish shareholders	–	8,316,626	7.8	11.0
Total	**3,428,520**	**71,851,309[1)]**	**100.0**	**100.0**

1) Includes 53,797 treasury shares as of December 31, 2018.

Source: Monitor by Modular Finance AB. Compiled and precessed from various sources, including Euroclear, Morningstar and the Swedish Financial Supervisory Authority.

Corporate governance – continued



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

The 2018 AGM for Loomis AB (publ) was held on May 3, 2018 in Stockholm. Shareholders in attendance, in person or by proxy, represented 62.8 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 2019 AGM, refer to Loomis' website, www.loomis.com, and page 136.

Extraordinary shareholders' meeting

An extraordinary shareholders' meeting was held on September 5, 2018. Shareholders in attendance, in person or by proxy, represented 60.5 percent of the votes in the Company. The extraordinary shareholders' meeting voted in favor of the Board's proposal to establish a long-term saving share incentive scheme ("LTIP 2018–2021"). For more information about LTIP 2018–2021, see pages 72–73. The extraordinary shareholders' meeting further voted in favor of the Board's proposal to amend the Articles of Association by introducing a conversion provision under which shareholders holding Class A shares may, upon request, have their shares converted into Class B shares.

Corporate governance – continued

Nomination Committee's work in preparation for the 2019 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 2018 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 Annual General Meeting. Loomis' Chairman convenes the Nomination Committee to its first meeting and is also an adjunct 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 a representative. 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.

The table adjacent presents information on the members of Loomis' Nomination Committee as of December 31, 2018. The composition of the Nomination Committee is also published on Loomis' website. The duties of the Nomination Committee are established in the Work Pro-

Nomination Committee as of December 31, 2018

Nomination Committee member	Representing	Newly elected/ re-elected	Independent of major share-holders
Jan Svensson (Chairman)	Investment AB Latour	Re-elected	No
Mikael Ekdahl	Melker Schörling AB	Re-elected	Yes
Marianne Nilsson	Swedbank Robur fonder	Re-elected	Yes
Johan Strandberg	SEB Fonder	Re-elected	Yes
Henrik Didner	Didner & Gerge fonder	Re-elected	Yes

Audit fees

	Group		Parent company	
SEK m	**2018**	**2017**	**2018**	**2017**
Audit assignment	15	13	3	3
(whereof the parent company's auditor)	(3)	(4)	(3)	(3)
Auditing activities other than the audit assignment	0	1	0	1
(whereof the parent company's auditor)	(0)	(1)	(0)	(1)
Tax advice	0	0	–	0
(whereof the parent company's auditor)	(–)	(0)	(–)	(0)
Other services	–	0	–	0
(whereof the parent company's auditor)	(–)	(0)	(–)	(0)
Elected auditors, total	**15**	**15**	**3**	**4**
Other auditors - Audit assignment	3	1	–	–
Total	**18**	**16**	**3**	**4**

Amounts have been rounded off on individual basis. Hence, minor differences may appear in the totals.

Corporate governance – continued

cedures for Loomis AB's Nomination Committee. Three Nomination Committee meetings were held in 2018.

Auditors

The 2018 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 were as follows in the table presented on page 42. For more information on audit fees and other fees, refer to Note 10. For a more detailed presentation of the auditor in charge, Peter Ekberg refer to page 51.

Board of Directors

The Board of Directors' work procedures and responsibilities

The Board of Directors (The Board) bears the ultimate responsibility for the organization and administration of the Company and that the Group is in compliance with the Swedish Companies Act. Furthermore the Board 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 the division of responsibilities between the Board and Group Management are stipulated in the work procedures for the Board, which are documented in the form of 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, company acquisitions and divestments, major investments, 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 and financial reporting instructions.

The work procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out. On a yearly 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 46.

The Board has adopted a number of policies for areas of key importance for Loomis. See the section under the heading "Control environment" on page 47.

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 takes place of the work of the Board and the President. The Chairman represents the Company in ownership-related matters.

Corporate governance – continued

Composition of the Board

Loomis' Board of Directors is to consist of at least five and no more than ten members elected by the Annual General Meeting, with no deputies. In addition The Board may also include two employee representatives and two deputies for these members. For information on Loomis board members, see table below and pages 50-51.

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 CFO and, in his capacity as Secretary of the Board, Attorney Mikael Ekdahl. 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 officials from the Group also attend board meetings. For more information on board member attendance at board meetings, refer to the table below.

Independence

Five of six of the board members elected by the 2018 AGM are regarded as independent of the Company and its management. Five of six of the board members elected by the AGM 2018 are regarded as 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 below.

All of the board members elected by the AGM have relevant experience from other listed companies. For more information, refer to pages 50-51.

Composition of the Board of Directors

Board member	Elected	Board fees[1] (SEK)	Committee fees[1] (SEK)	Board meetings (10 total)	Remuneration Committee (1 total)	Audit Committee (4 total)	Independent of major shareholders	Independent of the Company
Alf Göransson (Chairman)	2007	850,000	100,000	10	1	–	Yes	Yes
Patrik Andersson (President)	2016	–	–	10	–	4	Yes	No
Ingrid Bonde	2013	400,000	100,000	10	–	3	Yes	Yes
Cecilia Daun Wennborg	2013	400,000	200,000	10	–	4	Yes	Yes
Gun Nilsson	2017	400,000	100,000	10	–	4	Yes	Yes
Jan Svensson	2006	400,000	50,000	10	1	–	No	Yes
Jörgen Andersson	2017	–	–	10	–	–		
Sofie Nordén	2017	–	–	10	–	–		

1) Fees approved by 2018 AGM. The fees relate to remuneration during the period between the 2018 AGM and the 2019 AGM. For fees expensed in 2018, refer to Note 11.

Work of the Board in 2018

In 2018 the Board convened a total of ten meetings, one of which was a statutory meeting.

Matters of importance dealt with during the year include:

- Business strategy
- Interim reports and annual report
- Presentation of each country's business plan and budget for 2019, and approval of the 2019 budget
- Investments and acquisitions/divestments of operations.
- Guidelines for remuneration and bonuses, and other HR-related matters
- Matters relating to internal control
- Audit-related matters
- Financing and
- 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 an emphasis on risk management in connection with cash processing and on promoting risk awareness throughout the Group. The Committee work according to instructions and to an appendix to the Board's work procedures stipulating, among other things, the Committee's purpose, responsibility and its composition and reporting responsibilities.

Corporate governance – continued

The Committee's main duties are:

- Examining the Company's financial reporting
- Examining internal control and corporate governance
- Addressing audit and accounting issues
- Evaluating and verifying the auditors' impartiality and independence

The Audit Committee is an independent body. The items above are addressed and presented to the Board in preparation for board decisions. In 2018 the board members Cecilia Daun Wennborg (chairman), Ingrid Bonde and Gun Nilsson were members of the Audit Committee. All are regarded as independent of the Company and its management. The Audit Committee meetings are normally also attended by the Company's auditor, President and CEO, the CFO and the Head of Financial Control & Treasury. When reporting is required on specific matters, other officials from the Group participate as well. In 2018, the Committee held a total of four meetings.

Remuneration Committee

The Board has appointed a Remuneration Committee tasked with addressing all issues relating to salaries, variable remunerations, warrants, 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 variable remuneration programs that are ongoing or were concluded during the year for Group Management, and monitoring and evaluating the application of the guidelines for remuneration of Group Management which, by law, are to be determined by the AGM, as well as current compensation structures and compensation levels within the Company. 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 2018 one meeting was held by the Remuneration Committee.

Loomis' Group Management

Group Management has overall responsibility for ensuring that Loomis' ongoing operating activities are in accordance with the strategies and long-term 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, the Regional President USA, the Regional President Europe, the Chief Financial Officer, the Chief Human Resources Officer, Group Head of Risk, Head of M&A and Chief Innovation Officer. For more information on Group Management, refer to pages 52-53.

Principles for remuneration and other conditions of employment

The AGM 2018 resolved on the following principles for remuneration and other conditions of employment for Group Management in 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 financial goals 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 60 percent of fixed annual salary for the President and CEO and a maximum of 80 percent of the fixed annual salary for other members of Group Management. Variable remuneration within the scope of the Company's so called LTIP (Long-Term Incentive Plan) amounts to a maximum of 40 percent of fixed annual salary for the President and CEO and a maximum of 50 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, see pages 72–73.

For the Board's proposal on guidelines for remuneration to Group Management based on agreements entered into after the AGM 2019, refer to pages 75-76. For additional information regarding remuneration to the President and Group Management, refer to note 11 ■

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 the Group has an efficient system for internal control and risk management. Loomis' Board of Directors continuously examines the efficiency of internal control of financial reporting and risk management and takes action to promote improved internal control.

Internal control and risk management

Loomis' 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' corporate governance and also involves operational risk management as this is a key aspect of Loomis operations. Internal control involves the Board, Group Management and other employees at all levels within the organization. Loomis' internal control system is designed to manage rather than eliminate the risk of failing to reach business targets, and can only provide reasonable, but not absolute, assurance that no material errors or shortcomings will arise in financial reporting.

The Board makes an annual evaluation to determine if the Board needs to create a formal internal audit function. If needed the Board can decide on the implementation of extra assignments to be carried out by both the Company's personnel or by external parties. In 2018 the Board decided to engage an external party to perform specific internal audit scrutiny.

Financial reporting

Loomis' 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 Finance function 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 compliance with laws and regulations, adherence to the Group's routines and procedures, internal control and accurate financial reporting are the responsibility of each subsidiary and country management team.

Group Management and the Group's Finance function 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 are then followed up. The results of internal control 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' 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 business risks should be avoided entirely and which risks can be managed. Loomis' employees play a crucial role in controlling and reporting on the operational risks that the Company has decided are acceptable. Loomis' 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 strategy for operational risk management 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' 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 because the

Internal Control and Risk Management – continued

external environment changes all the time. Significant business processes are documented and every risk 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. Loomis has the ambition to minimize the operational risks but has, in addition to internal routines and procedures, an extensive insurance coverage.

The Board of Directors evaluates future business opportunities and risks and draws up a strategy for the Group. Group Management and the respective country management team are responsible for managing operational risk. Group Management has responsibility for identifying, evaluating and managing risk, and for implementing and maintaining risk control systems in line with the policies adopted by the Board. Each country/segment management team is responsible for ensuring that there is a process in their country aimed at promoting risk awareness. Branch managers and individuals in charge of risk management in each country are responsible for ensuring that the risk management is an integral part of their local operations at all levels in the country's organization. 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 page 34 for more information on the Group's risk management work.

Internal control system

Loomis has a well-established process aimed at ensuring a high level of internal control and risk management. Loomis' 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 based upon which Loomis operates. This part of 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. A number of the most significant governing documents adopted by Loomis are briefly described below.

- **Authorization matrix**: contains a delegation of decision-making. The Loomis Group is a decentralized organisation where managers are given clear targets and the authority to make their own decisions and develop their operations close to the customers.
- **Communication Policy**: aims to ensure that the Company meets the requirements relating to the disclosure of information to the stock market.
- **Competition Law Compliance Policy**: aims to ensure that the Company acts in compliance with applicable competition laws.

Internal Control and Risk Management – continued

- **Customer Contract Policy**: specifies criteria for the content of contracts and when customer contracts must be approved by the Board.
- **Finance Policy**: contains guidelines to ensure 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.
- **Insider Policy**: complements the current Swedish insider laws and European regulations regarding insider trading. The policy establishes routines for the management of insider information, the management of logbooks etc. and defines when trading in financial instruments issued by (or attributable to) Loomis AB is prohibited. The policy applies to all persons reported to the Swedish Financial Supervisory Authority as persons in discharging managerial responsibilities at Loomis AB (including subsidiaries) as well as certain other categories of employees
- **Internal Control Requirements**: stipulate the important routines and control measures not included in other governing documents.
- **Policy regarding prior approval of auditing and non-auditing services**: contains guidelines on approval of auditing services performed by Loomis' 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.
- **Purchase procedures**: provide a general framework to achieve efficient routines for significant fixed asset purchases.
- **Risk Management Policy**: provides a framework for the general structure for organizing, controlling and following up operational risks, such as guidelines for the operational cash processing.
- **Rutines relating to trade sanctions**: contain a description of general trade sanctions, highlight 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**: aimed at ensuring that companies in the Group maintain and promote business practices with the highest possible ethical standards.

2. Risk assessment

The Group's financial and risk departments 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 a system for managing risks. The system is integrated in the Group's business planning and performance follow-up processes, regardless of type of risk. 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 assessment are routinely performed throughout the Group.

3. Control activities

Control activities include methods 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. In order for comparisons to be made between countries and for changes to be made in specific countries, the results are compiled at the Group and country levels. All reports are made available to each country management team, segment management, Group Management and the Audit Committee.
- **Internal control activities**: Over the past few years Loomis has developed methods for scrutinizing and monitoring internal control within the Group. Loomis' internal control activities consist primarily of:
  - Developing the Group's general policies and guidelines.
  - Following up on the external auditor's work and attend to material observations and recommendations.
  - If necessary, conducting specific investigations and acting as project manager on behalf of Group Management in compliance-related areas.
  - Monitor financial reporting as well as significant routines and control processes. Through visits to

Internal Control and Risk Management – continued

different countries by Loomis' own personnel, or with the assistance of external parties.
- Cash auditors within the Loomis Group examine reconciliation routines within the operational cash handling operations on a regular basis. This work includes making an inventory of cash stored at Loomis' cash processing centers. This inventory work is done in addition to the daily reconciliation performed at all of the cash processing centers.

- **Financial monitoring**: Country CFOs in the Group 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 each country.
- **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 report package 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 segments, the Loomis Group has a global risk department. The risk department works to prevent operational losses, such as loss of life and good health as well as loss that is purely financial. The Group Head of Risk reports to the President and CEO, and the Audit Committee. Loomis measures, reports and monitors operational risks on a regular basis. The Group's overall risk management is also reinforced by comprehensive insurance coverage.

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. Monitoring activity

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

- Discussions with Group Management on risk areas identified by Group Management and the risk analysis performed.
- Addressing important issues arising from the external audit and other scrutiny/investigations.
- Review of Group Management's monthly reporting including the actual results compared to budget, analysis of deviations, monitoring of key performance indicators and forecasting activity.
- Appointment of an Audit Committee to provide independent oversight of the effectiveness of the Group's internal control system and 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 approve the reports for publication.

Other

The EU's new General Data Protection Regulation (GDPR) went into force in May 2018. During the year efforts were made to implement this regulation and ensure continued compliance within the organization ■

Board of Directors and Auditor

Alf Göransson

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

Chairman of the Remuneration Committee.

Born: 1957

Education: International Economics, University of Gothenburg.

Experience: Board member and President & CEO of Securitas AB, President and CEO of NCC AB, CEO of Svedala Industri AB, Business Area Manager at Cardo Rail and President Swedish Rail System in the Scancem Group.

Other appointments: Member of the Boards of Hexpol AB, Attendo AB, Sweco AB, Axfast AB, Melker Schörling AB, Axel Johnson Inc., USA and Sandberg Development Group.

Shares in Loomis as of December 31, 2018: 6,000 (privately held)

Other information: Independent of major shareholders.

Patrik Andersson

Member of the Board of Loomis AB since 2016.

President & CEO 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 Sweden, President and CEO Rieber & Son, President Wasabröd globally within Barlilla Group and senior positions within Unilever Group.

Other appointments: Member of the Board of Ecolean AB.

Shares in Loomis as of December 31, 2018: 10,522 (privately held)

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 the Board of Hoist Finance AB. Chaiman of The Swedish Climate Policy Council. Member of the Boards of Danske Bank A/S, Securitas AB and the Swedish Corporate Governance Board.

Shares in Loomis as of December 31, 2018: 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: Member of the Boards 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. Member of the Swedish Securities Council.

Shares in Loomis as of December 31, 2018: 1,400 (privately held)

Other information: Independent of major shareholders.

Gun Nilsson

Member of the Board of Loomis AB since 2017.

Member of the Audit Committee.

Born: 1955

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

Experience: CFO IP-Only Holding AB, Sanitec Oy and Nobia AB. President of Gambro Holding AB. Vice President, CFO and board member of Duni AB.

Other appointments: CEO of Melker Schörling AB. Chairman of the Board of Hexagon AB. Member of the Boards of AAK AB, Bonnier Group AB, Hexpol AB and the Swedish Corporate Governance Board.

Shares in Loomis as of December 31, 2018: 1,500 (privately held)

Other information: Independent of major shareholders.

Board of Directors and Auditor

Jan Svensson

Member of the Board of Loomis AB since 2006.

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

Born: 1956

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

Experience: President of AB Sigfrid Stenberg which was acquired by Latour in 1993.

Other appointments: Board member and President & CEO of Investment AB Latour. Chairman of the Boards of AB Fagerhult, Troax Group AB, Alimak Group AB, Nederman Holding AB and Tomra Systems ASA. Member of the Boards of Assa Abloy AB and Oxeon AB.

Shares in Loomis as of December 31, 2018: 2,000 (privately held)

Other information: Independent of major shareholders. Jan Svensson was not independent of major shareholders up until March 11, 2019.

Jörgen Andersson

Member of the Board of Loomis since 2017.

Employee representative, appointed by Swedish Transport Worker’s union.

Born: 1964

Shares in Loomis as of December 31, 2018: 400 (privately held)

Sofie Nordén

Member of the Board of Loomis AB since 2017.

Employee representative, appointed by Swedish Transport Worker’s union.

Born: 1984

Shares in Loomis as of December 31, 2018: 0

Janna Åström

Deputy member of the Board of Loomis AB since 2018.

Employee representative, appointed by Unionen.

Born: 1986

Shares in Loomis as of December 31, 2018: 0

Auditor
Peter Ekberg
Deloitte AB
Born: 1971
Authorized Public Acountant and member of FAR. Auditor in charge from 2018.
Other auditing assignments: Infranord AB, LKAB, Svevia AB and Swedish Match AB.
Shares in Loomis as of December 31, 2018: 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 Sverige, President and CEO Rieber & Son, President Wasabröd globally within Barlilla Group and senior positions within Unilever Group.

Other appointments: Member of the Board of Ecolean AB.

Shares in Loomis as of December 31, 2018: 10,522 (privately held)

Additional shares in Loomis*: 4,611

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: Member of the Board of Naturstenskompaniet International AB.

Shares in Loomis as of December 31, 2018: 3,585 (privately held)

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 Mergers and Acquisitions Director of Xylem Inc.

Other appointments: –

Shares in Loomis as of December 31, 2018: 3,585 (privately held)

Additional shares in Loomis*: 804

Aritz Larrea

Regional President 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, 2018: 5,990 (privately held)

Additional shares in Loomis*: 1,633

Georges López Periago

Regional President Europe

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, Manager in Spain and Cash Center Manager Securitas CHS.

Other appointments: –

Shares in Loomis as of December 31, 2018: 13,446 (privately held)

Additional shares in Loomis*: 1,439

* Relating to Incentive Scheme 2017.

** Or similar education.

Group management

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 at Eniro AB, HR Director Skandia Nordic, HR Manager Swedbank International, Head of Compensation & benefits Swedbank, HR If P/C Insurance and Sales and marketing Skandia.

Other appointments: –

Shares in Loomis as of December 31, 2018: 4,273 (privately held)

Additional shares in Loomis*: 843

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 at Marsh AB.

Other appointments: –

Shares in Loomis as of December 31, 2018: 9,000 (privately held)

Additional shares in Loomis*: 897

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: –

Shares in Loomis as of December 31, 2018: 2,868 (privately held)

Additional shares in Loomis*: –

* Relating to Incentive Scheme 2017.

** Or similar education.

Stockholm April 2, 2019

Board of Directors in Loomis AB

Alf Göransson
Chairman

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Gun Nilsson
Board member

Jan Svensson
Board member

Patrik Andersson
Board member,
president and CEO

Jörgen Andersson
Board member,
employee representative

Sofie Nordén
Board member,
employee representative

Auditor's report on the **corporate governance statement**

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2018-01-01 - 2018-12-31 on pages 40-54 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement 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 sufficient basis for our opinions.

Opinions

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

Stockholm April 2, 2019
Deloitte AB

Peter Ekberg
Authorized Public Accountant

Sustainability Report

Sustainability is a long term responsibility for people, economy and the environment.

Loomis **Sustainability Report 2018**

This report covers the period 1 January to 31 December 2018[1] and describes the Company's sustainability platform, material focus areas, goals and results. The report was prepared in accordance with the guidelines in the Swedish Annual Accounts Act. It follows the GRI methodology and use selected Standards with a GRI-referenced claim on pages 68-69.

Loomis provides a key function in society, namely ensuring that cash, foreign currency and valuables are in the right place at the right time. Loomis' aim is to be a responsible company and to create lasting and sustainable value for the customers, employees and shareholders. Loomis' sustainability work is based on a platform consisting of six focus areas and includes material aspects relating to the environment, employees, social and human rights, and anti-corruption.

Six focus areas **for sustainability**

Loomis' sustainability platform

Loomis' sustainability work is based on dialogue with the Company's stakeholders and on analysis of material aspects with relevant connections to the Company's operations. A key element is responsibility for the employees, the environment, and risk and safety procedures. Loomis' success in managing this responsibility is crucial in order to run a business that supports sustainable development from a financial, social and environmental perspective. Loomis aims to have a business model that is sustainable in the long term in which sustainability is integrated into the business strategy and corporate governance. In 2018 the sustainability platform was integrated into the Loomis Model – the Company's business model – with an emphasis on implementing the framework, training staff and ensuring that data is collected and reported.

To ensure that this responsibility, and therefore also the sustainability work, are clearly understood, six focus areas with associated goals have been defined. These six areas constitute the core of Loomis' sustainability platform which was created in 2017:

1. **Be a fair and equal opportunity employer**
2. **Zero workplace injuries**
3. **30% reduction in carbon emissions**
4. **30% reduction in plastic volumes**
5. **Be a local player**
6. **Zero tolerance for unethical behavior**

Three of these areas are included in the Group's external goals for the period 2018–2021: zero workplace injuries, 30-percent reduction in carbon emissions and 30 percent reduction in plastic volumes.

1) This is Loomis' fourth Sustainability Report.

Loomis Sustainability Report 2018 – continued

1 Be a fair and equal-opportunity employer

How Loomis behaves as an employer is directly related to social and human rights, mainly in issues relating to trust, diversity, corporate culture and labor rights.

As a service company, Loomis' success is largely dependent on the performance of the employees. Their professional skills and ability to gain the trust of the customers are crucial to the Company's outcomes. One challenge – which is also a responsibility – is to create a stimulating workplace where the employees are able to develop. Motivated employees who have professional development opportunities are cornerstones for a sustainable organization and essential in order to offer customers first-class service and a high level of safety every day.

Goal

Loomis' goal is to be a fair and equal-opportunity employer.

Implementation in the organization

The key to maintaining Loomis' successful relationships with customers is the employees' ability in their customer interactions to perform their duties based on Loomis' core values, Code of Conduct and routines. The Code of Conduct reflects basic human rights and a number of international standards and conventions, such as ILO and the United Nations Convention Against Corruption. The Code clearly states that Loomis does not tolerate any form of discrimination and that every individual must be treated with respect. Collective bargaining agreements are respected and Loomis has signed the UNI Global Union framework agreements. Loomis is also an active participant in the European Works Council (EWC).

To ensure a uniform approach in a decentralized corporation, Loomis has common HR processes for recruitment, pay structures, employee surveys, and individual evaluation and follow-up. To ensure, for example, a fair and objective assessment of salaries, bonuses and benefits, a grandfather principle is applied, i.e. an employee's immediate superior does not make the final decision in these matters. In the area of professional development, in addition to training, Loomis offers Group-wide career and talent programs as well as individual performance evaluation. Ultimately, it is the responsibility of local management to ensure that all employees have the right conditions, training and skills to perform their duties.

Key performance indicators (KPIs)

The extent to which Loomis lives up to its responsibility as an employer is measured annually using the following KPIs:

- Employee perception and rating of statements: "At Loomis we are treated fairly regardless of age, ethnicity, gender, sexual orientation or disability." and "I consider Loomis to be a fair, equal-opportunity and responsible employer."
- Customer perception and rating of statement: "I consider Loomis to be a fair and equal-opportunity employer and a responsible member of society."
- Average number of training hours per employee and year.

2018 results

Approximately 15 000 employees and 4 500 customers have rated how Loomis lives up to its responsibility as an employer. It is the first time the KPI-questions have been posed. The results show little deviation between the markets. Overall we are satisfied with the results. They give us a platform for future improvements. The questions will be posed again in 2019.

	2017	2018	2019	2020	2021	GOAL
Employee rating: "At Loomis we are treated fairly regardless of age, ethnicity, gender, sexual orientation and disabilities."	•	88%				100%
Employee rating: "I consider Loomis to be a fair, equal-opportunity and responsible employer."	•	88%				100%
Customer rating: "I consider Loomis to be a fair and equal- opportunity employer and a responsible member of society."	•	82%				100%

Loomis Sustainability Report 2018 – continued

2 Zero workplace injuries

Health and safety is an important responsibility for Loomis. The success in ensuring the safety of the employees in a risk-exposed environment has a direct impact and significance, not only for the employees, but also for Loomis' development over time. In its operations, Loomis takes on the customer's risk associated with handling cash and valuables. The task of reducing risk and protecting human life and property is a comprehensive undertaking. There are both internal and external risks associated with this special assignment. Most are well known and the most common ones are criminal activity such as robbery, threats and violence – armed or unarmed, and employee neglect to follow the Company's rules, instructions and policies.

Goal

Loomis' two most important goals with respect to its employees are zero loss of life and zero workplace injuries. The zero loss of life goal has been an integral part of the risk management policy for many years. The zero workplace injuries goal is one of three strategic sustainability goals for the period 2018-2021. It creates a concrete link to the work being done every day to guarantee the employees' health and safety in risk-exposed situations. Naturally, Loomis is making every effort to avoid all types of injuries, but specific injuries in focus here are personal injuries that can occur in connection with violence and traffic.

Implementation in the organization

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.

- Proactive risk management: The Company's risk management is regulated by the Loomis Risk Management Policy. Risk management is controlled from the corporate level through guidelines, processes and tools to ensure that risk mitigation procedures are part of day-to-day operations in all parts of the organization. Being proactive is essential for effective risk management. Loomis works constantly on identifying, evaluating, managing and monitoring the risks that exist. Loomis makes every effort to prevent personal injury and financial losses, and to minimize identified risks. The Group's risk management strategy is based on two fundamental principles: 1) no loss of life, and 2) a balance between profitability and risk of theft and robbery (read more on page 34).
- Proactive education and training: Employees handling valuables work according to strict safety routines to minimize risk and increase safety. They regularly go through proactive training and education. All employees must understand and be able to manage the risks associated with their particular job. They must understand how it affects them personally, their colleagues and also the people they encounter as they perform their duties. For support there are tools, such as software for safe driving and modern safety equipment. Equally important are employing people with the right background and attitude, providing ongoing training in Loomis' Code of Conduct, promoting the common ethics and values, providing professional development and a thorough introduction for new recruits. The group-wide digital training platform will facilitate implementation of multiple initiatives and to monitor progress.

Key performance indicators (KPIs)

Results are monitored based on the following KPIs:

- Number of workplace injuries resulting from violence and traffic.
- Number of traffic accidents/10 000 kilometres.
- Employee perception and rating of statement: "Loomis' safety routines are designed to ensure my safety."

2018 results

Work on preventing injuries is continuous. 2018's increase comes from an increase in number of traffic injuries primarily due to growth in new markets, Chile and Germany. In the US number of injuries has dropped primarily because of an extra focus on traffic safety. The first rating of safety routines by employees provides a good platform for further development.

	2017	2018	2019	2020	2021	GOAL
Number of injuries relating to violence and traffic	165	214				0
Number of traffic accidents/10 000 km	0.071	0.068				Decrease
Employee rating: "Loomis' safety routines are designed to ensure my safety."	•	89%				100%

Loomis Sustainability Report 2018 – continued

3 30-percent reduction in carbon emissions

To guarantee an efficient flow of cash and valuables in society Loomis uses vehicles as a mode of transportation. Analysis of the Company's total carbon emissions shows that the vehicle fleet accounts for a majority. Loomis' environmental impact is therefore largely due to the Company's vehicle transports. The challenges of having a large-scale operation that is dependent on vehicles are thousands of daily routes involving fuel emissions; the need for frequent vehicle repairs; poor fuel economy due to the many stops required; and inefficient route planning and/or driving habits.

Goal

The goal is to reduce direct carbon emissions by 30 percent by the end of 2021. It is a relative goal, i.e. a reduction by 30 percent in relation to the operational volume.

Implementation in the organization

To meet the goal, Loomis is using three main tools: efficiency, fuel and fleet renewal.

- Efficiency: Improving 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. The software will be installed in all vehicles.
- Fuel: Replacing standard diesel with diesel made from an HVO blend (non-fossil) yields a significant carbon emissions reduction. Availability of HVO is good in the Nordic market, but supplying the fleet's needs in other markets is a challenge. The task of identifying HVO availability continues.
- Fleet renewal: The vehicle fleet is constantly being renewed. New vehicles have more efficient and cleaner engines that can run on new, innovative fuels. To the extent possible, taking into account local cash management rules, Loomis also purchases lighter and smaller vehicles that are more fuel-efficient, or vehicles that run on alternative fuels such as electricity. This is not entirely problem-free, however, as these vehicles often cannot handle the weight of the armor they need to be equipped with.

Key performance indicators (KPIs)

Progress and results are monitored based on the following KPIs:

- Change in direct carbon emissions/operational volumes.
- Fuel consumption/km.
- Number of vehicles with smart software installed.

2018 results

An analysis of the company's total carbon dioxide emissions in 2018 shows that the fleet's share is approximately 70 percent, energy 15 percent and third party transport 15 percent. In total numbers the company's emissions have increased by 23 percent compared to 2017. This increase can be attributable to improved follow-up and reporting of emissions from Scope 2 and 3[3], in Loomis case mainly third-party transports. Direct emissions from own transport has decreased by 1 percent in absolute terms, and in relative numbers by 2 percent.

During 2018, much time and effort has been devoted to identifying what efforts are needed in different markets, and to break down target figures at local level. The company is constantly looking for suppliers of HVO fuel. It has proved difficult to get hold of. Also, many vehicle suppliers oppose the use. Average fuel consumption basically remains the same. In December Loomis US, as the first value transporter in the world, received an electric powered and armored transport car. The car is being tested, but the first feedback is very positive.

	2017[1)]	2018	2019	2020	2021	GOAL
Change in direct carbon emissions/op vol	156,124 tCO_2e	-2%				-30%
Average fuel consumption/km	0.22	0.21				Decrease
Share of vehicles installed with smart software	20%[2)]	27%				100%

1) Baseline data. The ensuing years will be compared against the 2017 number.
2) 2017 number has been corrected for improved future comparability.
3) See definition of Scope 1, 2 and 3 on page 66.

Loomis Sustainability Report 2018 – continued

4 30-percent reduction in plastic volumes

Security bags for coins and bills are made from plastic because this material meets all of the comprehensive safety criteria. Virgin fossil-based plastic draws on the planet's finite resources. Loomis believes that using new fossil-based plastic is not sustainable in the long term. Loomis has initiated important changes aimed above all at reducing the use of security bags made from fossil-based plastic, and to ensure that used plastic should be recycled to facilitate a circular economy. Loomis' plastic consumption accounts for around 2.5 percent of the Group's carbon emissions, but since the plastic bags are a key product, Loomis wants to bring about change in this area.

Goal

Loomis' goal is to reduce its plastic volumes by 30 percent by the end of 2021.

Implementation in the organization

To immediately reduce the Group's plastic volumes, Loomis has identified two main alternatives: to use bags made from recycled plastic or non-fossil plastic, and to reduce total volumes through increased efficiency. In order to move in the right direction efforts are under way to coordinate procurement and to talk with manufacturers regarding the choice of materials used to produce the bags. The basic idea is for new bags to be manufactured using 60 percent recycled materials. A parallel measure is reducing the number of bag sizes and standards. The last step in the change process is to ensure that used plastic is sorted at source.

Key performance indicators (KPIs)

We are reporting progress based on the following three KPIs:
- Change in total plastic volume.
- Share of recycled and/or fossil-free plastic.
- Share of plastic sorted at source.

2018 results

Segment Europe has inititated a coordination of group procurement. By mid-2019, the ongoing tender is expected to be completed and the new bags made of 60 percent recycled plastic ready for use. Segment US has, among other things, initiated a pilot project to test a safety bag that works to reuse.

The result for 2018 shows that the group has lowered its total plastic volume - in absolute terms - by nine percent. We see that this is linked to increased efficiency and attention around plastic waste.

	2017[1]	2018	2019	2020	2021	GOAL
Change in total plastic volume, thousand kg	1,810	-9%				-30%
Share of recycled and/or fossil-free plastic	5%	10%				60%
Share of plastic sorted at source	7%	10%				Increase

1) Baseline data. The following years will be compared against the 2017 number.

5 Be a local player

Being a local player – being part of the local community and knowing the customers and local environment in general – is important to Loomis. The wellbeing of the community and how it develops has a direct impact on Loomis' business, particularly with respect to criminality. Increased criminality has a negative impact on Loomis. Within the focus area of "being a local actor," each Loomis market is free to determine its own development and involvement in local social products that are considered important in strengthening Loomis' local role. This area is developing and no exact goals or KPIs have been defined as yet.

6 Zero tolerance for unethical behavior

Corruption and bribary are very serious issues for a company whose business model is based on trust.

Loomis' customers rely on Loomis to manage their cash and valuables. Loomis' Code of Conduct and Anti-Corruption Policy provide guidance in how to avoid unethical behavior within the Company.

cont. on page 61

Loomis Sustainability Report 2018 – continued

Goal

Loomis is constantly striving to develop its integrity management and compliance with rules. A task that can never be considered finished. Accordingly, Loomis does not set a goal such as zero incidents as this could be counterproductive in terms of ambition and results. Loomis' goal is instead: zero tolerance for unethical behavior.

Implementation in the organization

It is people who create the ethical culture at Loomis. The risk for corruption, bribery or fraud – whether internal or external – is always to be taken into account. The challenge is therefore to work tirelessly to ensure that the values are kept alive within the organization. Loomis uses several methods to keep the focus on ethics and morals. Recruitment of the right people is one of them; another is that every year the employees go through digital training in Loomis' Code of Conduct and Anti-Corruption Policy. In 2010 an anonymous whistleblower system called Loomis Integrity Line was established for reporting of unethical behavior.

Key performance indicators (KPIs)

- 100% follow-up on all reports of unethical behavior or leadership.
- Customer perception and rating based on statement "Loomis is a trusted partner".
- Share of employees taken Code of Conduct and Anti-Corruption Policy courses.

2018 results

The goal is for all employees to annually take the Code of Conduct and Anti-Corruption Policy courses. From this first year result we did not reach the goal, but the work continues.

	2017	2018	2019	2020	2021	GOAL
Share of follow-ups on all reports of unethical behavior or leadership	100%	100%				100%
Customer rating: "Loomis is a trusted partner."	•	87%				100%
Share of employees who have taken the Code of Conduct and Anti-Corruption Policy courses	•	60%				100%

Method description

Governance and materiality analysis

Loomis' sustainability platform is based on legal requirements in the Swedish Annual Accounts Act and the outcome of a materiality analysis. The process is carried out according to GRI standards and has helped Loomis to determine which environmental, financial and social areas the Company should concentrate on and report on.

A two-stage process began in 2016 to identify the Company's material areas and boundaries; first in a self-evaluation in 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' impacts and how they are related to the Company's business model and strategy.

Step 1: The self-evaluation. This process began with a sustainability survey within the EGMT and regional management teams. 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:

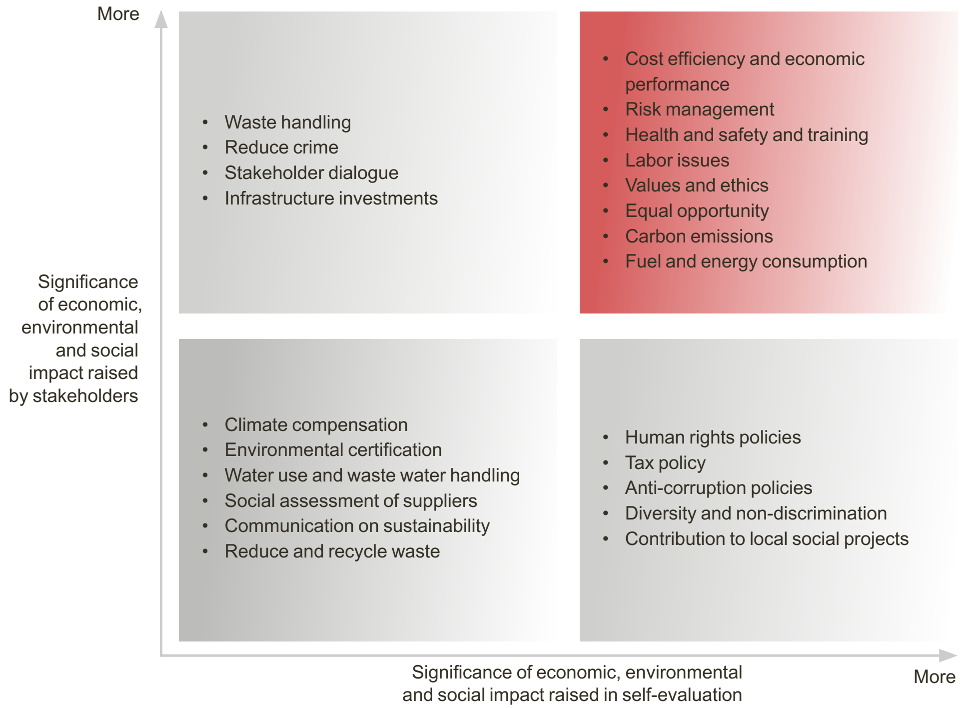
1. values, ethics and the Company's Code of Conduct
2. participation in social projects in local communities
3. cost-efficiency
4. reduction of carbon emissions
5. labor issues.

Loomis Sustainability Report 2018 – continued

Step 2: The next step in evaluating Loomis' material aspects was a stakeholder dialogue with customers, the Board and Loomis' 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' internal decision-makers were largely of the same opinion. In 2017 a review and validation of the outcome was conducted through qualitative customer interviews. The materiality analysis was validated and no topics were considered missing. In the 2018 customer survey the customers were asked to rate two new statements with a direct connection to sustainability efforts. The outcomes of 4,500 replies are presented in the KPI index on page 64.
- Board of Directors: The Board was asked the same questions and the outcome coincided with that of management.
- Employees: Employee surveys are conducted at least once every two years. Some of the questions are aimed at getting a sense of how the employees regard 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 Loomis' Code of Conduct. Employee perceptions and rating of the three statements are presented in a KPI index on page 64.

Loomis Materiality Analysis



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

Reconciliation of the materiality analysis and legal requirements

How 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 have a direct impact on or control over all aspects, they are still included in the Company's value chain and are considered equally important.

After identifying material aspects, the next step was to design a sustainability platform based on the long-term processes to 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.

Loomis Sustainability Report 2018 – continued

The platform constitutes the basis for sustainability reporting and sustainability work that Loomis is pursuing in the first stage up to the end of 2021.

2021 Sustainability goals	Funneling GRI material aspects with Swedish Annual Accounts Act	Main sustainability KPIs
0 Workplace injuries	**Employees** Loomis focus areas: • Proactive health and safety work • Proactive risk management	• Number of workplace injuries • Employee rating of Loomis' safety standards
-30% Reduction of carbon emissions	**Social and Human Rights** Loomis focus areas: • Be a fair and equal-opportunity employer • Proactive health and safety work	• Employee rating of Loomis as a fair and equal-opportunity employer • Customer rating of Loomis as a fair and equal-opportunity employer
-30% Reduction of plastic	**Anti-Corruption** Loomis focus areas: • Zero tolerance for untethical behavior • Code of Conduct and Anti-Corruption policy training	• Customer rating of Loomis as a trusted partner • Share of follow-ups on reports of unethical behavior • Share of employees taking the Code of Conduct and Anti-Bribery Course
	Environment Loomis focus areas: • Reduce carbon emissions • Reduce plastic volumes	• Change in carbon emissions • Change in plastic volumes

Challenges

As Loomis grows so does the Company's impact in all of its material areas. Increased business results in more transport routes traveled, which also leads a larger vehicle fleet, more fuel used, more employees, more plastic bags used and more energy consumed. The challenge is to grow sustainably and to balance the various parts.

A particular challenge is how to reduce carbon emissions in a growing business dependent on transport. The total carbon emissions are monitored and followed-up carefully. Efforts to reduce carbon emissions are concentrated primarily to Scope 1, emissions where the Company has a direct impact. In this case Loomis' own transports. Reductions are measured in relation to the Company's operational volume (see the next paragraph).

However, to be transparent regarding the Group's total emissions reports include Scope 1 (direct impact by the Company), Scope 2 (indirect impact such as energy consumption), and Scope 3 (indirect impact such as business travel and third-party suppliers).

Data collection, calculations and validation

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 established KPIs. The data is checked by Loomis.

All calculations and carbon calculations are made by the third party according to the Greenhouse Gas Protocol (GHG). Calculations on energy are based on the GHG location-based method. Calculations on changes in carbon emissions are done in relation to Group's operational volume. One of the most just and transparent points of measurement for operational volume in relation to transport routes is volume of kilometres on the road.

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

Boundaries

In the Sustainability Report Loomis has left out a step in the value chain relating to supplier-side control and requirements. This is a step that can be developed for the next strategy period ■

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Results on Loomis **sustainability KPI’s**

	2017[1)]	2018	2019	2020	2021	GOAL
Social and Human Rights **Focus: Be a fair and equal-opportunity employer**						
Employee rating of statement: ”At Loomis we are treated fairly regardless of age, ethnicity, gender, sexual orientation and disabilities.”	●	88%				100%
Employee rating of statement: ”I consider Loomis to be a fair, equal-opportunity and responsible employer.”	●	88%				100%
Customer rating of statement: ”I consider Loomis to be a fair and equal-opportunity employer and a responible member of society.”	●	82%				100%
Average number of hours of training/employee/year	6	14				Increase
Health and Safety **Goal: Zero workplace injuries**						
Employee rating of statement: ”Loomis’ safety routines are designed to ensure my safety.”	●	89%				100%
Number of workplace injuries as a result of violence and traffic	165	214				0
Number of traffic accidents/total 10,000 km driven	0.071	0.068				Decrease
Environment **Goal: Decrease carbon emissions with 30%**						
Change in direct emissions/operational volume	156,124 tCO_2e[2)]	-2%				-30%
Fuel consumption/km	0.22	0.21				Decrease
Share of fleet installed with telematics software	20%[3)]	27%				100%
Environment **Goal: Decrease plastic with 30%**						
Change plastic volume. thousand kg	1,810	-9%				-30%
Share recycled/non-fossil plastic in safety bags	5%	10%				60%
Share sorting plastic at source	7%	10%				Increase
Focus: Smarter Energy Sourcing						
Average energy consumption in kWh/m²	●	167				Decrease
Anti-Corruption **Focus: Zero tolerance for unethical behavior**						
Share of follow-ups on all reports on unethical behavior or leadership	100%	100%				100%
Share of employees taken the policy course on Code of Conduct and Anti-Bribery	●	60%				100%
Customer rating of statement: Loomis is a trusted partner	●	87%				100%

1) 2017 baseline data. The following years, 2018-2021, will be compared to the 2017 number.
2) See a complete report of carbon emissions on page 66.
3) Reflecting an updated 2017 number for improved future comparability.

2018 **Key Ratios**

Number of heads, workplace injuries[1], fatalities and attendence rate

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Number of heads	15,254	10,135	434	25,823	13,248	10,168	412	23,828
Number of work-place injuries	141	73	0	214	88	77[2]	0	165
Number of work-place fatalities	0	1	0	1	0	3	0	3
Attendence rate, %	*95*	*98*	*96*	*96*	*97*	*99*	*97*	*98*

1) Occuring on duty due to violence and/or traffic.
2) 2017 number has been updated to calibrate methods of meaurement to facilitate future comparability.

Training hours per employee category and segment

	2018			2017		
	Europe	USA	Int	Europe	USA	Int
Direct employees Average/employee	216,524 16,5	124,687 13	5,279 22	122,363 10	47,555 5	8,531 32
Branch managers Average/employee	2,144 12	59 0,5	152 6,6	1,484 6	0 -	215 30
Indirect employees Average/employee	11,336 9	323 0,5	2,047 12	6,277 5,5	36 5,5	7,206 50
Total hours Total average/employee	230,004 16	125,069 12	7,478 17	130,124 10	47,591 5	15,952 38
Total number of heads	**15,254**	**10,135**	**434**	**13,248**	**10,168**	**412**

Number of heads per employee category, gender and age group

	2018				2017			
	>30	30-50	<50	Total	>30	30-50	<50	Total
Direct employees, female	1,653	3,093	1,447	6,193	1,591	2,835	1,268	5,694
Direct employees, male	3,962	8,265	4,967	17,194	3,925	7,817	4,188	15,930
Branch managers, female	2	28	10	40	2	23	10	35[3]
Branch managers, male	4	184	92	280	4	137	86	205[3]
Indirect employees, female	127	549	261	937	102	450	196	748
Indirect employees, male	108	663	404	1,175	73	648	372	1,093
Total	**5,856**	**12,782**	**7,181**	**25,819**	**5,695**	**11,979**	**6,120**	**23,820**

3) 2017 number has been updated.

Share of employees covered by collective bargaining agreements

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Share, %	*58*	*12*	*59*	*74*	*74*	*15*	*28*	*48*

Share of employees who got performance and career development review per employee category and segment

	2018			2017		
	Europe	USA	Int	Europe	USA	Int
Direct employees, %	*40*	*35*	*100*	*43*	*48*	*62*
Indirect employees, %	*30*	*87*	*83*	*93*	*100*	*100*
Branch managers,%	*38*	*98*	*65*	*100*	*92*	*100*
Total	***23***	***39***	***96***	***49***	***55***	***83***

Number of employees educated on Code of Conduct and Anti-Bribery policies

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Anti-Bribery Policy	5,531	9,566	168	15,265	2,953	10,168	38	13,159
Code of Conduct	5,531	9,566	168	15,265	2,895	10,168	37	13,100

2018 Key Ratios – continued

Plastic, 1,000 kg[1)]

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Procured plastic, 1 000 kg	1,169	464	12	1,645	1,334	466	10	1,810
Made of recycled/non-fossil plastic, 1 000 kg	118	0	1	119	89	0	3	92
Sorted at source, 1 000 kg	136	18	5	159	106[2)]	18	1	125[2)]

1) Plastic consumption as in how many kg of plastic safe bags Loomis has ordered for transportation of customers' cash. In the USA most customers purchase their bags themselves, hence the lower number.
2) 2017 number has been restated.

Fuel consumption, 1,000 liter

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Non-fossil, 1 000 liter	413	0	2	415	491	0	0	491
Fossil, 1 000 liter	19,652	37,065	728	57,003	19,339	38,797	631	58,767
Total	**20,065**	**37,065**	**730**	**57,861**	**19,830**	**38,797**	**631**	**59,258**[3)]

3) 2017 number has been updated to reflect a change in methodology for calculating fuel consumption.

Transport, 1,000 km

	2018				2017
	Europe	USA	Int	Total	Total
Loomis fleet transport	152,686	117,932	3,420	274,039	271,774[4)]
Fuel consumption/km	0.13	0.31[5)]	0.21	0.21	0.22

4) 2017 number has been updated to reflect a change in methodology for calculating total volume of kilometres.
5) The higher consumption of fuel/km in the USA is due to the fact that the majority of the fleet is made up of heavier armoured vehicles.

Energy, 1,000 kWh[6)]

	2018				2017			
	Europe	USA	Int	Total	Europe	USA	Int	Total
Energy	56,042	47,488	3,221	106,751	31,298	41,385	2,750	75,482
kWh/m^2	162	193	67	167	98	168	132	-

6) The data is based on invoiced data.

Carbon emissions, tCO_2e[7)]

	2018				2017
	Europe	USA	Int	Total	Total
Transport (Scope 1[8)])	52,790	98,916	1,951	153,657	156,124[9)]
Energy (Scope 2[10)])	12,112	21,749	81	33,934	25,919
Plastic (Scope 3[11)])	2,489	989	25	3,503	3,855
Third-party transport (Scope 3)	6,627	-	25,769[12)]	32,396[12)]	265
Business travel (Scope 3)	2,647	3,445	213	7,586	985
Total tCO_2e	**76,388**	**125,100**	**28,039**	**229,807**	**187,148**

7) Carbon emissions are calculated by third party based on Loomis data.
8) Definition of Scope 1 according to GHG-protocol: direct emissions from owned or controlled sources.
9) 2017 numbers have been restated to reflect a change to methodology in calculations, thus also having an effect on the 2017 total.
10) Definition of Scope 2 according to GHG-protocol: indirect emissions from the generation of purchased energy.
11) Definition of Scope 3 according to GHG-protocol: an optional reporting category that allows for the treatment of all other indirect emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.
12) The majority of transports within segment International is handled by third party. In 2018 there is improved underlying data for reporting thus explaining the difference to the 2017 number.

2018 Key Ratios – continued

The composition of Group management per age and gender

	2018		2017	
	Number	%	Number	%
Men	10	100	9	100
Women	0	0	0	0
30-50 years old	2	20	0	0
> 50 years old	8	80	9	100

The composition of the board of directors of Loomis

	2018		2017	
	Number	%	Number	%
Men	3	50	3	50
Women	3	50	3	50
30-50 years old	0	0	0	0
> 50 years old	6	100	6	100

Membership of associations

Unit	Name of organization or association
Loomis AB	UNI, Swedish Transport Worker's Union, 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 Germany	BDGW
Loomis Norway	NAF
Loomis Portugal	AES
Loomis Spain	APROSER
Loomis Sweden	Employers Association-Säkerhetsföretagen
Loomis Switzerland	VSSU
Loomis Turkey	GÜSOD
Loomis UK	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 tables cover selected Global Reporting Initiative Standards that are deemed material to Loomis' operations. A page reference serves as a guide to where in the annual- and sustainability report more information is found.

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 3, 24-25
102-3 Location of headquarters	Stockholm, Sweden
102-4 Location of operations	Pages 3, 27, 29 and 30
102-5 Ownership and legal form	Page 4
102-6 Markets served	Pages 3, 27, 29 and 30
102-7 Scale of the organization	Page 4
102-8 Information on employees and other workers	Pages 32, 101
102-9 Supply chain	Pages 23-25
102-10 Significant changes to the organization and its supply chain	Pages 72-76
102-12 External initiatives	Pages 39-45, 80
102-13 Membership of associations	Page 67
Strategy	
102-14 Statement from senior decision-maker	Pages 6-7
102-15 Key impacts, risks, and opportunities	Pages 9-10
Ethics and integrity	
102-16 Values, principles, standards, and norms of behavior	Pages 32, 46-49
102-17 Mechanisms for advice and concerns about ethics	Pages 32, 46-49
Governance	
102-18 Governance structure	Pages 40-45, 46-49
102-20 Executive-level responsibility for social, environmental, and economic topics	Pages 6-7
102-21 Consulting stakeholders for social, environmental, and economic topics	Pages 61-63
102-22 Composition of Board of Directors	Pages 50-51
102-23 Chairman of the Board of Directors	Page 50
102-24 Nominating and selecting the highest governance body	Pages 41-42
102-25 Conflicts of interest	Page 44
102-28 Evaluating the highest governance body	Page 44
102-30 Effectiveness of risk management processes	Pages 46-49
102-35 Remuneration policies	Pages 101-103
102-36 Process for determining remuneration	Pages 44-45
102-38 Annual total compensation ratio	Page 102

GRI Standards	Comment or page
Stakeholder engagement	
102-40 List of stakeholder groups	Pages 61-63
102-41 Collective bargaining agreements	Page 65
102-43 Approach to stakeholder engagement	Pages 61-63
102-44 Key topics and concerns raised	Pages 61-63
Reporting practice	
102-45 Entities included in the consolidated financial statements	Page 124
102-46 Defining report content and topic Boundaries	Pages 61-63, 71
102-47 List of material topics	Page 62
102-48 Restatements of information	Pages 65, 66
102-49 Changes in reporting	Pages 66, 80
102-50 Reporting period	Jan 1–Dec 31, 2018
102-51 Date of most recent report	Maj 2018
102-52 Reporting cycle	Jan 1–Dec 31, 2018
102-53 Contact point for questions regarding the report	Page 63
102-56 External assurance	No
GRI 201: ECONOMIC PERFORMANCE	
103-1 —103-3 Management approach	Pages 40-43
201-1 Direct economic value generated and distributed	Pages 36, 77-78
201-3 Defined benefit plan obligations and other retirement plans	Pages 112-117
GRI 205: ANTI-CORRUPTION	
103-1 —103-3 Management approach	Pages 47-48, 60-61
205-2 Communication and training about anti-corruption policies and procedures	Pages 60-61

Continued on page 69

GRI Index – continued

GRI Standards	Comment or page
GRI 301: MATERIALS	
103-1 —103-3 Management approach	Page 59, 60
301-1 Materials used by weight or volume	Page 66
301-2 Recycled input materials used	Page 66
GRI 302: ENERGY	
103-1 —103-3 Management approach	Page 59
302-1 Energy consumption within the organization	Page 66
GRI 305: EMISSION	
103-1 —103-3 Management approach	Pages 59, 63
305-1 Direct (Scope 1) GHG emissions	Page 66
305-2 Energy indirect (Scope 2) GHG emissions	Page 66
305-3 Other indirect (Scope 3) GHG emission	Page 66
305-5 Reduction of GHG emissions	Pages 64, 66
GRI 401:EMPLOYMENT	
103-1 —103-3 Management approach	Pages 32-33, 57
GRI 403: OCCUPATIONAL HEALTH AND SAFETY	
103-1 —103-3 Management approach	Pages 32-33, 58
403-2 Number of injuries and absenteeism	Page 65
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 65
404-1 Average hours of training per year per employee	Page 65
404-2 Programs for upgrading employee skills	Pages 32-33
404-3 Share of employees receiving regular performance and career development reviews	Page 65
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	
103-1 —103-3 Management approach	Pages 32-33, 57
405-1 Diversity of governance bodies and employee	Pages 65, 67

GRI Standards	Comment or page
GRI 406: NON-DISCRIMINATION	
103-1 —103-3 Management approach	Pages 32-33, 57
GRI 412: HUMAN RIGHTS ASSESSMENT	
103-1 —103-3 Management approach	Pages 32-33, 57, 61
412-2 Employee training on human rights policies or procedures	Page 61

Board of Directors’ **Statement**

Stockholm April 2, 2019

Board of Directors’ in 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

Gun Nilsson
Board member

Jörgen Andersson
Board member
employee representative

Sofie Nordén
Board member
employee representative

Auditor’s **Statement**

Auditor´s report on the statutory sustainability report

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

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2018 on pages 56–70 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

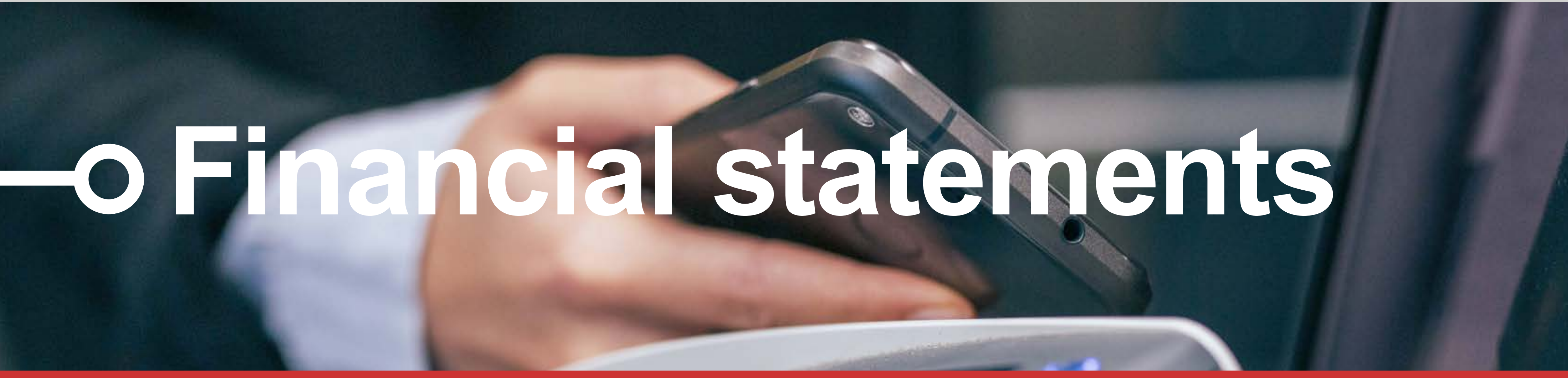
Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing 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 2, 2019
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 2018 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 66 percent (66) of revenue while cash management services (CMS) accounts for 31 percent (34) and Other accounts for 3 percent (0). In Segment USA, CIT accounts for 65 percent (67) of revenue and CMS for 34 percent (33) and Other accounts for 1 percent (1). Segment International encompasses the following business areas: cross-border transportation of cash and precious metals, storage of valuables.

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 January 2018 Loomis announced its acquisition of all of the shares in KÖTTER Geld und Wertdienste SE & Co. KG (KGW). KGW offers domestic cash handling services and its head office is in Essen, Germany. The enterprise value amounted to around EUR 171 million. The acquired operations are reported within Segment Europe and were consolidated into Loomis' accounts as of the transaction closing date, January 22, 2018. The acquisition did not have a material impact on Loomis' earnings per share for 2018.

In June 2018 Loomis announced that it had entered into an agreement to acquire 100 percent of the shares in the French company CPoR Devises (CPoR). CPoR is a French credit institution that primarily offers foreign exchange (FX) services, but also offers physical gold for investment purposes. The enterprise value, i.e. the purchase price payable on a debt free basis, was around EUR 70 million, equivalent to around SEK 700 million. CPoR has around 130 employees and the annual revenue for 2017 was approximately EUR 37.5 million. The acquired operations are reported in Segment Europe and were consolidated into Loomis as of closing of the transaction. The transaction was concluded on December 31, 2018 and therefore had no impact on Loomis' earnings per share for 2018.

In June 2018 Loomis announced the acquisition of 100 percent of the shares in the Chilean company Compañía Chilena de Valores S.A. (CCV). CCV operates in the cash handing market and is based in Valparaiso, Chile. The enterprise value, i.e. the purchase price payable on a debt free basis, was around USD 28 million, equivalent to around SEK 250 million. The acquired operations are reported in Segment Europe as of the transaction closing date, which was June 27, 2018. USD 22 million of the purchase price was paid on closing. The acquisition did not have a material impact on Loomis' earnings per share for 2018.

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

Other significant events during the year

The Annual General Meeting on May 3, 2018 voted in favor of the Board's proposal to introduce an incentive scheme (Incentive Scheme 2018). Similar to Incentive Scheme 2017, the new scheme involves two thirds of variable remuneration being paid out in cash the year after it is earned. The remaining one third will be paid out to participants in the form of Class B shares in Loomis AB allotted at the beginning of 2020. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2020, 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. Loomis AB will not issue any new shares or similar instruments in connection with this Incentive Scheme. 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. For full terms and conditions, see www.loomis.com.

At the beginning of June 2018 Kristoffer Wadman took up the position of Chief Innovation Officer. In February 2018 Loomis announced CFO Anders Haker would take on a new role as Chief Investor Relations Officer in the third quarter of 2018 and that Kristian Ackeby would take over as CFO in the third quarter of 2018. Kristoffer Wadman and Kristian Ackeby are members of Group Management.

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 is DKK 125 million and the suit relates mainly to alleged misuse of a dominant position in the Danish market. 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.

Since July 1, 2018 Argentina has been considered a hyperinflationary economy 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 therefore 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, 2018 was 179.9 with the base period as December 2016. As of December 31, 2017 the consumer price index was 124.80. Since the Loomis Group's reporting currency is SEK and thus 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 and amounted to SEK –6 million. The corresponding loss of the period July 1–December 31, 2018 was SEK –11 million and has been recognized in the income statement on the line "Financial expenses". The exchange rate used as of December 31, 2018 to convert ARS to SEK was 0.2373.

In July 2018 it was announced that Loomis had entered into a partnership with Sonect AG. Sonect is based in Switzerland and offers a smartphone-based solution that enables individuals to withdraw cash from their bank account at stores without using adebit or credit card.

An extraordinary shareholders' meeting on September 5 voted in favor of the Board's proposal to establish a long-term saving share-based incen-

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

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tive scheme (LTIP 2018–2021). The main aspect of the LTIP 2018–2021 scheme is that each participant is required make an investment in Loomis Class B shares (Saving Shares). The Saving Shares were acquired by the participant making a cash investment by purchasing Class B shares in Loomis on Nasdaq Stockholm. 45 key individuals chose to participate in LTIP 2018–2021 and 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. In connection with the publication of the year-end report for the year 2021, it will be determined whether the performance target has been met. For full terms and conditions, see www.loomis.com.

The extraordinary shareholders' meeting further voted in favor of the Board's proposal to amend the Articles of Association by introducing a conversion provision under which shareholders holding Class A shares may, upon request, have their shares converted to Class B shares. Conversion requests are to be submitted to the Board of Directors and the Company must then report the conversion without delay to the Swedish Companies Registration Office for registration.

In October 2018 it was announced that the members of Loomis AB's Nomination Committee ahead of the 2019 Annual General Meeting had been appointed. The following members were appointed:
- Jan Svensson, Investment AB Latour, Chairman of the Nomination Committee
- Mikael Ekdahl, Melker Schörling AB
- Johan Strandberg, SEB Fonder
- Marianne Nilsson, Swedbank Robur Fonder
- Henrik Didner, Didner & Gerge Fonder

The Chairman of the Board, Alf Göransson, will convene the Nomination Committee to its first meeting and also be co-opted to the Nomination Committee. The Nomination Committee will prepare proposals for the 2019 Annual General Meeting regarding election of the Chairman of the General Meeting, members of the Board of Directors, Chairman of the Board, auditors, fee for the members of the Board including division between the Chairman and the other Board members, as well as fees for committee work, fees for the Company's auditors and any, if necessary, changes in the instructions for the Nomination Committee.

In November 2018 Loomis AB's US subsidiary entered into a five-year agreement with a US retail chain regarding installation and service of around 1,000 new SafePoint units. The agreement also includes an extension for 250 units already installed. The total value of the agreement is around USD 48 million up to 2023. Installation of the units began in the fourth quarter of 2018 and is expected to be concluded at the beginning of 2020.

In November 2018 Loomis AB announced that Segment International will be restructured and as a result of the new structure, financial data for Segment International will no longer be reported separately starting in the first quarter of 2019. The US operations in the segment will be included in Segment USA and the remaining operations will be included in Segment Europe. The Regional President USA and the Regional President Europe will be responsible for their respective operations. Loomis will publish restated comparative figures for Segment Europe and Segment USA in March 2019.

SEK m	2018	2017	2016	2015	2014
Consolidated statement of income					
Total revenue	19,168	17,228	16,800	16,097	13,510
Operating income (EBITA)[1]	2,200	2,093	1,890	1,703	1,370
Net income for the year	1,538	1,428	1,258	1,069	910
Consolidated statement of cash flows					
Cash flow from operations	2,835	2,313	2,665	2,118	1,819
Cash flow from investment activities	–2,852	–1,619	–1,175	–1,658	–2,569
Cash flow from financing activities	473	–487	–1,510	–386	946
Cash flow for the year	**456**	**207**	**–20**	**74**	**196**

SEK m	2018	2017	2016	2015	2014
Consolidated balance sheet					
Capital employed	12,727	10,860	10,576	10,268	9,127
Net debt	4,305	3,823	3,929	4,425	4,219
Shareholders' equity	8,422	7,037	6,647	5,843	4,907

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

Revenue and income

The Group

Revenue for the year amounted to SEK 19,168 million compared to SEK 17,228 million the previous year. Real growth was 8 percent (3) and organic growth was 3 percent (2). The acquisitions made in Finland, Chile and Germany had a positive effect on real growth, and similar to last year, sustained good growth in the USA, Spain, Turkey and Argentina were strong contributing factors in the organic growth.

The operating income (EBITA) amounted to SEK 2,200 million (2,093) and the operating margin was 11.5 percent (12.1). At comparable exchange rates the income improvement was around SEK 41 million. Restructuring programs have been implemented in France and Sweden to handle new market situations. The cost of these programs combined with the acquisition in Germany in January 2018 are the main explanations for the lower operating margin.

The operating income for the period (EBIT) amounted to SEK 2,158 million (1,992), which includes amortization of acquisitionrelated intangible assets of SEK –83 million (–55), acquisition related costs of SEK –46 million (–47) and an item affecting comparability of SEK 86 million (0). The item affecting comparability consists primarily of a positive non-recurring item of SEK 178 million relating to revaluation of the UK pension obligations, impairment of goodwill in two operations within the European segment and costs for the restructuring of Segment International.

Income before tax of SEK 2,057 million (1,882) includes a net finan-

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cial expense of SEK –101 million (–109) whereof a monetary loss on net assets/liabilities of SEK –11 million (0).

The tax expense for the period amounted to SEK –519 million (–454), which represents a tax rate of 25 percent (24).

Earnings per share before and after dilution amounted to SEK 20.45 (18.99).

The segments

*Europe**

Real growth for the European operations amounted to 9 percent (5) and organic growth was –1 percent (0). The operating margin mounted to 11.8 percent, compared to 13.5 percent the previous year.

USA

Real growth amounted to 7 percent (6) and the organic growth was 7 percent (6). The operating margin amounted to 13.4 percent, compared to 13.1 percent the previous year.

International

Real growth amounted to 4 percent (–24) and the organic growth was 2 percent (–6). The previous year's negative real growth related to the divestment of general cargo operations, which took place in 2016. The operating margin amounted to 7.2 percent (6.9)

Cash flow

Cash flow from operations amounted to SEK 2,835 million (2,313). Cash flow from investment activities amounted to SEK –2,852 million (–1,619) which includes investments in fixed assets (net) of SEK –1,449 million (–1,152) and net of acquisitions and divestments of operations of SEK –1,403 million (–467). Cash flow from financing activities amounted to SEK –473 million (–487) and includes a dividend of SEK –677 million (–602).

Capital employed and financing

Loomis' operating capital employed amounted to SEK 5,771 million (4,866) which is equivalent to 30 percent (28) of revenue. The total capital employed amounted to SEK 12,727 million (10,860). Return on capital employed amounted to 17 percent (19), the net debt was SEK 4,305 million (3,823) and the equity ratio was 46 percent (46).

Shareholders' equity

Shareholders' equity increased during the year by SEK 1,385 million to SEK 8,422 million (7,037) as of December 31, 2018. Income for the year of SEK 1,538 million, translation differences of SEK –651 million, actuarial gains of SEK 99 million and impact from IAS 29 of SEK 2 million and non-controlling interest of SEK 1 million increased shareholders' equity by SEK 2,291 million. Dividend paid of SEK –677 million changes is net investment hedges of SEK –139 million, share based remuneration of SEK –76 million and the effect from the implementation of IFRS15 of SEK –15 million reduced shareholders' equity by SEK –907 million. The return on shareholders' equity was 18 percent (20).

Environmental impact

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

Employees

In 2018 the average number of full-time employees was 24,972 (22,811) in 24 countries (24). The gender distribution was 31 percent (31) women and 69 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 (19). Net income for the year amounted to SEK 800 million (880). In the second quarter of 2018, a total of SEK 677 million (602) was distributed to the shareholders, representing a dividend of SEK 9.00 per share (8.00).

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 2018 negatively affected certain geographical areas, and a similar impact on revenue and income in 2019 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. For further information on uncertainties, refer to Note 4 Critical accounting estimates and assessments, Note 34 Contingent liabilities and the section on risk management on pages 34–35.

Information regarding the Loomis share

Shares issued in the Parent Company consist of both Class A and Class B shares. A Class A share carries 10 votes and a Class B share carries 1 vote. The Loomis Class B share are listed on Nasdaq Stockholm's Large Cap list. Loomis' principal owners in terms of voting power are Investment AB Latour through Latour Förvaltning AB and Melker Schörling AB. As of December 31, 2018 there were 53,797 Class B treasury shares. For further information on the number of shares issued, the quota value and breakdown of Class A and Class B shares, refer to Note 27 and Note 50. For information on the major shareholders, refer to the section under the heading "The share" on pages 36-38.

Sustainability Report for 2018

A Sustainability Report has been produced according to the Annual Accounts Act, Chapter 6 Section 10. The Sustainability Report is included in the 2018 Annual Report on pages 55–70.

Events after the end of the year

On January 29, 2019 it was announced that Loomis AB, through a wholly owned subsidiary, has entered into an agreement to acquire 100 percent of Ziemann Sicherheit Holding GmbH (Ziemann). Ziemann conducts primarily domestic cash handling services. In addition, Ziemann also carries out security services as well as trading activities within the wholesale and retail market for currencies and precious metals. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 160 million, corresponding to approximately SEK 1,640 million.

Ziemann has approximately 2,700 employees and annual net reve-

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

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nue in 2018 was approximately EUR 175 million. More than 90 percent of the net revenue relates to cash handling services. The current operating margin (EBITA%) is approximately 7 percent. The business will be reported in segment Europe and consolidated into Loomis as of closing of the transaction. The closing will take place after merger control clearance. The purchase price is payable on closing. Including integration costs, the acquisition is expected to have a marginal positive impact on the earnings per share of Loomis in 2019.

On January 29, 2019 it was announced that Loomis AB has signed a EUR 150 million 5-year multi-currency revolving credit facility. The facility matures in January 2024. The lead arrangers are Crédit Lyonnais, Danske Bank A/S and Nordea Bank Abp. The facility can be used for general corporate purposes. The facility replaces a previous USD 100 million facility.

On February 1, 2019, Loomis AB has, through a wholly owned subsidiary, divested its fine art storage and logistics business ("Artcare") to Iron Mountain (Schweiz) AG. Artcare was acquired as part of the VIA MAT acquisition in 2014 and is deemed none-core for Loomis. The divested operations had an annual revenue in 2018 of approximately CHF 5 million (equivalent to approximately SEK 45 million). Artcare has been reported as part of the International segment. A profit on sale before tax of approximately CHF 4 million will be realized and reported as an item affecting comparability in the first quarter of 2019.

Other significant events after the end of the year

The Board has decided to propose that a resolution be passed at the 2019 AGM on 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 which will 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 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 11, 2019 if was announced that Investment AB Latour (publ), through its subsidiary Latour Förvaltning AB, has accepted a bid and thereafter sold 2,528,520 class A shares in Loomis, corresponding to 3.4 percent of the capital and 23.8 percent of the votes in Loomis at an aggregate purchase price of approximately SEK 0.8 billion. On the same date it was also announced that Melker Schörling AB has accepted a bid and thereafter sold 900,000 class A shares in Loomis, corresponding to 1.2 per cent of the capital and 8.5 percent of the votes in Loomis at an aggregate purchase price of approximately SEK 0.3 billion. The divestments thus comprise all class A shares in Loomis owned by the Latour Group and Melker Schörling AB, respectively. The buyer, Citigroup, through Carnegie acting in its capacity as commissioner on behalf of Citigroup, has requested conversion of the class A shares to class B shares in accordance with the articles of association of Loomis AB.

As of March 29, 2019 it was announced that the number of votes in Loomis AB (publ) has changed due to conversion of all 3,428,520 series A shares to a total of 3,428,520 series B shares, which means there are no issued series A shares in the company. The conversion was implemented based on the possibility for series A shareholders to request conversion of series A shares to series B shares, which was entered into the articles of association at the extraordinary general meeting on 5 September 2018. The number of series B shares has therefore increased by 3,428,520 shares and the number of series A shares has decreased by the same number of shares. The number of votes has decreased by 30,856,680. As of March 29, 2019, the total number of shares and votes in the company amounts to 75,279,829.

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 2019.

Proposed appropriation of profits

The Board has decided to propose to the AGM a dividend of SEK 752,260,320 and May 10, 2019 as the record day for the dividend. It is the Board's assessment that the proposed dividend will allow the Group to fulfill its obligations and make the necessary investments.

The Parent Company's and the Group's statements of income and balance sheets are subject to adoption by the AGM on May 8, 2019.

The following funds are available for distribution by the AGM (SEK):

Retained earnings	4,104,212,446
Share-based remuneration	– 71,187,639[1)]
Net income for the year	799,840,668
Total	**4,832,865,475**

The Board proposes that the profits be appropriated as follows:

Dividend to shareholders (SEK 10.00/share)	752,260,320[2)]
To be carried forward	4,080,605,155
Total	**4,832,865,475**

1) The change relates to the share swap relating to Incentive Schemes 2017 and the long-term saving share-based Incentive Scheme 2018-2021.

2) Calculated based on the number of outstanding shares on the balance sheet date.

The Board's statement on the proposed dividend

In view of the Board's dividend proposal above, the Board hereby gives the following statement according to Chapter 18, Section 4 of the Swedish Companies Act (2005:551).

Pursuant to the Board's proposal regarding the appropriation of profits, the amount of SEK 4,832,865,475 is at the disposal of the AGM. Provided that the AGM 2019 resolves in accordance with the Board's proposal, SEK 4,080,605,155 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity. The proposed dividend constitutes a total of 14 percent of the equity in the Company and 9 percent of the consolidated equity. Following the dividend, the equity/assets ratio will be 38 percent for the Company and 43 percent for the Group.

The equity has not increased or decreased as a result of valuation of assets or liabilities according to Chapter 4, Section 14a of the Annual Accounts Act.

The Board has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the ability of the Company and the Group to discharge its obligations.

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The proposed dividend does not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment other than that the Company can continue its operations and that the Company is expected to fulfill its obligations in a short as well as a long-term perspective. In addition to the assessment of the Company's and the Group's consolidation requirements and liquidity, the Board has taken into consideration all other known circumstances that may have an impact on the Company's and the Group's financial position.

With reference to the above, the Board has made the assessment that the dividend is justifiable, considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity and equity/assets ratio as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's results and position in general, please refer to the statement of income, balance sheets and statements of cash flow as well as notes.

The Board's proposed guidelines for remuneration for Group Management

The Board of Directors of Loomis AB (publ) proposes that the AGM 2019 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 for individuals who are part of the Loomis Group Management, referred to below as the "Group Management", as long as the guidelines are in force. The present members of the Group Management are Patrik Andersson, Kristian Ackeby, Johannes Bäckman, Aritz Larerra, Georges López Periago, Mårten Lundberg, Martti Ojanen and Kristoffer Wadman.

The guidelines apply to all agreements entered into after the adoption by the AGM 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 such deviation in the individual case. The guidelines are subject to a yearly review.

Basic principles and forms of remuneration

The basic principle is that remuneration and other terms of employment for Group Management are to be market-based and competitive in order to ensure that the Loomis Group can attract and retain talented management employees. The total remuneration for Group Management is to consist of a fixed salary, variable remuneration, pensions and other benefits.

Every year the Board considers whether or not to propose a share-based or share price-based incentive scheme for adoption by the Annual General Meeting. Since 2010 the Loomis AGMs have voted in favor of a recurring, share-based incentive scheme covering around 350 key individuals, including Loomis' Group Management. In addition to the recurring incentive scheme Loomis has a long-term saving share-based incentive scheme for Group Management and certain key individuals, which was introduced through a resolution at the extraordinary shareholders' meeting on September 5, 2018.

Principles of different types of remuneration

Fixed salary

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

Variable remuneration

In addition to a fixed salary, the Group Management may also receive 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) and in line with the interests of the shareholders. The variable remuneration within the scope of the Company's AIP (Annual Incentive Plan) is to amount to a maximum of 85 percent of the fixed annual salary for the President and CEO and a maximum of 100 percent of the fixed annual salary for other individuals of the Group Management.

In addition to the variable remuneration above, decisions may be from time to time on long-term Incentive schemes in accordance with the basic principles and the forms of remuneration mentioned above.

Pensions

The pension rights for 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 agreement (ITP-plan), be provided pursuant to a defined contribution pension plan equivalent to maximum 30 percent of the fixed annual salary. For members of Group Management who are not subject to collective agreement (ITP-plan), variable remuneration shall not be pension qualifying. Management employees resident outside Sweden may be offered pension programs which are competitive in the country where the employees are resident.

Terms at dismissal /resignation

At dismissal, the notice period for the members of Group Management shall 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 a maximum of 6 months.

Other benefits

Other benefits, such as company car, supplementary health insurance or occupational health service are to be provided to the extent this is considered customary for management employees holding equivalent positions on the employment market where the management employee is active. The total value of such other benefits is, however, constitute a minor part of the total remuneration received.

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

Estimated variable remuneration

The cost of variable remuneration for the Group Management according to the Board's proposal is based on the present remuneration rates and may, at a maximum outcome, which presupposes that all targets which the variable remuneration is based on are met, amount to SEK 31 million. This estimate is based on individuals who are currently members of the Group Management. The costs may change in case additional individuals will become members of the Group Management.

Remuneration resolved upon that is not due for payment

Note 11, Personnel, contains details of the total remuneration for Group Management in 2018, including previous commitments not yet due for payment.

Consolidated statement of income

Consolidated statement of income

SEK m	Note	2018	2017
Revenue, continuing operations		18,300	16,824
Revenue, acquisitions		868	404
Total revenue	8, 9	**19,168**	**17,228**
Production expenses	10,11,12	–14,127	–12,533
Gross income		**5,041**	**4,695**
Selling and administrative expenses	10,11,12	–2,841	–2,602
Operating income (EBITA)[1)]		**2,200**	**2,093**
Amortization of acquisition-related intangible assets	10,12,17	–83	–55
Acquisition-related costs and revenue	10,15	–46	–47
Items affecting comparability	10	86	–
Operating income (EBIT)		**2,158**	**1,992**
Financial income	13	41	13
Financial expenses	13	–142	–122
Income before taxes		**2,057**	**1,882**
Income tax	14	–519	–454
Net income for the year[2)]		**1,538**	**1,428**

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	2018	2017
Earnings per share, before dilution	3	20.45[3)]	18.99[3)]
Earnings per share, after dilution	3	20.45	18.99
Dividend[4)]		9.00	8.00
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	2018	2017
Net income for the year	**1,538**	**1,428**
Other comprehensive income		
Items that will not be reclassified to the statement of income		
Actuarial gains and losses, net of tax	99	17
Items that may be reclassified to the statement of income		
Translation differences	651	–631
Hedging of net investments, net of tax	–139	179
Other comprehensive income and expenses for the year, net after tax	**612**	**–435**
Total comprehensive income and expenses for the year[5)]	**2,150**	**993**

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

Consolidated balance sheet

SEK m	Note	Dec. 31, 2018	Dec. 31, 2017
ASSETS			
Fixed assets			
Goodwill	15,16	6,533	5,615
Acquisition-related intangible assets	15,17	515	349
Other intangible assets	18	168	102
Buildings and land	19	931	755
Machinery and equipment	19	4,427	3,934
Contract assets	9	109	–
Deferred tax assets	14	342	418
Interest-bearing financial fixed assets	20	500	96
Other long-term receivables	21	55	42
Total fixed assets		**13,580**	**11,311**
Current assets			
Accounts receivable	22	2,341	2,173
Other current receivables	23	500	169
Current tax assets	14	224	203
Prepaid expenses and accrued income	24	500	407
Interest-bearing financial current assets	25	37	62
Liquid funds	26	1,308	839
Total current assets		**4,911**	**3,852**
TOTAL ASSETS		**18,491**	**15,164**

SEK m	Note	Dec. 31, 2018	Dec. 31, 2017
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		1,102	678
Retained earnings including net income for the year		2,349	1,389
Non-controlling interest		1	–
Total shareholders' equity		**8,422**	**7,037**
Long-term liabilities			
Loans payable	28	4,381	3,979
Deferred tax liability	14	461	369
Provisions for claims reserves	29	193	180
Provisions for pensions and similar commitments	30	711	766
Other provisions	31	78	82
Other long-term liabilities	9	80	–
Total long-term liabilities		**5,904**	**5,376**
Current liabilities			
Loans payable	28	1,058	75
Accounts payable		651	585
Provisions for claims reserves	29	172	160
Current tax liabilities	14	171	180
Accrued expenses and prepaid income	32	1,589	1,317
Other provisions	31	33	51
Other current liabilities	33, 9	490	382
Total current liabilities		**4,165**	**2,751**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**18,491**	**15,164**

Consolidated statement of cash flows

SEK m	Note	2018	2017
Operations			
Income before taxes		2,057	1,882
Items not affecting cash flow	35	1,273	1,254
Financial items received		31	13
Financial items paid		–132	–124
Income tax paid		–472	–403
Change in accounts receivable		–6	–165
Change in other operating capital employed and other items		85	–145
Cash flow from operations		**2,835**	**2,313**
Investing activities			
Investments in fixed assets	18,19	–1,464	–1,160
Disposals of fixed assets		15	8
Acquisition of operations	15	–1,403	–467
Cash flow from investing activities		**–2,852**	**–1,619**
Financing activities			
Dividend paid	27	–677	–602
Change in interest-bearing net debt excluding liquid funds		–296	–117
Change in commercial papers issued and other long-term borrowing		1,447	231
Cash flow from financing activities		**473**	**–487**
Cash flow for the year		**456**	**207**
Liquid funds at beginning of year		839	663
Translation differences on liquid funds		13	–31
Liquid funds at end of year		**1,308**	**839**

Consolidated statement of changes in equity

	Attributable to the owners of the Parent Company				
SEK m	Share capital	Other contri-buted capital	Other reserves[1]	Retained earnings incl. net income for the year	Total
Opening balance, January 1, 2017	**376**	**4,594**	**1,131**	**546**	**6,647**
Comprehensive income					
Net income for the year	–	–	–	1,428	1,428
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	17	17
Translation differences	–	–	–631	–	–631
Hedging of net investments, net of tax	–	–	179	–	179
Total other comprehensive income	**–**	**–**	**–452**	**17**	**–435**
Total comprehensive income	**–**	**–**	**–452**	**1,445**	**993**
Transactions with shareholders					
Dividend	–	–	–	–602	–602
Share-based remuneration[2]	–	–	32	–	32
Share swap agreement[3]	–	–	–33	–	–33
Total transactions with shareholders	**–**	**–**	**–1**	**–602**	**–603**
Closing balance, December 31, 2017	**376**	**4,594**	**678**	**1,389**	**7,037**

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 2017 the expensed portion was SEK 33 million.
3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 88.

	Attributable to the owners of the Parent Company					
SEK m	Share capi-tal	Other contri-buted capital	Other reser-ves[1]	Retained earnings incl. net income for the year	Non-con-trolling interest	Total
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 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 88.

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 8, 2019.

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 36.

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, 2018

Below are the standards that the Group is applying for the first time for the financial year beginning on January 1, 2018:

- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments

IFRS 15 and IFRS 9 have not, apart from additional disclosure requirements provided in this annual report, had any significant effect on the Group's or the Parent Company's results or financial position.

Other new and amended accounting principles, as well as improvements that went into force in 2018, have not had any material impact on the consolidated financial statements for the financial year.

The IFRS Interpretations 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 2018.

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

In January 2016, IASB published a new lease standard, IFRS 16 to replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 Leases will be applied for the financial year starting on January 1, 2019 or later.

The standard requires assets and liabilities relating to all leases, with the exception of leases not exceeding a term of 12 months and leases of lower value, to be recognized as an asset and a liability respectively in the balance sheet. This model is based on the view that the lessee has the right to use an asset for a specific period while also having an obligation to pay for that right. Accounting for lessors will in all material aspects be unchanged. The implication of the new standard for lessees is that the income statement will be affected in that lease expenses will be recognized as a depreciation component and an interest component. As a result, operating income will be improved as the interest component will be recognized as a financial expense. The total expense according to IFRS 16 may differ from the lease expense under the existing rule.

In 2018 Loomis analyzed all of the Group's leases and assessed the effects of the new standard on the consolidated financial statements. The standard will mainly affect reporting of the Group's operating leases.

Modified retrospective approach

Loomis has not early-adopted IFRS 16 and will apply the standard from January 1, 2019. The Group will use the modified retrospective approach, and will therefore not restate the comparative figures. In accordance with the modified retrospective approach, right-of-use assets 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.

Notes – continued

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
As a result of the introduction of IFRS 16, operating result (EBITA) will be charged with depreciation of right-of-use assets instead of an operating lease expense. Based on the information available at this time, the operating result (EBITA) will improve by around SEK 50 million. In addition, the increased lease liability will negatively impact net financial expense. Loomis' assessment is that the expected interest expense in 2019 will exceed the positive EBITA effect that will be reported.

As of January 1, 2019 the Group's non-cancellable operating lease undertakings amounted to SEK 3,099 million. Around SEK 15 million of this undertaking relates to short-term leases (lease term of 12 months or less) and leases for which the underlying asset has a low value (<USD 5,000). Lease payments for these leases will be recognized as an expense on a straight-line basis over the lease term.

For the remaining lease undertakings and financial leases previously reported, the Group expects to recognize right-of-use assets of around SEK 2,886 million as of January 1, 2019 and lease liabilities of SEK 2,836 million (adjusted for pre-paid and accrued lease payments recognized as of December 31, 2018). The adjustment applies to most of the advance payments.

The table below shows the undertakings for operating and finance leases as of December 31, 2018 and the lease liability 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 liabilities	2,372
Total lease liabilities	**2,836**

In the balance sheet of January 1, 2019 the right-of-use assets are divided up as follows:

Right-of-use assets

SEK m	Jan.1, 2019
Buildings	2,316
SafePoints	423
Vehicles	116
Machinery	20
Other	10
Total Right-of-use assets	**2,886**

Reporting of leases in which Loomis is the lessor will essentially remain unchanged.

For information on operating leases in 2018, see Note 10.

None of the other changes to standards or new interpretation notifications that have been adopted for application from the beginning of the 2019 financial year or later are expected to have any material effect on the consolidated financial statements.

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.

[1] 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.

Notes – continued

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, 2018, there were non-controlling interests amounting to SEK 604 thousand 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, 2018 was 179.9 with the base period as December 2016. As of December 31, 2017 the consumer price index was 124.80. 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 loss in the period July 1 – December 31, 2018 has 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.

Notes – continued

Revenue from Contracts with Customers (IFRS 15)
IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts with the associated interpretations. The new standard 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).

Notes – continued

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. As a consequence of the acquisition of VIA MAT, Loomis have the following segments as of the second quarter 2014: Europe*, USA, International and Other. The segment presidents of Europe, USA and International 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.

International valuables logistics is not included in the operating segments Europe or the USA based on a geographical split, but is instead reported as a separate segment, International. This is historical because segment International differs from the other segments as it includes cross-border transportation of cash and precious metals and storage of valuables. The CEO separately monitors the segments' financial performance and allocates resources.

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. The internal governance structure has changed so that the highest decision-makers under Loomis' President and CEO are the Regional Presidents for Europe and the USA. 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.

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 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

*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.

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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 carried out 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.

Lease agreements (IAS 17)

Leases are classified as finance leases when the Group as the lessee, in all material respects, receives the economic benefits and bears the economic risk associated with the object of the lease. Accordingly, the object is recognized as a fixed asset in the consolidated balance sheet. The discounted present value of the corresponding future lease payment obligation is recognized as a liability. The asset leased under the finance lease and the associated liability is recognized at the lower of the fair value of the asset and the present value of the minimum lease payments. In the consolidated statement of income the lease payments are to be apportioned between depreciation and interest on a straight-line basis over the period of use.

Operating leases where the Group is the lessee are recognized in

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the consolidated statement of income as operating expenses on a straight-line basis over the lease period.

In cases where the Group is the lessor, revenue is recognized as a sale in the period the object is leased. Depreciation is recognized in operating income. The economic substance of the contract does not, as a whole or in part, cause the lease to be classified as a finance lease.

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

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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.

The above-mentioned criteria do not apply if the Group has reasonable and supporting information that justifies that an assumption other than default is more appropriate.

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

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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.

Accountable funds, consignment stocks and other stocks of money

In Loomis' operations cash and other valuable items are transported according to contracts entered into with customers. If stipulated in the customer contract, the transported cash is counted at Loomis' cash centers. The cash that is received by Loomis is on consignment unless otherwise agreed with the customer. Consignment stocks of money are reported 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 stocks of money. These stocks are financed by specific overdraft facilities. These overdraft facilities are used solely for this purpose and are recognized net in the stocks of money they are intended to finance. The interest cost associated with these overdraft facilities is recognized as Production expenses and not in net financial items as they are intended to finance operating activities/stocks of money.

Any cash remaining in Loomis' stocks of money of which Loomis has assumed ownership represents the funds that Loomis' has physically transported to the vault from its own liquid funds. These stocks of money are reported as Other current receivables in the balance sheet as they are not available to Loomis according to internal guidelines, but are instead used solely to finance customer transactions. Consignment stocks of money, stocks of money and overdraft facilities are separated from Loomis' own liquid funds and cash flow and are not used in Loomis' other operations. For further information refer to Note 23.

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.

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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 2018: 1,538 / 75,226,032 x 1,000,000 = 20.45
Calculation 2017: 1,428 / 75,226,032 x 1,000,000 = 18.99

Earnings per share, after dilution
Calculation 2018: 1,538 / 75,226,032 x 1,000,000 = 20.45
Calculation 2017: 1,428 / 75,226,032 x 1,000,000 = 18.99

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.

n/a
Not applicable.

Exchange rates used in the consolidated financial statements

	Currency	Weighted average 2018	Dec. 31, 2018	Weighted average 2017	Dec. 31, 2017
Norway	NOK	1.07	1.03	1.03	1.00
Denmark	DKK	1.38	1.37	1.30	1.32
UK	GBP	11.62	11.44	11.02	11.09
Switzerland	CHF	8.94	9.08	8.65	8.41
USA	USD	8.74	8.94	8.49	8.20
Czech Republic	CZK	0.40	0.40	0.37	0.38
Turkey	TRY	1.83	1.69	2.33	2.17
Argentina	ARS	0.31	0.24	0.50	0.43
Hong Kong	HKD	1.12	1.14	1.09	1.05
United Arab Emirates	AED	2.38	2.43	2.30	2.23
Canada	CAD	6.71	6.56	6.55	6.54
People's Republic of China	CNY	1.32	1.30	1.26	1.26
Singapore	SGD	6.47	6.57	6.20	6.14
Chile	CLP	0.01	0.01	0.01	0.01
EUR-countries	EUR	10.30	10.24	9.65	9.84

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, 2018, 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 2,341 million (2,173), 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 –80 million (–84) 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.

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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 6,533 million (5,615), and of Acquisition related intangible assets, which amounts to SEK 515 million (349), 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 342 million (418) and deferred tax liabilities in the amount of SEK 461 million (369).

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 711 million (766) and receivables relating to pensions of SEK 317 million (18). 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 365 million (339), 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. 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 34.

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 29, 2019 it was announced that Loomis AB, through a wholly owned subsidiary, has entered into an agreement to acquire 100 percent of Ziemann Sicherheit Holding GmbH (Ziemann). Ziemann conducts primarily domestic cash handling services. In addition, Ziemann also carries out security services as well as trading activities within the wholesale and retail market for currencies and precious metals. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 160 million, corresponding to approximately SEK 1,640 million. Ziemann has approximately 2,700 employees and annual net revenue in 2018 was approximately EUR 175 million. More than 90 percent of the net revenue relates to cash handling services. The current operating margin (EBITA%) is approximately 7 percent. The business will be reported in segment Europe and consolidated into Loomis as of closing of the transaction. The closing will take place after merger control clearance. The purchase price is payable on closing. Including integration costs, the acquisition is expected to have

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a marginal positive impact on the earnings per share of Loomis in 2019.

On January 29, 2019 it was announced that Loomis AB has signed a EUR 150 million 5-year multi-currency revolving credit facility. The facility matures in January 2024. The lead arrangers are Danske Bank A/S, Nordea Bank Abp and Crédit Lyonnais. The facility can be used for general corporate purposes. The facility replaces a previous USD 100 million facility.

On February 1, 2019, Loomis AB has, through a wholly owned subsidiary, divested its fine art storage and logistics business ("Artcare") to Iron Mountain (Schweiz) AG. Artcare was acquired as part of the VIA MAT acquisition in 2014 and is deemed none-core for Loomis. The divested operations had an annual revenue in 2018 of approximately CHF 5 million (equivalent to approximately SEK 45 million). Artcare has been reported as part of the International segment. A profit on sale before tax of approximately CHF 4 million will be realized and reported as an item affecting comparability in the first quarter of 2019.

The Board has decided to propose that a resolution be passed at the 2019 AGM on 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 which will 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 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 11, 2019 if was announced that Investment AB Latour (publ), through its subsidiary Latour Förvaltning AB, has accepted a bid and thereafter sold 2,528,520 class A shares in Loomis, corresponding to 3.4 per cent of the capital and 23.8 per cent of the votes in Loomis at an aggregate purchase price of approximately SEK 0.8 billion. On the same date it was also announced that Melker Schörling AB has accepted a bid and thereafter sold 900,000 class A shares in Loomis, corresponding to 1.2 per cent of the capital and 8.5 per cent of the votes in Loomis at an aggregate purchase price of approximately SEK 0.3 billion. The divestments thus comprise all class A shares in Loomis owned by the Latour Group and Melker Schörling AB, respectively.

The buyer, Citigroup, through Carnegie acting in its capacity as commissioner on behalf of Citigroup, has requested conversion of the class A shares to class B shares in accordance with the articles of association of Loomis AB.

As of March 29, 2019 it was announced that the number of votes in Loomis AB (publ) has changed due to conversion of all 3,428,520 series A shares to a total of 3,428,520 series B shares, which means there are no issued series A shares in the company. The conversion was implemented based on the possibility for series A shareholders to request conversion of series A shares to series B shares, which was entered into the articles of association at the extraordinary general meeting on 5 September 2018. The number of series B shares has therefore increased by 3,428,520 shares and the number of series A shares has decreased by the same number of shares. The number of votes has decreased by 30,856,680. As of March 29, 2019, the total number of shares and votes in the company amounts to 75,279,829.

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 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, 2018 was about 4 months. A permanent change in the interest rate of +1 percent as of December 31, 2018 would have an annual effect on net financial items of SEK –44 million (–31). Loomis' borrowing amounted to SEK 5,431 million (4,054). The average interest rate on the debt during the year was 1.76 percent (2.10), 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

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rates could have a negative impact on the Group's foreign net assets when translated into SEK. Loomis' capital employed as of December 31, 2018 amounted to SEK 12,727 million (10,860). 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 242 million (206). The corresponding figures for GBP would be SEK 36 million (25), for EUR SEK 68 million (58) and for CHF SEK 45 million (41). 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 138 million (155) where the net investment is the hedged item. In connection with the acquisition of VIA MAT, Loomis entered into a hedge amounting to CHF 80 million (90) 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 2018. 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, 2018	Dec. 31, 2017
Liquid funds	1,308	839
Credit facilities	1,171	2,345
Total	**2,479**	**3,184**

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.

		The facility	The facility	Utilized amount			Maturity structure[3]			
December 31, 2018	Currency	amount (LOC m)	amount (SEK m)	(SEK m)	2019	2020	2021	2022	2023	2024+
Syndicated loan facility1[1]	SEK	1,000	1,000	150	–	–	–	1,000	–	–
Syndicated loan facility1[1]	EUR	65	666	666	–	–	–	666	–	–
Syndicated loan facility1[1]	USD	150	1,341	223	–	–	–	1,341	–	–
Syndicated loan facility2[1]	USD	100	894	–	894	–	–	–	–	–
Syndicated loan facility3[1]	SEK	500	500	–	–	500	–	–	–	–
Bilateral loan	CHF	80	727	727	–	–	–	727	–	–
MTN programme	SEK	1,000	1,000	1,000	1,000	–	–	–	–	–
Commercial papers[2]	SEK	2,400	2,400	2,400	2,400	–	–	–	–	–
Credit facility	SEK	210	210	–	210	–	–	–	–	–
Total			**8,738**	**5,166**	**4,504**	**500**	**–**	**3,734**	**–**	**–**

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 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.

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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**

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, 2017:

SEK m	EUR	GBP	USD	CHF	Other currencies	Total foreign currencies	SEK	Total
Capital employed	2,522	899	4,790	1,577	646	10,434	426	10,860
Net debt	–1,353	–398	–672	–749	–173	–3,344	–480	–3,824
Net exposure	**1,169**	**501**	**4,118**	**828**	**473**	**7,090**	**–54**	**7,037**

December 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**	**–**
December 31, 2017			
External bank loans	9	3,804	–
Accounts payable and other liabilities	1,348	867	–
(of which derivatives)	(32)	–	–
Total	**1,358**	**4,671**	**–**

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 value of the outstanding accounts receivable was SEK 2,341 million (2,257). Any provisions for losses are made following individual assessment and totaled SEK 80 million (84) as of December 31, 2018. Accounts receivable do not include any significant concentrations of credit risks. The Group's Customer Contract Policy includes rules designed to ensure that customer credit management includes credit assessment, credit limits, decision levels and management of doubtful receivables to ensure that sales are made to customers with an appropriate creditworthiness. Further information about doubtful accounts receivables can be found in Note 22.

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 276 million (165).

The table below shows the credit ratings of financial assets on the balance sheet date according to Standard & Poor's or to a similar rating institute with equivalent credit ratings:

SEK m	Dec. 31, 2018	Dec. 31, 2017
A-1+	61	49
A-1	913	593
Other holdings	499	275
Total	**1,473**	**917**

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 the Group's loans, the financing risk can be reduced. The Group's goal is for no more than 25 percent of its total external loans and credit obligations to mature within the coming 12-month period.

All long-term financing and most of the short-term financing in 2018 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 2018.

As of December 31, 2018, Loomis had issued commercial papers totaling SEK 2,400 million (1,850). 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, 2018 was SEK 1 billion (1).

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 –951 million (–963) and SEK 12 million (30) respectively.

Financial instruments

Financial derivative instruments, such as forward exchange agreements and interest rate swaps, are aimed at minimizing the financial

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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 2019, 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:

	IFRS 9 Category	December 31, 2018 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	1,308	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

	IFRS 9 Category	December 31, 2017 Carrying amount	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	78	78
Accounts receivable	1	2,173	2,173
Interest-bearing financial current assets	2	62	62
Liquid funds	1	839	839
Financial liabilities			
Current loans payable	4	32	32
Current loans payable	3	43	43
Long-term loans payable	3	3,979	3,979
Accounts payable	3	585	585

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)

December 31, 2018	Level 1	Level 2	Level 3	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**

December 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
– Derivative instruments held for trading	–	16	–	16
– Derivative instruments used for hedging	–	–	–	–
Financial assets at fair value in other comprehensive income				
– Derivative instruments used for hedging	–	30	–	30
Total assets	**–**	**46**	**–**	**46**
Financial liabilities				
Financial liabilities valued at fair value through profit or loss				
– Derivative instruments held for trading	–	3	–	3
– Derivative instruments used for hedging	–	–	–	–
Financial liabilities at fair value in other comprehensive income				
– Derivative instruments used for hedging[1]	–	11	–	11
Total liabilities	**–**	**14**	**–**	**14**

For further information regarding funds within cash operations, see Note 2 and 23.

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Reconciliation of opening balance and closing balance for liabilities whose cash flow is reported in financing activities:

			Changes not affecting cash flow						
	OB Jan. 1, 2018	Cash flow	Reclassifications	Acquisitions	Change in defined benefit pension obligation	Exchange rate effects	New leasing commitments	Change in fair value	CB Dec. 31, 2018
Current liabilities	75	6	1,000	–4	0	0	–6	–13	1,058
Long-term liabilities	3,979	1,268	-1,000	46	0	90	–7	5	4,381
Defined benefit pension plans	766	0	0	0	–55	0	0	0	711
Total liabilities	**4,820**	**1,274**	**0**	**43**	**–55**	**90**	**–13**	**–9**	**6,150**
Cash and cash equivalents[1]	–997	–873	0	0	0	0	0	25	–1,845
Total assets	**–997**	**–873**	**0**	**0**	**0**	**0**	**0**	**25**	**–1,845**
Net debt	**3,823**	**402**	**0**	**43**	**–55**	**90**	**–13**	**16**	**4,305**

1) The line does not tie to the balance sheet as it includes trapped cash and financial current assets.

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 38. 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, International and Other. Presidents for the segments Europe, USA and International 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.

International valuable logistics are not reported in the operating segments Europe or the USA based on a geographical split, but is instead reported as a separate segment, segment International. The historic reason for this is that the International segment differs from the other segments as it includes cross-border transportation of cash and precious metals and storage of valuables. Loomis' CEO monitors separately the segments' financial performance and allocates resources.

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. The internal governance structure has changed so that the highest decision-makers under Loomis' President and CEO are the Regional Presidents for Europe and the USA. 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.

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 66 percent (66) of revenues, Cash Management Services for 31 percent (32) and other services accounts for 3 percent (2). For Segment USA, Cash in Transit accounts for 65 percent (66) of total revenue, Cash Management Services for 34 percent (33) and other services accounts for 1 percent (1). Segment International includes two distinct business areas: cross-border transportation of cash and precious metals and storage of valuables. Since revenues from International do not make up a significant portion of the Group's total revenues, no further information is reported on the different business areas of within International.

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 2018 and 2017 that is delivered to the executive managers of Europe, the USA and International, concerning those segments for which information is to be

* 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.

Notes – continued

provided, can be found in the table below. 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 723 million (902), in the USA to SEK 8,529 million (7,876), and total revenue from external customers in other countries amounts to SEK 9,916 million (8,450). 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 284 million (289), in the USA to SEK 2,218 million (1,922), and the total for the fixed assets located in other countries amounts to SEK 2,856 million (2,478).

	Europe	USA	Inter-national	Other	Elimina-tions	Total
SEK m	2018	2018	2018	2018	2018	2018
Revenue, continuing operations	8,985	8,442	933	–	–60	18,300
Revenue, acquisitions	847	–	21	–	–	868
Total revenue	**9,832**	**8,442**	**954**	**–**	**–60**	**19,168**
Production expenses	–7,358	–6,084	–776	–	91	–14,127
Gross income	**2,474**	**2,357**	**178**	**–**	**31**	**5,041**
Selling and administrative expenses	–1,313	–1,226	–110	–160	–31	–2,841
Operating income (EBITA)	**1,160**	**1,132**	**69**	**–160**	**–**	**2,200**
Amortization of acquisition-related intangible assets	–53	–14	–16	–	–	–83
Acquisition-related costs and revenue	–29	–1	–	–15	–	–46
Items affecting comparability	98	–	–13	–	–	86
Operating income (EBIT)	**1,176**	**1,117**	**40**	**–175**	**–**	**2,158**
Financial income	–	–	–	41	–	32
Financial expenses	–	–	–	–142	–	–133
Income before taxes	**1,176**	**1,117**	**40**	**–275**	**–**	**2,057**
Income tax	–	–	–	–519	–	–519
Net income for the year	**1,176**	**1,117**	**40**	**–794**	**–**	**1,538**
Segment assets						
Goodwill	2,385	3,251	898	–	–	6,533
Other intangible assets	552	32	92	8	–	683
Fixed assets	3,000	2,206	128	24	–	5,358
Accounts receivable	1,460	855	81	14	–69	2,341
Defined benefit pension plans	298	–	19	–	–	317
Other segment assets	779	839	72	18	–545	1,163
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	–	–	–	1,345	–	1,345
Total assets	**8,473**	**7,183**	**1,270**	**2,178**	**–614**	**18,491**

	Europe	USA	Inter-national	Other	Elimina-tions	Total
SEK m	2018	2018	2018	2018	2018	2018
Segment liabilities						
Accounts payable	336	260	74	50	–69	651
Accrued expenses and prepaid income	1,069	477	55	–12	–	1,589
Defined benefit pension obligations	628	–	83	–	–	711
Other current liabilities	416	223	33	554	–545	681
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
Provisions for claims reserves	–	–	–	365	–	365
Shareholders' equity	–	–	–	8,422	–	8,422
Total liabilities and shareholders' equity	**2,449**	**961**	**210**	**15,485**	**–614**	**18,491**
Other information						
Investments, net	775	639	25	10	–	1,449
Depreciation and amortization	698	526	32	10	–	1,266

Notes – continued

SEK m	Europa 2017	USA 2017	Inter-national 2017	Other 2017	Elimina-tions 2017	Total 2017
Revenue, continuing operations	8,324	7,688	878	–	–66	16,824
Revenue, acquisitions	404	–	–	–	–	404
Total revenue	**8,728**	**7,688**	**878**	**–**	**–66**	**17,228**
Production expenses	–6,344	–5,570	–714	–	95	–12,533
Gross income	**2,384**	**2,118**	**165**	**–**	**29**	**4,695**
Selling and administrative expenses	–1,209	–1,108	–104	–152	–29	–2,602
Operating income (EBITA)	**1,175**	**1,009**	**61**	**–152**	**–**	**2,093**
Amortization of acquisition-related intangible assets	–26	–13	–15	–	–	–55
Acquisition-related costs and revenue	–37	–2	–	–8	–	–47
Operating income (EBIT)	**1,112**	**994**	**46**	**–160**	**–**	**1,992**
Financial income	–	–	–	13	–	13
Financial expenses	–	–	–	–122	–	–122
Income before taxes	**1,112**	**994**	**46**	**–269**	**–**	**1,882**
Income tax	–	–	–	–454	–	–454
Net income for the year	**1,112**	**994**	**46**	**–723**	**–**	**1,428**
Segment assets						
Goodwill	1,818	2,983	815	–	–	5,615
Other intangible assets	302	42	101	7	–	451
Fixed assets	2,642	1,914	110	23	–	4,689
Accounts receivable	1,310	765	117	7	–25	2,173
Defined benefit pension plans	–	–	18	–	–	18
Other segment assets	372	597	8	35	–394	617
Undistributed assets						
Deferred tax assets	–	–	–	418	–	418
Current tax assets	–	–	–	203	–	203
Interest-bearing financial fixed assets	–	–	–	79	–	79
Other financial assets valued at fair value via statement of income	–	–	–	901	–	901
Total assets	**6,444**	**6,301**	**1,167**	**1,672**	**–420**	**15,164**

SEK m	Europa 2017	USA 2017	Inter-national 2017	Other 2017	Elimina-tions 2017	Total 2017
Segment liabilities						
Accounts payable	305	219	50	37	–25	585
Accrued expenses and prepaid income	856	418	61	–17	–	1,317
Defined benefit pension obligations	680	–	86	–	–	766
Other current liabilities	418	63	23	405	–395	515
Undistributed liabilities						
Current loans payable	–	–	–	75	–	75
Long-term loans payable	–	–	–	3,979	–	3,979
Deferred tax liabilities	–	–	–	369	–	369
Current tax liabilities	–	–	–	180	–	180
Provisions for claims reserves	–	–	–	339	–	339
Shareholders' equity	–	–	–	7,037	–	7,037
Total liabilities and shareholders' equity	**2,259**	**700**	**220**	**12,405**	**–420**	**15,164**
Other information						
Investments, net	709	421	11	11	–	1,152
Depreciation and amortization	601	533	32	14	–	1,180

Notes – continued

NOTE 9 Allocation of revenue

The Group has applied IFRS 15 Revenue from Contracts with Customers as of January 1, 2018, which has resulted in some changes to the accounting principles and adjustments in amounts previously recognized in the financial statements. In accordance with the transition rules in IFRS 15 the Group has chosen to apply the Modified retrospective approach. This means that the accumulated effect is recognized as an equity adjustment on the date of implementation, i.e. January 1, 2018. The table below shows contract revenue from customers according to IFRS 15 and IAS 18 for 2018 and the comparison year 2017 (IAS 18).

Revenue from Contracts with customers

	2018 (IFRS 15)	2018 (IAS 18)	2017 (IAS 18)
Revenue from Contracts with customers	19,168	19,163	17,228
Total revenue	**19,168**	**19,163**	**17,228**

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.

Segment overview revenue

	Europe	USA	International	Eliminations	Total
SEKm	Jan–Dec 2018	Jan–Dec 2018	Jan–Dec 2018	Jan–Dec 2018	Jan–Dec 2018
Cash in Transit (CIT)	6,472	5,489	–	–	11,961
Cash Management Services (CMS)	3,000	2,850	–	–	5,850
International	–	–	942	–	942
Other	318	96	–	–	415
Revenue, internal	42	7	12	–60	–
Total revenue	**9,832**	**8,442**	**954**	**–60**	**19,168**
Timing of revenue recognition, external					
At a point in time	1,042	81	735	–	1,859
Over time	8,748	8,354	207	–	17,309
Total external revenue	**9,790**	**8,435**	**942**	**–**	**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. Since the comparison amounts from December 31, 2018 (IAS 18) and December 31, 2017 (IAS 18) are zero, these are not reported in the table below:

SEKm	Dec. 31, 2018 (IFRS 15)	Jan.1, 2019
Contract assets related to SafePoints	105	122
Contract assets relating to costs to fulfil contracts	4	4
Total contract assets	**109**	**126**
Contract liabilities - expected volumes discounts	11	0
Contract liabilities- expected refunds to customers or penalties	14	17*
Contract liabilities- prepaid income related to subscription fees	60	73*
Contract liabilities related to SafePoints	132	146
Total contract liabilities	**218**	**235**

*Previously reported as Accrued expenses and prepaid income.

The opening balances for SafePoint are for sales of SafePoint equipment in previous years (up to five years back). The revenue from these sales has resulted in a contract liability which is reversed and recognized as revenue in the income statement over the term of the contract – normally five years. The cost of sold SafePoint equipment has been capitalized as a contract asset and this is depreciated over the term of the contract – normally five years.

Contract liabilities reversed and recognized as revenue in 2018 amounted to around SEK 119 million.

Loomis is expecting around SEK 138 million (around 63%) of the total contract liabilities to be reversed to revenue in 2019 and around SEK 80 million (around 37%) is expected to be reversed and recognized as revenue in the years after 2019.

Significant changes in contract assets and contract liabilities

Changes in contract assets and contract liabilities relating to SafePoint are primarily due to the fact that SafePoint revenue from previous years (before 2018) has been reversed and recognized in the income statement and the capitalized contract asset has been depreciated over the term of the contract.

Amendments to the accounting principles

The accounts for 2018 have been prepared in accordance with IFRS 15 and the comparative figures for the 2017 accounts are unchanged. The table with the heading "Revenue from contracts with customers" above shows revenue according to IFRS 15 and according to IAS 18, i.e. according to previous accounting principles. In summary, the amended accounting principle has resulted in the following changes compared to IAS 18:

1) Sales of SafePoint: When a SafePoint unit is sold, Loomis has historically, under IAS 18, recognized this revenue at the time of the sale of the unit. Sales of SafePoint units only take place in exceptional cases. Usually the SafePoint unit is part of Loomis' total service delivery to the customer. Under IFRS 15 revenue generated when a SafePoint unit is sold will be recognized over the term of the customer contract. This is because the type of financing is what is essentially considered to be different and not Loomis' service delivery to the customer.

2) Variable remuneration and contract assets: Loomis' contracts involve various types of variable compensation. Some of these items have in past periods been recognized as an expense, but under IFRS 15 they will be recognized as a reduction in revenue. In certain cases expenses relating to securing contracts are to be recognized over

Notes – continued

the term of the contract (contract asset). The effects are presented in the table below for both variable remuneration and contract assets.

The effect on the income statement of the above-mentioned amended accounting principles is that if the revenues and expenses for 2018 had been recognized according to the previous standard (IAS 18), the revenue would have been SEK 4 million lower and the production expenses SEK 22 million lower (all else being equal).

3) Loomis AB has changed the way it presents certain amounts in the balance sheet to reflect the terminology in IFRS 15.

i) Sales of SafePoint units according to 1) above are recognized as revenue with the associated contract asset and contract liability over the term of the customer contract. Contract assets relating to sales of SafePoint units amounted to SEK 105 million as of December 31, 2018. If the sales had been recognized according to the previous standard (IAS 18) the contract asset would have been zero because the expense would have been recognized directly in the income statement during the period the sale took place and not distributed over the term of the contract.
ii) Contract assets relating to the cost of fulfilling a contract have in the past been recognized as a direct expense. Under IFRS 15 the cost is instead recognized over the entire term of the contract and therefore as a contract asset. The cost for 2018 was SEK 4 million. This is according to adjustments based on item 2 above. If the contract assets for 2018 had been recognized according to the previous standard (IAS 18) the contract asset would have been zero because the expense would have been recognized directly in the income statement.
iii) Contract liabilities relating to prepaid subscription fees amounted to SEK 60 million as of December 31, 2018. If the contract liability for 2018 had been recognized according to the previous standard (IAS 18), the contract liability would have been zero and would have instead been recognized as prepaid subscription fees or prepaid income.
iv) The contract liabilities are divided as of December 31, 2018 between current contract liabilities of SEK 138 million and recognized in the balance sheet as other current liabilities. Non-current contract liabilities of SEK 80 million are recognized in the balance sheet as other non-current liabilities.

SEKm		Jan.–Dec. 2018 IFRS 15	Adjust-ments	Jan.–Dec. 2018 IAS 18
Revenue	1,2	19,168	–4	19,164
Production expenses	2	–14,127	22	–14,105
Selling and administrative expenses		–2,841	0	–2,841
Operating income (EBITA)		**2,200**	**18**	**2,218**

SEKm	Reference	December 31, 2018, IFRS 15	Reclassification	December 31, 2018, IAS 18
Assets				
Contract assets		109	–109	0
whereof SafePoint	i)	105	–105	0
whereof cost relating fulfil contracts	ii)	4	–4	0
Other assets		18,382	0	18,382
Total Assets		**18,491**	**–109**	**18,382**
Shareholders' equity & liabilities				
Shareholders' equity		8,422	33	8,455
Prepayments from customers		0	53	53
Accrued expenses and prepaid income		1,526	8	1,534
External accounts payable		651	9	660
Other current liabilities	iii, iv)	138	–138	0
whereof Current contract liabilities		138	–138	0
Other non-current liabilities	iii, iv)	80	–80	0
whereof Non-current contract liabilities		80	–80	0
Deferred tax liability		0	6	6
Other liabilities		7,674	0	7,674
Total Shareholders' equity & liabilities		**18,491**	**–109**	**18,382**

Notes – continued

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	2018	2017
Previous year's revenue	17,228	16,800
Organic growth[1]	472	397
Acquired revenue	868	404
Divestments	–	–239
Real growth	1,340	562
Change in foreign currency	600	–134
Revenue for the period	**19,168**	**17,228**

1) For definition of organic growth, refer to page 89.

NOTE 10 Operating expenses

Distribution of operating expenses by type

SEK m	Note	2018	as % of revenue	2017	as % of revenue
Personnel costs	11	10,391	*54.2*	9,439	*54.8*
Risk, claims and insurance expenses		454	*2.4*	331	*1.9*
Vehicle expenses		1,671	*8.7*	1,506	*8.7*
Costs of premises		903	*4.7*	822	*4.8*
Costs of technical equipment		819	*4.3*	713	*4.1*
Items affecting comparability		–86	*–0.4*	–	–
Other expenses		2,858	*14.9*	2,426	*14.1*
Total expenses by type		**17,010**	***88.7***	**15,236**	***88.4***

Costs of employee benefits

SEK m	Note	2018	2017
Salaries and bonuses	11	8,216	7,645
Social security contributions	11	1,980	1,589
Pension costs – defined benefit plans	11, 30	69[1]	67
Pension costs – defined contribution plans	11, 30	127	138
Total costs of employee benefits		**10,391**	**9,439**

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	2018	2017
– Audit assignments	15	13
(whereof the parent company's auditor)	*(3)*	*(4)*
– Auditing activities other than audit assignments	0	1
(whereof the parent company's auditor)	*(0)*	*(1)*
– Tax advice	0	0
(whereof the parent company's auditor)	*(–)*	*(0)*
– Other assignments	–	0
(whereof the parent company's auditor)	*(–)*	*(0)*
Total	**15**	**15**
Other auditors		
– Audit assignments	3	1
Total elected auditors	**18**	**16**

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.

Operational leases and rental agreements
Lease expenses relating to operational lease agreements for buildings, office premises, vehicles and machinery and equipment during the year amounted to SEK 599 million (415). The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2018	2017
Maturity < 1 year	572	476
Maturity 1–5 years	1,570	1,408
Maturity > 5 years	957	797
Total	**3,099**	**2,680**

Operational lease agreements refer primarily to buildings and office premises. The total cost for these in 2018 amounted to SEK 422 million (336), of the total cost of SEK 599 million (415).

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Financial leases and rental contracts

Financial leasing agreements refer primarily to vehicles (primarily vehicles used for cash transport), buildings and technical equipment. Paid leasing fees during the year regarding financial lease agreements for vehicles, buildings and equipment amounted to SEK 31 million (19). The statement of income has been charged with SEK 3 million (2) for interest expenses attributable to financial leases. The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2018	2017
Maturity < 1 year	42	40
Maturity 1–5 years	70	91
Maturity > 5 years	–	–
Total	**112**	**130**

For further information on financial leasing, see Notes 19 and 28. Translation differences included in operating income are immaterial. Translation differences in net financial income/expenses are reported in Note 13.

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 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.

Earnings for 2017 include amortization of acquisition-related intangible assets of SEK –55 million which is included in Production expenses, and acquisition-related costs totaling SEK –47 million which is included in Production expenses of SEK –34 million and Selling and administrative expenses of SEK –13 million respectively.

SEK m	2018	2017
Revenue, continuing operations	18,300	16,824
Revenue, acquisitions	868	404
Total revenue	**19,168**	**17,228**
Production expenses	–14,118	–12,622
Gross income	**5,020**	**4,606**
Selling and administrative expenses	–2,892	–2,615
Operating income (EBIT)	**2,158**	**1,992**
Financial income	41	13
Financial expenses	–142	–122
Income before taxes	**2,057**	**1,882**
Income tax	–519	–454
Net income for the year	**1,538**	**1,428**

NOTE 11 Personnel

Average number of full-time equivalent employees by gender

	Women		Men		Total	
Number	2018	2017	2018	2017	2018	2017
Europe	4,417	3,844	9,901	8,675	14,318	12,519
USA	3,325	3,252	6,810	6,660	10,135	9,912
International	82	81	303	299	385	380
Total	**7,824**	**7,177**	**17,014**	**15,634**	**24,838**	**22,811**

In 2018, the number of board members and Presidents for all legal entities within the Group was 54 (56), of which 4(5) were women.

Personnel costs: Board of Directors and Presidents

	Salaries		Social security contributions		(of which pensions)		(of which bonuses)	
SEK m	2018	2017	2018	2017	2018	2017	2018	2017
Europe	79	94	15	16	(5)	(4)	(7)	(23)
USA	20	19	0	1	(0)	(0)	(10)	(9)
International	9	4	2	2	(1)	(1)	(2)	(0)
Total	**108**	**117**	**17**	**18**	**(6)**	**(5)**	**(19)**	**(32)**

Also see Note 41 regarding the Parent Company.

Personnel costs: Other employees

	Salaries		Social security contributions		(of which pensions)	
SEK m	2018	2017	2018	2017	2018	2017
Europe	4,366	3,791	1,291	1,146	(140)	(126)
USA	3,514	3,522	812	581	(32)	(54)
International	227	215	55	49	(19)	(20)
Total	**8,108**	**7,528**	**2,158**	**1,776**	**(191)**	**(200)**

Total personnel costs: Board of Directors, Presidents and other employees

	Salaries		Social security contributions		(of which pensions)	
SEK m	2018	2017	2018	2017	2018	2017
Europe	4,445	3,885	1,306	1,162	(144)	(130)
USA	3,534	3,541	813	581	(32)	(54)
International	236	219	57	51	(20)	(21)
Total	**8,216**	**7,645**	**2,176**	**1,794**	**(196)**	**(205)**

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 3, 2018. The board members were appointed for the period until the 2019 Annual General Meeting. The fees outlined on page 103 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 103. The President does not receive any board fees.

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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 3, 2018. 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 and insurance benefits and a company car. 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 60 percent of fixed salary. For other members of Group Management it is maximized at 80 percent of fixed salary. Variable remuneration within the framework of the Company's Long-Term Incentive Plan (LTIP) is maximized at 40 percent of fixed annual salary for the President and 50 percent of fixed annual salary for other members of Group Management.

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

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. 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 for 2017:

SEK thousand	Fixed salary/ Remuneration for Board of Directors	Variable remuneration [1]	Other benefits	Pension costs	Total
Alf Göransson, Chairman[2]	867	–	–	–	867
Cecilia Daun Wennborg, board member[2]	542	–	–	–	542
Jan Svensson, board member[2]	392	–	–	–	392
Ingrid Bonde, board member[2]	442	–	–	–	442
Gun Nilsson, board member[2]	300	–	–	–	300
Patrik Andersson, President[2]	6,706	6,600	97	1,977	15,380
Lars Blecko, Vice President[4]	6,369	9,342	206	2,760	18,676
Other members of Group Management, 8 in total[2] [3]	24,039	10,121	3,088	5,541	42,789
Total	**39,656**	**26,063**	**3,391**	**10,278**	**79,388**

1) Refers to variable remuneration and long-term bonus program. In 2018 a total of SEK 30,350 thousand has been paid.
2) For holdings of shares in Loomis, refer to pages 54-57 in annual report 2017. For the Incentive Scheme 2016, Patrik Andersson received 3,220 shares, Lars Blecko 6,289 shares, Kenneth Högman 2,873 shares, Anders Haker 1,561 shares, Martti Ojanen 916 shares, Mårten Lundberg 841 shares, Johannes Bäckman 801 shares, Patrik Högberg 1,933 shares, Georges López Periago 3,687 shares and Urs Röösli 1,179 shares in 2018.
3) Refers to Kenneth Högman, Anders Haker, Martti Ojanen, Mårten Lundberg, Johannes Bäckman, Patrik Högberg, Georges López Periago and Urs Röösli.

Notes – continued

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.

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 3, 2018, Loomis' Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2018), equivalent to the scheme adopted by the 2017 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, 2020. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2020. In order for the allotment of shares in Loomis AB to be made, the 2018 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 2018. 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 2018 the cost of the share-based portion of the incentive scheme – the portion for which shares will be acquired – amounted to SEK 29 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 50–53.

NOTE 12 Depreciation, amortization and impairment

SEK m	2018	2017
Acquisition-related intangible assets	83	55
Other intangible assets	40	41
Buildings	37	32
Machinery and equipment	1,106	1,052
(of which for machinery and equipment attributable to financial leasing)	(43)	(37)
Total depreciation, amortization and impairment	**1,266**	**1,180**

Depreciation, amortization and impairment for the year are reported in the statement of income as follows:

SEK m	2018	2017
Production expenses	1,037	993
Selling and administrative expenses	147	132
Acquisition-related intangible assets	83	55
Total depreciation, amortization and impairment	**1,266**	**1,180**

Impairment testing on Goodwill is reported in Note 15.

NOTE 13 Financial income and expenses, net

SEK m	2018	2017
Interest income	32	13
Translation differences, net[1]	9	2
Other financial income	–	–
Financial income	**41**	**15**
Interest expenses	–116	–108
(of which interest expenses for financial leasing)	(–3)	(–2)
Translation differences, net [1]	–	–
Monetary loss [2]	–11	–
Bank charges	–12	–14
Other financial expenses	–3	–2
Financial expenses	**–142**	**–124**
Financial income and expenses, net	**–101**	**–109**

1) Translation differences included in operating income are reported in Note 10.
2) Relates to hyperinflation accounting in Argentina.

Notes – continued

NOTE 14 Income tax

Statement of income
Tax expense

SEK m	2018	%	2017	%
Tax on income before taxes				
– current taxes	–449	*–21.8*	–513	*–27.3*
– deferred taxes	–70	*–3.4*	59	*3.1*
Total tax expense	**–519**	***–25.2***	**–454**	***–24.1***

Total tax rate on income before taxes amounted to –24.1 percent (–27.5). Further details regarding tax expense are shown in the table below.

SEK m	2018	%	2017	%
Tax based on Swedish tax rate	–453	*–22.0*	–414	*–22.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	84	4.1	83	4.4
Non-deductible expenses/ non-taxable income, net	–150	*–7.3*	–123	*–6.5*
Total tax expense	**–519**	***–25.2***	**–454**	***–24.1***

Current tax assets/tax liabilities	Dec. 31, 2018	Dec. 31, 2017
Current tax assets	224	203
Current tax liabilities	–171	–180
Current tax assets/tax liabilities, net	**53**	**22**

Provisions have been made for estimated tax charges that may arise as a result of tax audits. For further information refer to Note 34 section "Other legal proceedings".

Other than in the US, there was no major change in corporate income tax rates in the countries in which Loomis conducts the majority of its operations. In December 2017 it was announced that the federal tax rate in the USA was to be reduced from 35 percent to 21 percent. The deferred tax liabilities, that Loomis had in the balance sheet, were therefore revalued and a positive tax income of SEK 70 million was reported.

The corporate tax rates in the countries in which Loomis has significant business operations are as follows:

Corporate tax rate, %	2018	2017
USA[1]	*26*	*40*
Spain	*25*	*25*
France	*33*	*33*
Sweden	*22*	*22*
UK	*19*	*19*
Switzerland[2]	*20–22*	*20–22*

1) The corporate income tax rate includes federal as well as state tax. The federal tax was 35 percent in 2017. From January 1, 2018 the federal tax rate was reduced to 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, 2018	Dec. 31, 2017
Machinery and equipment	107	115
Pension provisions and employee-related liabilities	215	256
Liability insurance related claims reserves	27	26
Provisions for restructuring	13	11
Loss carryforwards	34	30
Other temporary differences	125	156
Total deferred tax assets	**520**	**595**
Netting	–178	–177
Deferred tax assets, net	**342**	**418**

Deferred tax liabilities, SEK m	Dec. 31, 2018	Dec. 31, 2017
Machinery and equipment	247	212
Pension provisions and employee-related liabilities	4	4
Liability insurance related claims reserves	–	–
Intangible fixed assets	261	182
Other temporary differences	127	149
Total deferred income tax liabilities	**639**	**546**
Netting	–178	–177
Deferred tax liabilities, net	**461**	**369**
Deferred tax assets/tax liabilities, net	**–119**	**49**

Notes – continued

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**	**Total deferred tax**
Deferred tax assets								2018	2017
Opening balance	**115**	**256**	**26**	**11**	**–**	**30**	**156**	**595**	**689**
Change reported in statement of income	–12	–44	–1	0	–	3	5	–49	–61
Change due to new-tax rates	0	12	–	–	–	–	0	12	–3
Change due to reclassification	0	–1	–	–	–	–	–40	–41	–5
Change due to foreign currency effects	5	15	2	1	–	1	4	27	–24
Change reported in shareholders' equity	–	–25	–	–	–	–	–	–25	–4
Change due to acquisitions	–	1	–	–	–	–	–	1	2
Closing balance	**107**	**215**	**27**	**13**	**–**	**34**	**125**	**520**	**595**
Change during the year	**–8**	**–42**	**1**	**1**	**–**	**4**	**–31**	**–75**	**–94**
Deferred tax liabilities									
Opening balance	**212**	**4**	**–**	**–**	**182**	**–**	**149**	**546**	**683**
Change reported in statement of income	18	0	–	–	–2	–	–4	12	–123
Change due to new tax rates	–	–	–	–	–	–	0	0	0
Change due to reclassification	–	–	–	–	11	–	–36	–25	–3
Change due to foreign currency effects	15	0	–	–	11	–	4	30	–48
Change reported in shareholders' equity	2	0	–	–	3	–	–	6	–2
Change due to acquisitions	–	–	–	–	57	–	–	57	38
Change due to new accounting principles	–	–	–	–	–	–	13	13	–
Closing balance	**247**	**4**	**–**	**–**	**261**	**–**	**127**	**639**	**546**
Change during the year	**35**	**0**	**–**	**–**	**79**	**–**	**–22**	**93**	**–137**

Of deferred tax assets of SEK 520 million (595), a total of SEK 252 million (185) is expected to be realized within 12 months. Of deferred tax liabilities of SEK 639 million (546), a total of SEK 4 million (5) is expected to be realized within 12 months.

Loss carryforwards

The total tax loss carryforwards as of December 31, 2018, were SEK 386 million (411), of which SEK 5 million (18) has time limits. The Loomis companies with large loss carryforwards are mainly found in Denmark and Belgium.

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, 2018, tax loss carryforwards, for which deferred tax assets have been recognized, amounted to SEK 130 million (140) and deferred tax assets relating to these loss carryforwards amounted to SEK 34 million (30).

Notes – continued

NOTE 15 Acquisitions of subsidiaries and impairment testing

Acquisitions of subsidiaries and impairment testing

	Consolidated as of	Segment	Acquired share[1] %	Annual revenue SEK m	Number of employ-ees	Purchase price SEK m	Goodwill SEK m	Acquisition-related intangible assets SEK m	Other acquired/ divested net assets SEK m
Opening balance, January 1, 2018							**5,615**	**349**	
Acquisition of KÖTTER Geld- und Wertdienste SE & CO. KG[7]	January	Europe	100	443[2]	800	146[5]	50[8]	47	49
Acquisition of Compañía Chilena de Valores S.A.[7]	June	Europe	100	95[2]	1,000	248[5]	177[9]	51	20
Acquisition of CPoR Devises[7]	December	Europe	100	342[3]	130	1,025[5]	347[8]	113	565
Other acquisitions[7] [12]	January/ February/ December	International/ Europe	100	64[4]	176	25[6]	30[9]	–	–5
Other[10]							–29	18	–
Total acquisitions January–December 2018							**575**	**229**	**629**
Amortization of acquisition-related intangible assets							–	–83	
Impairment							–51[11]	–	
Translation differences							394	20	
Closing balance December 31, 2018							**6,533**	**515**	

1) Refers to share of votes. In acquisitions of assets and liabilities, no share of votes is indicated.
2) Annual revenue in 2017 translated to SEK million on the acquisition date.
3) Annual revenue in 2018 translated to SEK million on the acquisition date.
4) Annual revenue translated to SEK million on the acquisition date.
5) The enterprise value on the acquisition date amounted to around SEK 171 million for KGW, to around SEK 250 million for CCV and to around SEK 700 million for CPoR.
6) The enterprise value on the acquisition date amounted to around SEK 33 million.
7) The acquisition analysis is preliminary and subject to final adjustment no later than one year from the acquisition date.
8) Goodwill arising in connection with the acquisition is primarily attributable to markets, synergy effects and expansion of services. Any impairment is not tax deductible.
9) Goodwill arising in connection with the acquisition is primarily attributable to market and synergy effects. Any impairment is not tax deductible.
10) From an updated acquisition analysis from the previous year for the following unit: Wagner Seguridad Custodia y Transporte de Valores.
11) Relates to impairment recognized during the second quarter for the following entities: Loomis Czech Republic and Loomis Belgium.
12) 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.

Acquisition of Kötter Geld- und Wertdienste SE & Co. KG (KGW)

Loomis has acquired all of the shares in the company KÖTTER Geld und Wertdienste SE & Co. KG (KGW), Germany. The purchase price amounted to SEK 146 million (15 MEUR). The acquired operations were consolidated by Loomis as of January 22, 2018.

Summarized balance sheet as of the acquisition date, January 22, 2018.

SEK m	Preliminary acquisition balance
Operating fixed assets	84
Accounts receivable	51
Other assets	4
Other liabilities	–51
Total operating capital employed	**88**
Goodwill	50
Other acquisition-related intangible assets	47
Other capital employed	–14
Total capital employed	**172**
Net debt, acquired	–26
Total acquired net assets	**146**
Purchase price paid	146
Total purchase price paid	**146**
Purchase price paid	–146
Liquid funds in accordance with acquisition analysis	12
Total negative impact on the Group's liquid funds	**–134**

With this acquisition Loomis expands into one of the biggest markets in Europe. The acquisition has contributed approximately SEK 446 million to total revenue and approximately SEK –12 million to net income for the year. If consolidated as of January 1, 2018, the acquisition would have contributed approximately SEK 470 million to total revenue and approximately SEK –12 million to net income for the year.

Total transaction costs for the acquisition amounted to approximately SEK 4 million and have been recognized on the line item Acquisition related costs.

Notes – continued

Acquisition of Compañia Chilena de Valores S.A (CCV)

Loomis has acquired all of the shares in the Chilean company Compañía Chilena de Valores S.A. (CCV). The purchase price amounted to SEK 248 million (28 MUSD). The acquired operations were consolidated by Loomis as of June 27, 2018.

Summarized balance sheet as of the acquisition date, June 27, 2018.

SEK m	Preliminary acquisition balance
Operating fixed assets	37
Accounts receivable	10
Other assets	0
Other liabilities	–15
Total operating capital employed	**32**
Goodwill	177
Other acquisition-related intangible assets	51
Other capital employed	–5
Total capital employed	**255**
Net debt, acquired	–8
Total acquired net assets	**248**
Purchase price paid	198
Deferred consideration	50
Total purchase price paid	**248**
Purchase price paid	–198
Liquid funds in accordance with acquisition analysis	5
Total negative impact on the Group's liquid funds	**–193**

With this acquisition Loomis continues to expand the Latin American footprint and further enhances the position in the Chilean cash handling industry.

The acquisition has contributed approximately SEK 55 million to total revenue and approximately SEK 1 million to net income for the year. If consolidated as of January 1, 2018, the acquisition would have contributed approximately SEK 120 million to total revenue and approximately SEK 4 million to net income for the year.

Total transaction costs for the acquisition amounted to approximately SEK 3 million and have been recognized on the line item Acquisition related costs.

Acquisition of CPoR Devises

Loomis has acquired all of the shares in CPoR Devises, in France. The purchase price amounted to SEK 1,025 million (100 MEUR). The acquired operations were consolidated by Loomis as of December 31, 2018.

Summarized balance sheet as of the acquisition date, December 31, 2018.

SEK m	Preliminary acquisition balance
Operating fixed assets	76
Accounts receivable	0
Other assets	297
Other liabilities	–67
Total operating capital employed	**407**
Goodwill	347
Other acquisition-related intangible assets	113
Other capital employed	–35
Total capital employed	**832**
Net debt, acquired	193
Total acquired net assets	**1,025**
Purchase price paid	1,025
Total purchase price paid	**1,025**
Purchase price paid	–1,025
Liquid funds in accordance with acquisition analysis	297
Total negative impact on the Group's liquid funds	**–728**

With the acquisition of CPoR Devises, Loomis expands the foreign exchange offer and takes an active role in the FX market in France and act as local FX distributor for banks and other customers. The acquisition has contributed SEK 0 million to total revenue and SEK 0 million to net income for the year. If consolidated as of January 1, 2018, the acquisition would have contributed approximately SEK 342 million to total revenue and approximately SEK 32 million to net income for the year.

Total transaction costs for the acquisition amounted to approximately SEK 6 million and have been recognized on the line item Acquisition related costs.

Other acquisitions

Three minor acquisitions were made in January, February and December 2018, respectively. The total purchase price for these acquisitions amounted to SEK 25 million. The acquired operations were consolidated by Loomis as of each respective acquisition date.

Other

As of December 31, 2018, the Group as a whole had deferred considerations totaling SEK 123 million, whereof SEK 2 million is due for payment in 2019.

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, 2018	Dec. 31, 2017
Argentina	*30.5 (25.6)*	10	17
Belgium	*8.6 (n/a)*	45	75
Chile	*n/a (n/a)*	302	160
Denmark	*5.8 (6.1)*	22	22
Finland	*6.0 (5.9)*	110	105
France	*7.4 (7.9)*	735	365
Portugal	*9.5 (10.4)*	1	1
Switzerland	*7.7 (7.5)*	322	298
Slovakia	*9.1 (8.7)*	2	2
Spain	*8.7 (8.6)*	444	427
UK	*6.8 (7.1)*	299	289
Sweden	*6.4 (6.0)*	17	17
Czech Republic	*10.0 (8.8)*	–	17
Turkey	*24.1 (16.8)*	23	21
Germany	*n/a (n/a)*	52	–
USA	*8.3 (7.8)*	3,251	2,983
International	*8.8 (8.7)*	898	815
Total		**6,533**	**5,615**

*The discount rate used in impairment testing is stated after tax.

Notes – continued

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)*	*5.8–30.5*
USA	*2.0 (2.0)*	*8.3*
International	*2.0 (2.0)*	*8.8*

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.

During the second quarter of 2018, a need for impairment in two operations within the European segment was recognized and an impairment of SEK 51 million was carried out. The Group's annual impairment testing of all cash-generating units was carried out in the third quarter of 2018, with the exception for the acquisitions made during the year. No further impairment losses were 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.

*The discount rate used in impairment testing is stated after tax.

NOTE 16 Goodwill

SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	5,615	5,626
Acquisitions	575	340
Translation differences	394	–351
Closing accumulated balance	**6,584**	**5,615**
Impairment losses for the year	–51	–
Closing accumulated impairment losses	**–51**	**–**
Closing residual value	**6,533**	**5,615**

SEK m	Dec. 31, 2018	Dec. 31, 2017
Goodwill distributed by operating segment:		
USA	3,251	2,983
Europe	2,385	1,818
International	898	815
Total	**6,533**	**5,615**

NOTE 17 Acquisition-related intangible assets

SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	777	654
Acquisitions	229	154
Divestments	–	0
Translation differences	50	–31
Closing accumulated balance	**1,056**	**777**
Opening amortization	–428	–393
Amortization for the year	–83	–55
Translation differences	–30	20
Closing accumulated amortization	**–541**	**–428**
Closing residual value	**515**	**349**

Acquisition-related intangible assets primarily consist of contract portfolios.

NOTE 18 Other intangible assets

SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	376	388
Acquisitions	57	3
Capital expenditures	47	34
Disposals/write-offs	–12	–54
Reclassifications	0	0
Translation differences	12	4
Closing accumulated balance	**479**	**376**
Opening amortization	–274	–274
Disposals/write-offs	12	44
Amortization for the year	–40	–41
Reclassifications	0	0
Translation differences	–10	–4
Closing accumulated amortization	**–311**	**–274**
Closing residual value	**168**	**102**

Other intangible assets regards mainly to software licenses.

NOTE 19 Tangible fixed assets

	Buildings and land	
SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	1,080	1,041
Acquisitions	17	7
Capital expenditure	119	61
Disposals/write-offs	–2	–8
Reclassifications	27	–1
Translation differences	75	–20
Closing accumulated balance	**1,316**	**1,080**
Opening depreciation	–325	–310
Disposals/write-offs	–	8
Depreciation for the year	–37	–32
Translation differences	–23	8
Closing accumulated depreciation	**–385**	**–325**
Closing residual value	**931**	**755**

Notes – continued

	Machinery and equipment	
SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	12,760	13,348
Acquisitions	69	103
Capital expenditure	1,302	1,097
Disposals/write-offs	–362	–1,221
Reclassifications	–16	16
Translation differences	855	–583
Closing accumulated balance	**14,609**	**12,760**
Opening depreciation	–8,826	–9,370
Disposals/write-offs	328	1,195
Reclassifications	0	0
Depreciation for the year	–1,106	–1,052
Translation differences	–578	400
Closing accumulated depreciation	**–10,182**	**–8,826**
Closing residual value	**4,427**	**3,934**

The closing residual value of land included in Buildings and land above amounted to SEK 208 million (166).

Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment. No impairment has been undertaken.

The tangible fixed assets reported above include assets made available under financial lease agreements as specified below. There are limits on the right of disposal for assets held by Loomis through financial leases. Refer to Note 28 for further information on financial lease agreements.

Financial lease agreements	Buildings	
SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	49	48
Reclassifications	20	–
Translation differences	2	1
Closing accumulated balance	**71**	**49**
Opening depreciation	–33	–30
Depreciation for the year	–3	–2
Reclassifications	–5	–
Translation differences	–1	–1
Closing accumulated depreciation	**–42**	**–33**
Closing residual value	**28**	**16**

Financial lease agreements	Machinery and equipment	
SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	340	241
Acquisitions	–	78
Capital expenditure	18	58
Disposals/write-offs	–22	–31
Reclassifications	–12	–
Translation differences	12	–5
Closing accumulated balance	**336**	**340**
Opening depreciation	–190	–163
Acquisitions	–	–24
Disposals/write-offs	21	29
Reclassifications	–43	–37
Depreciation for the year	8	–
Translation differences	–8	5
Closing accumulated depreciation	**–211**	**–190**
Closing residual value	**125**	**151**

NOTE 20 Interest-bearing financial fixed assets

SEK m	Dec. 31, 2018	Dec. 31, 2017
Long-term external investments	183	79
Defined benefit plans[1)]	317	18
Total interest-bearing financial fixed assets	**500**	**96**

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 (39). For additional information regarding financial instruments, refer to Note 6.

NOTE 21 Other long-term receivables

SEK m	Dec. 31, 2018	Dec. 31, 2017
Long-term rent deposits	29	22
Other long-term receivables	26	19
Total other long-term receivables	**55**	**42**

SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	42	28
Reclassifications	–	–
Other changes	11	13
Translation differences	2	1
Closing balance	**55**	**42**

Notes – continued

NOTE 22 Accounts receivable

SEK m	Dec. 31, 2018	Dec. 31, 2017
Accounts receivable before deduction of provisions for bad debt losses	2,421	2,257
Provision for bad debt losses, net	–80	–84
Total accounts receivable	**2,341**	**2,173**

Bad debt losses for the year amounted to SEK 25 million (34), net.

Ageing analysis for overdue accounts receivable

SEK m	Dec. 31, 2018	Dec. 31, 2017
Maturity date <30 days	546	531
Maturity date 30–90 days	176	134
Maturity date >90 days	104	83
Total overdue accounts receivable	**826**	**748**

NOTE 23 Other current receivables

SEK m	Dec. 31, 2018	Dec. 31, 2017
Funds within cash processing operations (net)[1]	392	85
Other current receivables	108	84
Total other current receivables	**500**	**169**

1) Excluding consignment stocks of money.

As part of its cash processing operations, Loomis stores consignment stocks of money for third parties. Consignment stocks of money are reported by the other parties and not by Loomis, furthermore they are separated from Loomis' own liquid funds and cash flow and are not used in Loomis' other operations or activities.

To finance certain parts of its operations, Loomis uses loan financing in the form of overdraft facilities. These overdraft facilities are recognized net against stocks of money. Financing costs relating to this loan financing amount to SEK 25 million (25) and are recognized as production expenses.

Funds within cash processing operations

SEK m	Dec. 31, 2018	Dec. 31, 2017
Stocks of money	3,250	1,478
Prepayments from customers and receivables on customers	–161	–639
Liabilities related to prepayments from customers and liabilities to customers	–1,452	–650
Overdraft facility related to cash processing operations	–1,246	–104
Funds within cash processing operations (net)	**392**	**85**

To read a description of the Group's risk exposure relating to financial instruments, refer to Note 6.

NOTE 24 Prepaid expenses and accrued income

SEK m	Dec. 31, 2018	Dec. 31, 2017
Prepaid expenses for insurance and risk management	42	53
Prepaid rent	38	38
Prepaid leasing fees	1	2
Prepaid suppliers' invoices	7	4
Other prepaid expenses	341	285
Other accrued income	72	25
Total prepaid expenses and accrued income	**500**	**407**

NOTE 25 Interest-bearing financial current assets

SEK m	Dec. 31, 2018	Dec. 31, 2017
External investments	37	62
Total interest-bearing financial current assets	**37**	**62**

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, 2018	Dec. 31, 2017
Cash and bank balances	1,308	839
Short-term bank investments	–	–
Total liquid funds[1]	**1,308**	**839**

1) Liquid funds include interest-bearing current assets with a term of less than 90 days.

Notes – continued

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, 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 and for 2017 the expensed portion was SEK 33 million.
3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 88.

The number of shares issued as of December 31, 2018 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 50.

SEK m	Share capital	Other capital contributed	Other reserves 1)	Retained earnings including net income for the year	Total
	Shareholders' equity attributable to the owners of the Parent Company				
Opening balance, January 1, 2017	**376**	**4,594**	**1,131**	**546**	**6,647**
Comprehensive income					
Net income for the year	–	–	–	1,428	1,428
Other comprehensive income					
Actuarial gains and losses	–	–	–	20	20
Tax effect on actuarial gains and losses	–	–	–	–3	–3
Translation differences	–	–	–631	–	–631
Hedging of net investments, net of tax	–	–	179	–	179
Total other comprehensive income	**–**	**–**	**–452**	**17**	**–435**
Total comprehensive income	**–**	**–**	**–452**	**1,445**	**993**
Transactions with shareholders					
Dividend	–	–	–	–602	–602
Share-based remuneration 2)	–	–	32	–	32
Share swap agreement 3)	–	–	–33	–	–33
Total transactions with shareholders	**–**	**–**	**–1**	**–602**	**–603**
Closing balance, December 31, 2017	**376**	**4,594**	**678**	**1,389**	**7,037**

Notes – continued

NOTE 28 Loans payable and financial leases

SEK m	Dec. 31, 2018	Dec. 31, 2017
Long-term loans payable		
Liabilities, financial leases	94	101
Bank loans	1,767	954
MTN program	–	1,000
Commercial papers	2,400	1,850
Subtotal long-term loans payable	**4,260**	**3,904**
Derivatives and other items	121	75
Total long-term loans payable	**4,381**	**3,979**
Current loans payable		
Liabilities, financial leases	24	30
MTN program	1,000	–
Bank loans	15	9
Subtotal current loans payable	**1,038**	**39**
Derivatives and other items	20	36
Total current loans payable	**1,058**	**75**
Total loans payable	**5,439**	**4,054**

Liabilities, financial leases – minimum lease payments	Dec. 31, 2018	Dec. 31, 2017
Maturity < 1 year	24	31
Maturity 1–5 years	98	107
Maturity >5 years	–	–
Total	**122**	**138**
Future financial expenses for financial leases	–9	–21
Total present value of liabilities for financial leases	**113**	**117**

Present value of liabilities for financial leases	Dec. 31, 2018	Dec. 31, 2017
Maturity < 1 year	43	35
Maturity 1–5 years	70	82
Maturity >5 years	–	–
Total present value of liabilities for financial leases	**113**	**117**

NOTE 29 Provisions for claims reserves

SEK m	Dec. 31, 2018	Dec. 31, 2017
Long-term provisions for claims reserves	193	180
Short-term provision for claims reserves	172	160
Total provisions for claims reserves	**365**	**339**

SEK m	Dec. 31, 2018	Dec. 31, 2017
Opening balance	339	405
New provisions	276	204
Utilized amount	–275	–221
Provisions not used	–2	–16
Translation difference	27	–33
Closing balance	**365**	**339**

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 2018 the cost for defined contribution plans amounted to SEK 127 million (138).

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, 2018				
	France	Switzerland	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**

	Dec. 31, 2017				
	France	Switzerland	UK	Other countries	Total
Funded plans					
Present value of funded defined benefit obligations	–	840	1,853	98	2,791
Fair value of plan assets	–	–590	–1,782	–73	–2,445
Funded plans, net	**–**	**250**	**71**	**25**	**347**
Unfunded plans					
Present value of unfunded benefit obligations	385	–	–	17	402
Total funded and unfunded benefit obligations	**385**	**250**	**71**	**42**	**748**

Notes – continued

Below is a description of the most material defined benefit pension plans:

UK

The Loomis UK Pension scheme represents approximately 52 percent (58) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2018. 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 31 percent (26) of the Group's total commitments as of December 31, 2018. 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 two unfunded plans, a Retirement indemnity plan that represents approximately 13 percent (11) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2018 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, 2018. 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, 2018.

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

Notes – continued

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 2018 amounted to SEK 14 million (19). The cost for 2019 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 2018, Alecta's surplus in the form of the collective consolidation level amounted to 142 percent (154). 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, 2018 the present value of the defined benefit obligation was comprised as follows:

	Dec. 31, 2018			
	France	Switzer-land	UK	Other countries
Liability Active members *(% of total obligation)*	*100*	*66*	*–*	*92*
Liability Deferred members *(% of total obligation)*	*–*	*–*	*54*	*–*
Liability Pensioner members *(% of total obligation)*	*–*	*34*	*46*	*8*
Total	**100**	**100**	**100**	**100**
Pension plan duration (years)	12	17	19	19

Financial disclosures
The amounts recognized in the balance sheet are as follows:

Provisions for pensions and similar commitments, net

SEK m	Dec. 31, 2018	Dec. 31, 2017
Plans included in Interest-bearing financial fixed assets	–317	–18
Plans included in Provisions for pensions and similar commitments	711	766
Total provisions for pensions and similar commitments, net	**394**	**748**

The table below shows the total cost for defined benefit plans in 2018 and 2017.

Pension costs

SEK m	Dec. 31, 2018	Dec. 31, 2017
Current service costs	50	51
Administration costs (excluding investment related expenses for funded plans)	11	6
Net interest cost/gain (–)	6	9
Recognized actuarial gains (–)/ losses	0	1
Past service costs/credits (–) & settlements	–177	0
Total pension costs	**–109**	**67**

Notes – continued

The movement in the net defined benefit obligation during 2016–2018 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		2018			2017			2016	
Opening balance	**3,193**	**–2,445**	**748**	**3,214**	**–2,428**	**786**	**3,125**	**–2,464**	**661**
Current service costs	50	–	50	51	–	51	56	–	56
Administration costs (excluding investment related expenses for funded plans)	11	–	11	6	–	6	7	–	7
Net interest cost/gain (–)	58	–52	6	60	–51	9	70	–62	8
Recognized actuarial gains (–)/losses	0	–	–	1	–	1	3	–	3
Past service costs/credits (–) & settlements	–178	–	–178	0	–	0	–10	5	–5
Total pension costs	**–57**	**–52**	**–109**	**118**	**–51**	**67**	**127**	**–57**	**70**
Actuarial gains (–) and losses due to experience	–46	–	–46	–2	–	–2	51	–	51
Actuarial gains (–) and losses from changes in financial assumptions	–127	–	–127	60	–	60	468	–	468
Actuarial gains (–) and losses from changes in demographic assumptions	–52	–	–52	0	–	0	–30	–	–30
Changes in the asset ceiling, excluding amounts included in interest expense/interest income	–	2	2	–	12	12	–	–22	–22
Return on plan assets, excluding amounts included in Net interest cost / gain (–)	–	99	99	–	–91	–91	–	–227	–227
Total actuarial gains (–) and losses before tax	**–225**	**101**	**–124**	**58**	**–78**	**–20**	**490**	**–249**	**240**
Employer contributions	–	–164	–164	–	–79	–79	–	–89	–89
Employee contributions	21	–21	–	20	–20	–	24	–24	–
Benefits paid to participants	–131	131	–	–153	153	–	–148	148	–
Administration costs paid over the year	–11	11	–	–6	6	–	–7	7	–
Reclassifications				–	–	–	–	–	–
Acquisitions/Divestments	3	–	3	–	–	–	–274	164	–110
Translation differences	146	–109	37	–56	50	–5	–123	137	14
Closing balance	**2,941**	**–2,547**	**394**	**3,193**	**–2,445**	**748**	**3,214**	**–2,428**	**786**

The contribution for 2019 is expected to be approximately SEK –61 million (–82).

Assumptions and sensitives

The significant actuarial assumptions used as of balance sheet day were as follows:

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*

Main actuarial assumptions as per December 31, 2017 (%)	UK	Switzerland	France	Other
Discount rate	*2.50*	*0.50–0.65*	*1.20–1.30*	*1.70–1.90*
Salary increases	*n/a*	*1.00*	*2.30*	*1.80–2.50*
Inflation	*2.40–3.40*	*0.75*	*1.20*	*0.00–1.50*
Pension increases	*3.30*	*0.00*	*n/a*	*0.00–1.50*

These assumptions are used in the valuation of the obligations of the defined benefit plans at the end of 2018 and 2017 and to determine the pension costs for 2019 and 2018. 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

	2018	2017
France	*INSEE 2015–2017*	*INSEE 2013–2015*
Switzerland	LPP 2015	LPP 2015
UK	SAPS2 base tables with scheme specific adjustments, CMI core 2017 projections and a 1% long term improvement rate	Club Vita 2014, CMI Core 2015 projections, 1.0% long term improvement rate

Notes – continued

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, 2018
Life expectancy at 65 for a pensioner currently aged 65:	
Men	20.8
Women	23.2
Life expectancy at 65 for a pensioner currently aged 45:	
Men	21.9
Women	25.1

Switzerland	Dec. 31, 2018
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, 2018
0.1% increase in discount rate	–47
0.1% decrease in discount rate	48
0.1% increase in inflation rate	29
0.1% decrease in inflation rate	–29
1 year increase in life expectancy	53

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, 2018					Dec. 31, 2017				
	Quoted	Unquoted	Info. not available	Total	%	Quoted	Unquoted	Info. not available	Total	%
Equities										
UK	–	–	–	**–**	0.0	86	–	–	86	3.5
Other European countries	5	2	–	7	0.3	110	–	–	110	4.5
North America	1	–	–	1	0.0	158	–	–	158	6.5
Asia	–	–	–	**–**	0.0	81	–	–	81	3.3
Emerging markets	–	–	–	**–**	0.0	36	–	–	36	1.5
Other	1	–	–	1	0.0	–	–	–	–	–
Total equities	**7**	**2**	**–**	**8**	**0.3**	**470**	**–**	**–**	**470**	**19.2**
Fixed index government bonds										
UK	1,433	–	–	1,433	56.2	157	–	–	157	6.4
Other European countries	46	13	–	59	2.3	66	–	–	66	2.7
North America	38	–	–	38	1.5	189	–	–	189	7.7
Other	8	–	–	8	0.3	274	–	–	274	11.2
Total fixed index government bonds	**1,524**	**13**	**–**	**1,537**	**60.3**	**686**	**–**	**–**	**686**	**28.0**
Corporate bonds										
UK	9	–	–	9	0.3	415	–	–	415	17.0
Other European countries	7	–	–	7	0.3	48	–	–	48	1.9
North America	125	–	–	125	4.9	–	–	–	–	–
Other	76	–	–	76	3.0	–	–	–	–	–
Total corporate bonds	**216**	–	–	**216**	**8.5**	**462**	**–**	**–**	**462**	**18.9**
Properties										
Other European countries	–	6	–	6	0.2	–	6	–	6	0.2
Properties, total	–	**6**	–	**6**	**0.2**	**–**	**6**	**–**	**6**	**0.2**
Cash	–	41	–	41	1.6	–	38	–	38	1.6
Other[1)]	81	–	–	81	3.2	194	–	–	194	7.9
Other[2)]	–	–	659	659	25.9	–	–	590[3)]	590	24.1
Total plan assets	**1,828**	**61**	**659**	**2,547**	**100**	**1,811**	**44**	**590**	**2,445**	**100**

1) Refers to derivative for 2018, while for 2017 this item consists mainly of investments in Russell Investments Multi-Asset Growth Strategy Fund (MAGS), a multi-strategy fund that invests in various classes of assets in many different markets.
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.

Notes – continued

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.
Legislative risk	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, 2018	Dec. 31, 2017
Other long-term provisions	78	82
Other short-term provisions	33	51
Total other provisions	**111**	**132**
Other long-term provisions		
Opening balance	82	99
New provisions	14	5
Utilized amount	–7	–18
Provisions not used	–12	0
Translation differences	2	–5
Closing balance	**78**	**82**

SEK m	Dec. 31, 2018	Dec. 31, 2017
Other short-term provisions		
Opening balance	51	46
New provisions	18	32
Utilized amount	–29	–25
Provisions not used	–9	–1
Translation differences	2	–1
Closing balance	**33**	**51**
Total other provisions	**111**	**132**

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 Accrued expenses and prepaid income

SEK m	Dec. 31, 2018	Dec. 31, 2017
Accrued personnel costs	1,292	1,042
Accrued interest expenses	8	4
Accrued rent charges	40	27
Accrued consulting fees	2	4
Other accrued expenses	247	240
Total accrued expenses and prepaid income	**1,589**	**1,317**

Other accrued expenses, as per the above, refer to, amongst other things, accrued insurance expenses, accrued suppliers' invoices and accrued lease expenses.

NOTE 33 Other current liabilities

SEK m	Dec. 31, 2018	Dec. 31, 2017
Advanced payment from customers	0	69
Current liabilities attributable to VAT	233	203
Other current liabilities	257	111
Total other current liabilities	**490**	**382**

Notes – continued

NOTE 34 Contingent liabilities

SEK m	Dec. 31, 2018	Dec. 31, 2017
Securities and guarantees	4,353	3,235
Other contingent liabilities	39	11
Total contingent liabilities	**3,246**	**3,246**

The guarantees in 2018 refer to, amongst other things to a guarantee of SEK 973 million (554) related to the defined benefit pension plan in the UK and guarantees for insurance commitments for Loomis in the USA amounting to SEK 423 million (420). It is difficult to assess whether these contingent liabilities will result in any financial outflow. Loomis AB has also issued guarantees to Loomis Suomi Oy, Loomis Norge AS, Loomis Denmark and Loomis Sverige AB relating to bank loans for cash management operations. For further information, refer to Note 23.

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 the year. Due to the applicable double taxation agreement the future outcome is not expected to have any significant effect on the Group's tax expense.

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 is DKK 125 million and the suit relates mainly to alleged misuse of a dominant position in the Danish market. 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 35 Items not affecting cash flow

SEK m	Dec. 31, 2018	Dec. 31, 2017
Depreciation of tangible fixed assets and amortization of intangible assets	1,183	1,124
Amortization of acquisition-related intangible assets	83	55
Items affecting comparability	–87	–1
Acquisition-related costs and revenue	–7	–33
Financial income	–32	–13
Financial expenses	133	122
Total items not affecting cash flow, items affecting comparability and acquisition-related costs and revenue	**1,273**	**1,254**

Parent Company statement of income

SEK m	Note	2018	2017
Other revenue	38	516	512
Gross income		**516**	**512**
Administrative expenses	40, 41	–206	–188
Operating income (EBIT)		**310**	**324**
Result from financial investments			
Result from participations in Group companies	42	749	509
Financial income	43	827	788
Financial expenses	43	–1,051	–609
Total result from financial investments		**524**	**688**
Income after financial items		**834**	**1,012**
Income tax	44	–38	–131
Deferred tax	44	3	–
Net income for the year		**800**	**880**

Parent Company statement of comprehensive income

SEK m	2018	2017
Net income for the year	800	880
Other comprehensive income	–	–
Total comprehensive income for the year	**800**	**880**

Parent Company balance sheet

SEK m	Note	Dec. 31, 2018	Dec. 31, 2017
ASSETS			
Fixed assets			
Intangible fixed assets		5	5
Machinery and equipment	45	3	5
Shares in subsidiaries	46	8,572	8,333
Participation in associated companies		18	–
Interest-bearing long-term receivables from subsidiaries	38	2,559	1,448
Other long term receivables		3	–
Total fixed assets		**11,160**	**9,791**
Current assets			
Current receivables from subsidiaries	38, 47	136	94
Interest-bearing current receivables from subsidiaries	38	996	581
Other current receivables	48	3	6
Prepaid expenses and accrued income	49	54	86
Liquid funds		94	206
Total current assets		**1,283**	**973**
TOTAL ASSETS		**12,444**	**10,765**

SEK m	Note	Dec. 31, 2018	Dec. 31, 2017
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	50		
Restricted equity			
Share capital		376	376
Total restricted shareholders' equity		**376**	**376**
Non-restricted equity			
Other capital contributed		5,673	5,673
Retained earnings		–1,640	–1,772
Net income for the year		800	880
Total non-restricted shareholders' equity		**4,833**	**4,781**
Total shareholders' equity		**5,209**	**5,158**
Long-term liabilities			
Loans payable, external	39	4,157	3,799
Other Long-term liabilities external	39	19	19
Deferred tax liabilities	44	–	3
Current liabilities			
Current liabilities to subsidiaries	38	70	46
Loans payable to subsidiaries	38	1,907	1,592
Interest-bearing current liabilities, external	39	1,012	–
Accounts payable	39	6	21
Current tax liability	44	16	55
Other current liabilities	39	20	32
Accrued expenses and prepaid income	51	26	40
Total liabilities		**7,234**	**5,607**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**12,444**	**10,765**

Parent Company statement of cash flows

SEK m	Note	2018	2017
Operations			
Income after financial items		834	1,012
Items not affecting cash flow	52	–529	–685
Financial items received		72	10
Financial items paid		–130	–100
Income tax paid		2	–3
Dividends received		704	421
Change in other operating capital employed		–18	14
Cash flow from operations		**936**	**669**
Investing activities			
Investments in fixed assets	45	–1	–7
Shares in subsidiaries		–259	–227
Cash flow from investing activities		**–260**	**–233**
Financing activities			
Other changes in financial fixed assets		–1,110	–269
Decrease/increase in current financial investments		–81	–128
Decrease/increase in liabilities		590	–888
Change in issued commercial papers		550	1,350
Group contributions received		45	206
Dividend paid		–677	–602
Share swap agreement		–104	–9
Cash flow from financing activities		**–788**	**–340**
Cash flow for the year		**–112**	**96**
Liquid funds at beginning of year		**206**	**110**
Liquid funds at end of year[1)]		**94**	**206**

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 contributed capital[3)]	Retained earnings including Net Income for the year[4, 5, 6)]	Total
Opening balance, January 1, 2017	**376**	**5,673**	**–1,160**	**4,889**
Comprehensive income				
Net income for the year	–	–	880	880
Total comprehensive income			**880**	**880**
Transactions with shareholders				
Dividend	–	–	–602	–602
Share swap agreement[7)]	–	–	–9	–9
Total transactions with shareholders	**–**	**–**	**–611**	**–611**
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**
Total transactions with shareholders				
Dividend	–	–	–677	**–677**
Share swap agreement[8)]	–	–	–71	**–71**
Total transactions with shareholders	**–**	**–**	**–748**	**–748**
Closing balance, December 31, 2018	**376**	**5,673**	**–839**	**5,209**

1) For information on the number of issued shares refer to Note 50.
2) Parent Company shares issued consist of both Class A and Class B shares. Each Class A share carries 10 votes and each Class B share carries 1 vote. For information on distribution refer to Note 50.
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, 2017, the Company held 53,797 Class B treasury shares.
6) As of December 31, 2018, the Company held 53,797 Class B treasury shares.
7) Refers to the Group's share-related Incentive Scheme 2016 and the closure of 2015 Incentive Scheme. A total of 121,648 shares have during 2017 been hedged under this swap agreement and they will be allotted to the employees during the period March–June 2018 provided that the criteria under the scheme have been met, including still being employed by the end of February, 2018.
8) Refers to the Group's share-related Incentive Scheme 2017 and the closure of 2016 Incentive Scheme as well as the long-term Incentive Scheme "LTIP 2018-2021". A total of 123,963 shares refering to the Incentive Scheme 2017 have been hedged during 2018 and they will be allotted to the employees during the period March–June 2019. The allotment is 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 Incentive Scheme "LTIP 2018-2021" have been hedged during 2018.

Parent Company notes

NOTE 36 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 37 Events after the balance sheet date

See information about the Group in Note 5.

NOTE 38 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	2018	2017
License fees	516	512
Interest income	55	44
Group contributions	45	87
Dividend	704	421

Expenses from other companies within the Loomis Group

SEK m	2018	2017
Interest expenses	26	11

Receivables from other companies within the Loomis Group

SEK m	Dec.31, 2018	Dec.31, 2017
Interest-bearing long-term receivables from subsidiaries	2,559	1,448
Current receivables from subsidiaries	136	87
Interest-bearing current receivables from subsidiaries	996	581

Parent Company notes – continued

Liabilities to other companies within the Loomis Group

SEK m	Dec.31, 2018	Dec.31, 2017
Current liabilities to subsidiaries	70	42
Interest-bearing current liabilities to subsidiaries	1,907	1,592

All transactions with related parties are executed based on market conditions.

Contingent liabilities regarding related parties

SEK m	Dec.31, 2018	Dec.31, 2017
Guarantee commitments banking facilities	1,683	1,270
Other contingent liabilities	2,577	1,816
Total contingent liabilities	**4,260**	**3,085**

Contingent liabilities mainly relate to payment and adequacy guarantees to 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. For further information, refer to Note 6.

In addition to the guarantee commitments reported in the table above, Letters of Comfort have been issued on behalf of subsidiaries within the Group.

NOTE 39 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 –951 million (– 963) and SEK 12 million (30) 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 138 (155) 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 80 (90) 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, 2018	Less than 1 year	Between 1 and 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**	**–**

December 31, 2017	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	–	3,799	–
Accounts payable and other liabilities	46	75	–
Total	**46**	**3,874**	**–**

NOTE 40 Administrative expenses

Distribution of expenses by type

SEK m	Note	2018	2017
Depreciation, amortization and impairment	45	4	2
Personnel expenses	41	54	66
Vehicle expenses		1	1
Costs of premises		4	3
Costs of technical equipment		6	6
Consulting expenses		43	31
Administrative expenses		9	8
Other expenses		85	70
Total expenses by type		**206**	**188**

Personnel expenses

SEK m	Note	2018	2017
Salaries and bonuses	41	33	43
Social security expenses	41	10	14
Pension costs – defined contribution plans	41	12	10
Total personnel expenses		**54**	**66**

Audit fees and other fees

SEK m	2018	2017
Elected auditors		
– Audit assignment	3	3
– Auditing activities other than audit assignment	0	1
– Tax advice	0	0
– Other assignments	0	0
Total elected auditors	**3**	**4**

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 41 Personnel

Average number of full time equivalent employees: distribution by gender

	2018	2017
Number of employees	21	19
(of whom men)	(13)	(11)

Total personnel costs: Board of Directors, Presidents and other employees

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**

Parent Company notes – continued

2017	Salaries	Social security contributions	(of which pension)
SEK m		2017	
Board and President[1]	16	8	2
Other employees	27	16	8
Total	**43**	**24**	**10**

In 2018 the President/CEO Patrik Andersson received variable remuneration amounting to SEK 0.3 million (7).

The remuneration to the President constitutes fixed salary, variable remuneration, pension and insurance benefits, and a company car. The variable remuneration is capped at 100 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 42 Result from participations in Group companies

SEK m	2018	2017
Dividends	704	421
Group contributions	45	87
Total result from participations in Group companies	**749**	**509**

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 43 Result from other financial investments

Financial income

SEK m	2018	2017
Interest income	72	54
Translation differences	755	733
Total financial income	**827**	**788**

Financial expenses

SEK m	2018	2017
Interest expenses	–130	–106
Translation differences	–922	–502
Other financial expense	0	–1
Total financial expenses	**–1,051**	**–609**
Financial income and expenses, net	**–225**	**179**

NOTE 44 Tax on income for the year

Statement of income
Tax expense

SEK m	2018	2017
Tax on income before taxes		
– current tax expense	–38	–131
– deferred tax expense	3	–
Total tax expense	**–34**	**–131**

The Swedish corporate income tax rate was 22.0 percent in 2018 and 2017.

Difference between statutory Swedish tax rate and actual tax expense for the Parent Company

SEK m	2018	2017
Tax based on Swedish tax rate	–184	–223
Taxes attributable to previous periods	2	–1
Tax attributable to non-taxable income	145	93
Tax attributable to non-deductible expenses	–1	–1
Actual tax expense	**–38**	**–131**

Tax attributable to non-taxable income relates mainly to dividends from subsidiaries.

NOTE 45 Machinery and equipment

SEK m	Dec.31, 2018	Dec.31, 2017
Opening balance	9	7
Investments	0	2
Disposals	–	–
Closing accumulated balance	**9**	**9**
Opening depreciation	–5	–3
Depreciation for the year	–1	–2
Disposals		–
Closing accumulated depreciation	**–6**	**–5**
Closing residual value balance	**3**	**5**

Parent Company notes – continued

NOTE 46 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 Caudales Vigencia Duque SA	30-68901181-7	Argentina	CIT and CMS company	–	–	*100*
Wagner Seguridad Custodia y Transporte de Valores SPA	995052407	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*	169	*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*
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*
Via Mat Artcare AG	CHE-114.668.908	Switzerland	Art logistics and storage company	–	–	*100*
Loomis International (CH) AG	CHE-114.058.489	Switzerland	Valuables logistics company	–	–	*100*
Total shares in subsidiaries					**8,572**	

1) A complete detailed specification of subsidiaries can be obtained from the parent Company.

Parent Company notes – continued

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	2018	2017
Opening balance, January 1	8,333	8,379
Acquisition of shares	–	248
Capital contributions	238	40
Impairment losses	–	–336
Closing balance, December 31	**8,572**	**8,333**

The change in shares in subsidiaries in 2018 is due primarily to capital contributions made to Loomis France Holding SASU to enable the acquisition of CPoR to be implemented. The change in 2017 was mainly due to acquisitions carried out in Finland and Belgium as well as repayment of share capital from the UK.

NOTE 47 Current receivables from subsidiaries

The amount consists primarily of group contributions from Loomis Sverige AB.

NOTE 48 Other current receivables

SEK m	Dec.31, 2018	Dec.31, 2017
Other current receivables	3	6
Total other current receivables	**3**	**6**

NOTE 49 Prepaid expenses and accrued income

SEK m	Dec.31, 2018	Dec.31, 2017
Prepaid insurance premiums	3	13
Accrued interest income	46	65
Other items	4	8
Total prepaid expenses and accrued income	**54**	**86**

NOTE 50 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	4,104,212,446
Share-based remuneration	–71,187,639[1]
Net Income for the year	799,840,668
Total	**4,832,865,475**

The Board proposes that the profits be appropriated as follows:

Dividend to shareholders (10,00 SEK/share)	752,260,320[2]
To be carried forward	4,080,605,155
Total	**4,832,865,475**

1) The changes relates to the swap in accordance with Loomis´s share-based Incentive Scheme 2017 and the long term saving share-based Incentive Scheme 2018-2021.
2) Calculated based on the number of outstanding shares on the balance sheet date

For the full proposed appropriation of profits and the Board of Directors' statement on the proposed dividend, see the Administration Report.

Parent Company shares issued consists of both Class A and Class B shares. Each Class A share carries ten votes and each Class B share one vote. The distribution between the A and B shares as of December 31, 2018 is as follows:

Class of shares	Voting rights	Number of shares outstanding
A	10	3,428,520
B	1	71,851,309[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, 2018.

Principle shareholders in terms of voting rights

Loomis' principle shareholders in terms of voting rights were as of December 31, 2018, Investment AB Latour, through Latour Förvaltning AB, and Melker Schörling AB. Latour Förvaltning AB held 23.8 percent of the votes and 3.4 percent of the capital and Melker Schörling AB held 8.5 percent of the votes and 1.2 percent of the capital.

The extraordinary shareholders' meeting held on September 5, 2018 voted in favor of the Board's proposal to amend the Articles of Association. The amendment involves introducing a conversion provision under which shareholders holding Class A shares may, upon request, have their shares converted to Class B shares. Conversion requests are to be submitted to the Board of Directors and the Company must then report the conversion without delay to the Swedish Companies Registration Office for registration.

NOTE 51 Accrued expenses and prepaid income

SEK m	Dec.31, 2018	Dec.31, 2017
Accrued personnel costs	14	27
Accrued consultancy fees	1	2
Accrued interest expenses	5	4
Other accrued expenses	7	7
Total accrued expenses and prepaid income	**26**	**40**

Parent Company notes – continued

NOTE 52 Items not affecting cash-flow

SEK m	2018	2017
Financial income	–827	–788
Financial expenses	1,050	609
Result from participations in Group companies	–749	–509
Depreciation	–4	2
Total items not affecting cash-flow	**–529**	**–685**

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 8, 2019.

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 2, 2019
The Board of Directors, Loomis AB

Alf Göransson
Chairman

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Gun Nilsson
Board member

Jan Svensson
Board member

Patrik Andersson
Board member,
President and CEO

Jörgen Andersson
Employee representative

Sofie Nordén
Employee representative

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 2018-01-01 - 2018-12-31. The annual accounts and consolidated accounts of the company are included on pages 72-129 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 2018 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 2018 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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Other matter

The audit of the annual accounts and consolidated accounts for the financial year 2017-01-01 – 2017-12-31 was performed by another auditor who submitted an auditor’s report dated 3 April 2018, with unmodified opinions in the report on the annual accounts and consolidated accounts.

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 46-49. The cash management business is described on

Auditor's report – continued

page 72 in the Administration Report. A specification of cash stock is presented in not 23.

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 to changes in these assumptions; and
- evaluating the adequacy of disclosures regarding the assumptions for which the outcome of the impairment tests are most sensitive.

Provisions for claim reserves and legal matters

The Group is exposed to a range of different types of risks in the daily business. The operational risks may result in requirements to record provisions for property and personal injuries within the cash handling business as well as for work related claims from the Group's employees. Provisions for claims are recognized based on actuarial calculations made on an ongoing basis. Further, companies within the Group are involved in legal matters arising from the daily operations. The outcome of these matters are hard to anticipate. Provisions for claims and legal matters require significant judgements and estimates on behalf of management.

Critical estimates and assessments are described in note 4. Provisions for claim reserves and other provisions are presented in note 29 and note 31. Contingent liabilities are presented in note 34.

Our audit included, but was not limited to:
- review of significant judgements and estimates made by management;
- review of actuarial assumptions regarding provisions for claims;
- review of correspondence between the Group and its counter parties;
- collecting statements from the Group's legal advisors; 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 134-136. 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

Auditor's report – continued

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.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

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 2018-01-01 - 2018-12-31 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 responsibil-

Auditor's report – continued

ities 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 2018-05-03 and has been the company's auditor since 2018-05-03.

Stockholm April 2, 2019

Deloitte AB

Signature on Swedish original

Peter Ekberg
Authorized Public Accountant

Five-year overview

Revenue and income, summary

SEK m	2018	2017	2016	2015	2014
Revenue, continuing operations	18,300	16,824	16,485	15,391	12,345
Revenue, acquisitions	868	404	315	706	1,166
Total revenue	**19,168**	**17,228**	**16,800**	**16,097**	**13,510**
Real growth, %	8	3	5	7	14
Organic growth, %	3	2	5	2	3
Operating margin (EBITA), %	2,200	2,093	1,890	1,703	1,370
Operating income (EBITA)	**11,5**	**12,1**	**11,2**	**10,6**	**10,1**
Operating income (EBIT)	2,158	1,992	1,852	1,575	1,306
Operating margin (EBIT), %	11.3	11.6	11.0	9.8	9.7
Financial income	32	13	12	8	12
Financial expenses	–133	–122	–129	–122	–79
Income before taxes	2,057	1,882	1,735	1,461	1,240
Income tax	–519	–454	–477	–392	–330
Net income for the year	**1,538**	**1,428**	**1,258**	**1,069**	**910**

Statement of cash flows, additional information

SEK m	2018	2017	2016	2015	2014
Operating income (EBITA)	**2,200**	**2,093**	**1 890**	**1,703**	**1,370**
Depreciation	1,183	1,124	1,105	1,061	875
Change in accounts receivable	–6	–165	–53	–170	–40
Change in other operating capital employed and other items	85	–145	192	48	–12
Cash flow from operating activities before investments	**3,462**	**2,908**	**3,134**	**2,642**	**2,194**
Investments in fixed assets, net	–1,449	–1,152	–1,120	–1,379	–1,033
Cash flow from operating activities	**2,013**	**1,756**	**2,013**	**1,264**	**1,161**
Cash flow from operating activities as % of operating income (EBITA)	*91*	*84*	*107*	*74*	*85*
Financial items paid and received	–101	–111	–117	–118	–61
Income tax paid	–472	–403	–326	–341	–298
Free cash flow	**1,439**	**1,242**	**1,570**	**805**	**803**
Cash flow effect of items affecting comparability	–1	–1	138	–14	–8
Acquisition of operations	–1,403	–467	–201	–279	–1,536
Acquisition-related costs and revenue, paid and received	–52	–80	–17	–52	–8
Dividend paid	–677	–602	–527	–451	–376
Change in interest-bearing net debt excluding liquid funds	–296	–117	–168	–258	–333
Issuance of bonds	–	–	–	549	997
Change in commercial papers issued and other long-term borrowing	1,447	231	–816	–225	658
Cash flow for the year	**456**	**207**	**–20**	**74**	**196**

Five-year overview – continued

Financial position and return, summary

SEK m	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014
Goodwill	6,533	5,615	5,626	5,437	4,897
Tangible fixed assets	5,358	4,689	4,709	4,305	3,813
Interest-bearing fixed assets[1]	500	96	80	78	67
Other fixed assets[1]	1,189	910	829	1,039	1,091
Interest-bearing current assets	37	62	54	84	25
Other current assets	4,873	3,791	3,570	3,470	3,134
TOTAL ASSETS	**18,491**	**15,164**	**14,869**	**14,415**	**13,027**
Shareholders' equity	8,422	7,037	6,647	5,843	4,907
Interest-bearing long-term liabilities[1]	5,092	4,745	3,972	5,168	4,140
Other long-term liabilities[1]	812	630	729	806	852
Interest-bearing current liabilities	1,058	75	754	73	738
Other current liabilities	3,107	2,676	2,767	2,525	2,390
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**18,491**	**15,164**	**14,869**	**14,415**	**13,027**
Equity ratio, %	*46*	*46*	*45*	*41*	*38*
Interest-bearing net debt, SEK m	4,305	3,823	3,929	4,425	4,219
Capital employed, SEK m	12,727	10,860	10,576	10,268	9,127

%	2018	2017	2016	2015	2014
Return on capital employed, %	*17*	*19*	*18*	*17*	*15*
Return on shareholders' equity, %	*18*	*20*	*19*	*18*	*19*

Share Data

	2018	2017	2016	2015	2014
Number of outstanding shares, million	75.2[1]	75.2[1]	75.2[1]	75.2[1]	75.2[2]
Earnings per share before dilution, SEK	20.45[1]	18.99[1]	16.73[1]	14.21[1]	12.10[2]
Earnings per share after dilution, SEK	20.45	18.99	16.73	14.21	12.10
Shareholders' equity per share, SEK	111.95	93.55	88.36	77.67	65.24

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.
2) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 75,237,915. The number of treasury shares amount to 53,797 as of December 31,2014.

Notice of **Annual General Meeting**

The shareholders of Loomis AB (publ) are hereby invited to attend the Annual General Meeting (”AGM”) to be held at 3 p.m. CEST on Wednesday May 8, 2019, in in Grünewaldsalen, at Stockholm Consert Hall, entrance Kungsgatan 43, Stockholm. Registration for the AGM begins at 2 p.m.

Right to participate in the Annual General Meeting (AGM)

Shareholders who wish to attend the AGM must be recorded in the share register maintained by Euroclear Sweden AB, no later than Thursday May 2, 2019, and must notify the Company of their intention to participate in the AGM by means of one of the following:

By mail: Loomis AB, ”AGM”, c/o Euroclear Sweden, P.O. Box 191, SE-101 23 Stockholm
By telephone: +46 8-402 90 72
On Loomis' website: www.loomis.com

The registration deadline is Thursday, May 2, 2019 preferably before 4 p.m.

On giving notice of attendance, the shareholder shall state name, personal identity number (corporate identity number), address and telephone number. Proxy forms are held available on the Company's website, www. loomis.com, and will be sent to shareholders who contact the Company and submit their address.

A proxy or representative of a legal person shall submit an authorization document prior to the AGM. The authorization document must not be more than one year old, unless a longer period of validity is stated in the document (maximum five years). As confirmation of the notification, Loomis AB will send an entry card to be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, shareholders holding nominee-registered shares must submit a request to their bank or broker to have their shares temporarily registered in the shareholders' own name with Euroclear Sweden AB. Such registration must be made of Thursday, May 2, 2019 and the bank or broker should, therefore, be notified well in due time before said date.

Reporting dates

Loomis will publish the following financial reports for 2019:
Interim Report Jan – Mar: April 25
Interim Report Jan – Jun: July 25
Interim Report Jan – Sep: Nov 1