



Interim Report

January – September 2020

Managing **cash** in society.



Third quarter 2020

- Revenue SEK 4,709 million (5,492). Real growth –7 percent (6) of which organic growth –9 percent (3).
- Operating income (EBITA)¹⁾ SEK 517 million (737) and operating margin 11.0 percent (13.4). Excluding Loomis Pay, the operating margin amounted to 11.5 percent (13.4).
- Income before taxes SEK 361 million (660) and income after taxes SEK 246 million (492).
- Earnings per share before and after dilution was SEK 3.27 (6.54).
- Cash flow from operating activities²⁾ SEK 587 million (712) equivalent to 117 percent (99) of operating income (EBITA)²⁾.
- The ongoing coronavirus pandemic had an overall negative impact on revenue and operating income during the quarter. The significant differences compared to the third quarter of 2019 are related to the pandemic.
- Due to the coronavirus pandemic, several restructuring programs have been initiated in Europe to improve efficiency and increase the operating margin.

Nine months 2020

- Revenue SEK 14,277 million (15,702). Real growth –8 percent (5) of which organic growth –10 percent (3).
- Operating income (EBITA)¹⁾ SEK 1,308 million (1,908) and operating margin 9.2 percent (12.2). Excluding Loomis Pay, the operating margin amounted to 9.4 percent (12.2).
- Income before taxes SEK 893 million (1,658) and income after taxes SEK 613 million (1,239).
- Earnings per share before and after dilution was SEK 8.15 (16.47).
- Cash flow from operating activities²⁾ SEK 1,856 million (1,732) equivalent to 147 percent (93) of operating income (EBITA)²⁾.
- Overall, the ongoing coronavirus pandemic had a limited negative impact on revenue and operating income during the first quarter. In the second and third quarters both revenue and operating income were affected by the pandemic.
- Due to the ongoing corona pandemic, Loomis believes the previously communicated revenue target, of SEK 24 billion for 2021, will likely not be achieved. As the market conditions for 2021 are still uncertain, due to the pandemic, Loomis has decided to remove the revenue target.
- Proposed dividend SEK 5.50 per share (10.00) for 2019.

KEY RATIOS

	2020	2019		2020	2019	
SEK m	Quarter 3	Quarter 3	Change (%)	Nine months	Nine months	Change (%)
Revenue	4,709	5,492	–14	14,277	15,702	–9
Of which:						
Organic growth	–478	136	–9	–1,494	367	–10
Acquisitions and divestments	68	169	1	244	365	2
Exchange rate effects	–373	269	–7	–175	758	–1
Total growth	–783	575	–14	–1,426	1,490	–9
Operating income (EBITA)¹⁾	517	737	–30	1,308	1,908	–31
<i>Operating margin (EBITA), %¹⁾</i>	<i>11.0</i>	<i>13.4</i>		<i>9.2</i>	<i>12.2</i>	
Operating income (EBIT)	414	700	–41	1,054	1,813	–42
Earnings before tax	361	660	–45	893	1,658	–46
Profit for the period	246	492	–50	613	1,239	–50
SEK earnings per share, SEK ¹⁾	3.27	6.54	–50	8.15	16.47	–50
Tax rate, %	32	25		31	25	
Cash flow from operating activities ²⁾	587	712	–18	1,856	1,732	7
<i>Cash flow from operating activities as % of operating income (EBITA)²⁾</i>	<i>117</i>	<i>99</i>		<i>147</i>	<i>93</i>	

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability. For information on the effects of IFRS 16, see Note 9.

2) Cash flow from operating activities excluding the effects of IFRS 16. The adoption of IFRS 16 has therefore had no net impact on cash flow from operating activities according to Loomis's definition. See also under Definitions on page 25–26.

Comments by the President and CEO



Loomis and the pandemic

Similar to the second quarter this year, the third quarter was characterized by the impact of the ongoing coronavirus pandemic. The challenges for society and Loomis are extensive, but the negative impact that the pandemic has had on our business is gradually diminishing. We are making progress and have quickly managed to adapt to the prevailing conditions. All of our branches have remained in operation since the pandemic broke out, enabling us to maintain a high level of access to our services and personnel. The health and safety of our employees is paramount and is also key to ensuring we can maintain the quality of service our customers expect from us. We are carefully following advice from local public health authorities as well as international medical organizations. The loyalty of our employees is impressive and we are proud of the high quality of service we are delivering in these difficult times.

I have mentioned this before, but I want to emphasize once again that cash is not a source of transmission of infection. Several central banks have engaged medical experts who have disputed claims that the virus can be transferred via cash. The WHO has also clearly stated that it has never communicated that cash presents an infection risk. On our website, www.loomis.com, we provide information and guidance about cash and transmission of infection. If you have any questions or want to learn more about this, I recommend that you visit our website.

Recent developments

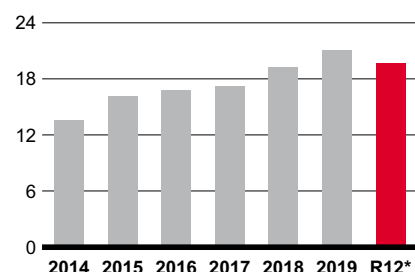
In the third quarter the Group's real growth amounted to –7 percent (6), of which organic growth was –9 percent (3). The Group's operating margin (EBITA %) in the third quarter amounted to 11.0 percent (13.4). The lower operating margin is mainly due to negative impacts of the ongoing pandemic. Excluding Loomis Pay, the operating margin amounted to 11.5 percent (13.4).

The pandemic has a greater negative impact on our European operations than on our operations in the USA. This is mainly due to the structure of our customer portfolios. In the USA medium and large retail customers and financial institutions account for a larger share of our revenue than in Europe. In many countries smaller retailers and restaurants have been affected the most by the decline in economic activity. These customer groups make up a larger percentage of Loomis's revenue in Europe than in the USA. Also, in the USA a larger percentage of our revenue is based on fixed monthly fees. Fixed revenue from, for example, SafePoint and financial institutions is significantly higher in the USA than in Europe.

Although we have lost revenue in the USA due to the pandemic, we are continuing to increase our operating margin within our US operations. It is impressive that in the third quarter we achieved one of the highest operating margin ever for a single quarter. Similar to previous quarters, a more profitable customer portfolio, higher revenue from SafePoint and efficiency improvement programs at our branches are the main reasons for our improved profitability. The efficiency improvement measures have, among other things, reduced the number of overtime hours worked.

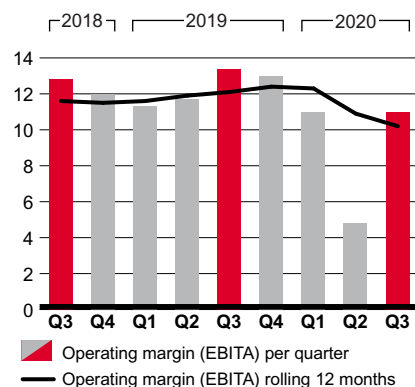
In Segment Europe the negative effects of the pandemic were lower in the third quarter than in the second quarter this year. Volumes in our markets have gradually recovered and the actions we have taken on the cost side have gradually yielded results. We have launched comprehensive

Revenue, SEK billion

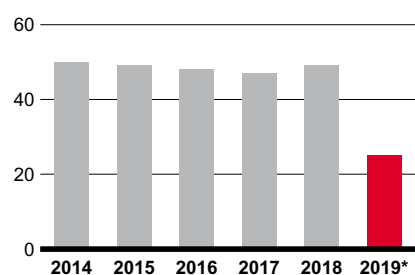


*Refers to the period October 1, 2019–September 30, 2020.

Operating margin (EBITA), %



Annual dividend, %



* Proposed dividend for an extraordinary shareholders' meeting 2020.

programs in several countries, with the most significant restructuring taking place within our UK operations. The total cost of all of these programs will be approximately SEK 160 million, of which SEK 49 million was expensed in the third quarter this year. We expect to expense the majority of the remaining costs in the fourth quarter and to conclude the ongoing programs by the second quarter 2021. The measures implemented will help improve efficiency and raise operating margins. Integration of acquired operations in Sweden and France is progressing according to plan. We expect to see positive effects from this in 2021 in both countries.

The launch of Loomis Pay

In September we announced the launch of our Loomis Pay service in autumn this year. Loomis Pay represents a major step towards achieving our ambition of

advancing up the value chain. Loomis Pay is a complete payment platform that is particularly well-suited for retailers and restaurants, and is initially aimed at small and medium-sized businesses. The service handles all types of payments – cash, card and other digital options, regardless of whether payment is made in a physical store or online. The rollout of Loomis Pay has started in Denmark and it will be offered in the Swedish market at the beginning of 2021. Thereafter more and more markets will be able to enjoy the benefits of Loomis Pay. The target in the first stage, for the service, is to reach net sales in excess of SEK 3 billion within five years, with an attractive operating margin. We expect Loomis Pay to generate positive operating income (EBITA) in 2023.

We will benefit greatly from the comprehensive network we already have in place

when it is time to reach out to our existing and future customers to launch Loomis Pay. If you are interested in learning more about Loomis Pay, please see the press release issued on September 9 and the presentation available on our website, www.loomis.com.

Our loyal employees

Despite the impact of the pandemic on our society and our business, Loomis is advancing in the right direction. The local initiatives that are under way and the Group-wide projects taking place will help us grow and improve our profitability. In conclusion I would like to thank all Loomis employees for the loyalty and strong commitment you are showing in the face of significant challenges.

Patrik Andersson
President and CEO

The segments

SEGMENT EUROPE – REVENUE, OPERATING INCOME AND NUMBER OF FULL-TIME EMPLOYEES

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Revenue	2,526	3,023	7,420	8,555	10,363	11,498
Real growth, %	–12	10	–12	8	–7	8
Organic growth, %	–14	3	–15	3	–11	2
Operating income (EBITA)	238	449	443	1,072	801	1,429
Operating margin, %	9.4	14.9	6.0	12.5	7.7	12.4
Number of full-time employees	14,100	15,600	14,100	15,100	14,500	15,300

SEGMENT USA – REVENUE, OPERATING INCOME AND NUMBER OF FULL-TIME EMPLOYEES

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Revenue	2,201	2,502	6,914	7,214	9,338	9,639
Real growth, %	–2	3	–3	2	–2	2
Organic growth, %	–3	4	–3	3	–2	3
Operating income (EBITA)	340	340	1,043	989	1,426	1,372
Operating margin, %	15.5	13.6	15.1	13.7	15.3	14.2
Number of full-time employees	9,500	10,500	9,400	10,400	9,300	9,600

Revenue and earnings

Third quarter 2020

Group – revenue

Revenue for the quarter amounted to SEK 4,709 million (5,492). Real growth was –7 percent (6), of which organic growth made up –9 percent (3). The revenue is primarily affected, in a negative way, by the ongoing pandemic.

Segment Europe – revenue

Revenue for the quarter amounted to SEK 2,526 million (3,023). The real growth of –12 percent (10) was positively affected by revenue attributable to the acquisition of Nokas Värdehantering AB in Sweden in June 2020. Organic growth was –14 percent (3). The ongoing coronavirus pandemic negatively affected revenue, and volumes declined dramatically in important markets, such as Spain, France and the UK. Volumes began to recover in the third quarter compared to the second quarter of 2020.

Segment USA – revenue

Revenue amounted to SEK 2,201 million (2,502) and organic growth was –2 percent (3). Organic growth amounted to –3 percent (4). The negative effects of the spread of the pandemic had less of an impact in the USA than in Europe.

This is mainly due to the structure of the customer portfolios. In the USA medium and large retail customers and financial institutions account for a larger share of the revenue than in Europe. In addition, in the USA a larger share of revenue than in Europe is not volume-dependent. Fixed revenue from, for example, SafePoint and financial institutions is significantly higher in the USA than in Europe. Revenue for the quarter from SafePoint accounted for around 17 percent (15) of the segment's total revenue. The change in fuel fees, which Loomis passes on to its customers, did not have a significant impact on organic growth for the quarter.

The share of revenue from CMS during the quarter amounted to 34 percent (35) of the segment's total revenue.

Group – operating income (EBITA)

The operating income (EBITA) amounted to SEK 517 million (737) and the operating margin was 11.0 percent (13.4). The currency effect on operating income during the quarter was approximately SEK –55 million.

Segment Europe – operating income (EBITA)

The operating income (EBITA) amounted to SEK 238 million (449) and the operating margin was 9.4 percent (14.9). The impact of the pandemic on volumes was clearly evident during the quarter and resulted in a lower operating margin than the corresponding period in 2019. The actions taken to adapt costs to lower volumes have gradually yielded results. Comprehensive programs have been launched in several countries, with the most significant restructuring taking place within the UK operations.

The program costs will be reported as items affecting comparability and not included in operating income (EBITA). See under the heading "Other" below for more information. Integration of acquired operations under way in Sweden and France is progressing according to plan. During the quarter several of Loomis's European companies received government grants, mainly to provide relief for furloughed employees. The total amount received was approximately SEK 49 million.

Segment USA – operating income (EBITA)

The operating income (EBITA) amounted to SEK 340 million (340) and the operating margin was 15.5 percent (13.6). A more profitable customer portfolio, higher revenue from SafePoint and efficiency improvement programs at the branches which, among other things, reduced the number of overtime hours worked, are the main reasons for the improved profitability.

Other

The operating income (EBIT) for the quarter amounted to SEK 414 million (700), which includes amortization of acquisition-related intangible assets of SEK –26 million (–25), acquisition-related costs of SEK –37 million (–8) and items affecting comparability of SEK –40 million (–3). The item affecting comparability of SEK –40 million relates mainly to restructuring costs within the British operations. The total costs of the European restructuring programs are expected to be approximately SEK 160 million, of which SEK 49 million was expensed in the third quarter this year. The company expects to expense the majority of the remaining costs in the fourth quarter and to conclude the ongoing programs by the second quarter 2021.

Income before tax of SEK 361 million (660) includes a net financial expense, including loss of monetary net assets, of SEK –53 million (–40). Net financial items were positively affected during the third quarter of 2019 by a revaluation of dollar assets in Argentina.

The tax expense for the quarter amounted to SEK –115 million (–168), which represents a tax rate of 32 percent (25). In the third quarter this year, pre-tax profit decreased to a proportionately greater extent in countries with a lower tax rate.

Earnings per share before and after dilution amounted to SEK 3.27 (6.54).

Revenue and earnings

Nine months 2020

Group – revenue

Revenue for the period amounted to SEK 14,277 million (15,702). Real growth was –8 percent (5), of which organic growth was –10 percent (3). The revenue is primarily affected, in a negative way, by the ongoing pandemic.

Segment Europe – revenue

Revenue amounted to SEK 7,420 million (8,555). The real growth of –12 percent (8) was positively affected by revenue attributable to the acquisition of Prosegur Cash's French operations in July 2019 and the acquisition of Nokas Vårdehantering AB in Sweden in June 2020. Organic growth was –15 percent (3). Business developed well in the first two months of the year, but was negatively affected from March by the ongoing coronavirus pandemic. In May the European operations started to recover and this positive development, compared to the second quarter, continued in the third quarter.

Segment USA – revenue

Revenue amounted to SEK 6,914 million (7,214) and real growth was –3 percent (2). Organic growth amounted to –3 percent (3). During the first quarter this year organic growth was positive, but the negative effects in the second and third quarters from the ongoing pandemic resulted in negative organic growth for the first nine months of the year as a whole. The negative impact of the pandemic on volumes was, however, significantly lower in the USA than in Europe. This is mainly due to the structure of the customer portfolios. Revenue for the period from SafePoint accounted for around 17 percent (15) of the segment's total revenue. The change in fuel fees, which Loomis passes on to its customers, did not have a significant impact on organic growth for the period.

The share of revenue from CMS for the period amounted to 34 percent (34) of the segment's total revenue.

Group – operating income (EBITA)

The operating income (EBITA) amounted to SEK 1,308 (1,908) million and the operating margin was 9.2 percent (12.2). The currency effect on operating income during the period was around SEK –30 million.

Segment Europe – operating income (EBITA)

The operating income (EBITA) amounted to SEK 443 million (1,072) and the operating margin was 6.0 percent (12.5). The operating margin fell during the period as the impact of the pandemic on volumes in the period March–September was significant. Cost-saving activities that began in April started to have an effect in the second half of the second quarter. The positive effects of actions taken continued in the third quarter. The acquisition in France in July 2019 had a dilutive effect on the operating margin. During the period several of Loomis's European

companies received government grants, mainly to provide relief for furloughed employees. The total amount received was around SEK 129 million.

Segment USA – operating income (EBITA)

The operating income (EBITA) amounted to SEK 1,043 million (989) and the operating margin was 15.1 percent (13.7). A more profitable customer portfolio, higher revenue from SafePoint and efficiency improvement programs at the branches which, among other things, reduced the number of overtime hours worked, are the main reasons for the improved profitability.

Other

The operating income (EBIT) for the period amounted to SEK 1,054 million (1,813), which includes amortization of acquisition-related intangible assets of SEK –81 million (–75), acquisition-related costs of SEK –88 million (–44) and items affecting comparability of SEK –86 million (24). The item affecting comparability of SEK –86 million consists primarily of impairment of goodwill relating to a business within the European segment as well as costs relating to restructuring within Segment Europe. The 2019 item of SEK 24 million is primarily capital gains from the divestment of the art logistics and storage operations.

Income before tax of SEK 893 million (1,658) includes a net financial expense, including loss of monetary net assets, of SEK –161 million (–155).

The tax expense for the period amounted to SEK –280 million (–419), which represents a tax rate of 31 percent (25). The tax rate was mainly affected by goodwill impairment in the second quarter, which is not tax deductible. The fact that pre-tax profit decreased to a proportionately greater extent in countries with a lower tax rate also had an effect.

Earnings per share after dilution amounted to SEK 8.15 (16.47).

Cash flow and capital expenditures

January – September 2020

Cash flow from operating activities, excluding effects from IFRS 16, amounted to SEK 1,856 million (1,732), equivalent to 147 per cent (93) of operating income (EBITA).

Net investments in fixed assets during the period amounted to SEK –731 million (–1,118), which can be compared to depreciation (excluding the effect of IFRS 16) of SEK 978 million (940). Investments made during the period were mainly in buildings, vehicles, machinery and equipment. Investments in relation to depreciation for the period amounted to 0.7 (1.2).

Capital employed and financial position

Capital employed

The total capital employed as of September 30, 2020 amounted to SEK 16,096 million (16,924 as of December 31, 2019), which represents 82 percent (80) of revenue. Return on capital employed for the January–September 2020 period amounted to 12 percent (14 percent for January – September 2019).

Shareholders' equity and financing

Shareholders' equity increased in the first nine months of the year by SEK 259 million to SEK 9,850 million as of September 30, 2020 (9,592 as of December 31, 2019). The return on shareholders' equity in the January–September 2020 period was 10 percent (17 percent for January–September 2019) and the equity ratio was 37 percent (36 percent as of December 31, 2019).

Net debt amounted to SEK 6,245 million as of September 30, 2020 (7,332 as of December 31, 2019) and the net debt/EBITDA amounted to 1.60 (1.65 as of December 31, 2019).

As of September 30, 2020, total long-term credit facilities amounted to approximately SEK 9.1 billion. Unutilized credit facilities amounted to approximately SEK 3.8 billion on September 30, 2020, of which SEK 0.6 billion was used as back-up for outstanding commercial papers. Available liquid funds amounted to approximately SEK 2.1 billion (see Note 7).

Other events

Significant events January – September 2020

In March 2020 the Board of Directors of Loomis AB decided to withdraw the proposal of a dividend for 2019 of SEK 11 per share and at the same time announced that the intention is for the final dividend decision to be made at an extraordinary shareholders' meeting later in the year when it is possible to assess the consequences of the pandemic.

The Annual General Meeting on May 6, 2020 voted in favor of the Board's proposal to introduce an incentive scheme (Incentive Scheme 2020). Similar to the previous year's incentive scheme (Incentive Scheme 2019), Incentive Scheme 2020 involves 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 shares in Loomis AB to be allotted to the participants at the beginning of 2022. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2022, other than in cases where the employee has left his/her position due to retirement, death or a long-term illness, in which case the individual will retain the right to receive bonus shares. The principle of performance measurement and other general principles being applied in Incentive Scheme 2019 will continue to apply. Loomis AB will not issue any new shares or similar instruments for Incentive Scheme 2020. To enable allotment of the shares, the AGM voted in favor of Loomis AB entering into a share swap agreement with a third party under which the third party will acquire the shares in its own name and transfer them to the Incentive Scheme participants. The Incentive Scheme will enable around 350 key individuals within Loomis to become shareholders in Loomis AB over time. This will increase employee commitment to Loomis's development for the benefit of all shareholders. To read the Board's full incentive scheme proposal, refer to the notice of the AGM at www.loomis.com.

The Annual General Meeting also voted in favor of the Board's proposal to amend the Articles of Association, including removing the possibility of issuing shares in different classes. The Company's existing Class B shares are now simply called ordinary shares. The share's ticker on Nasdaq Stockholm has been changed from LOOM B to LOOMIS. The first trading day for the share with the new ticker and ISIN code was June 23, 2020. The share's new ISIN code is SE0014504817.

In June 2020 Loomis announced the appointment of Kristoffer Laboc as Managing Director of the New Payment Solutions business area. Kristoffer Laboc took up the position on October 1, 2020. His most recent position was with Klarna.

In September 2020 Loomis announced the launch of the "Loomis Pay" service in autumn this year. Loomis Pay is a complete payment platform for retailers and handles all types of payments – cash, card and other digital options, regardless of whether

payment is made in a physical store or online. The rollout of Loomis Pay has started in Denmark and it will also be offered in the Swedish market at the beginning of 2021. Thereafter more and more markets will be able to enjoy the benefits of Loomis Pay. The Danish technology company GoAppified was acquired to complement in-house developments of Loomis Pay. The purchase of GoAppified amounted to approximately SEK 60 million. For more information on Loomis Pay, see the Loomis press release dated September 9, 2020.

Acquisitions January – September 2020

In January 2020 Loomis AB announced that, through the wholly owned subsidiary Loomis Sverige AB (Loomis Sweden), it had entered into an agreement to acquire all of the shares in the limited liability company Nokas Värdehantering AB (Nokas Värdehantering), a subsidiary of Nokas Kontandthåntering AS in Norway. The enterprise value, i.e. the purchase price payable on a debt free basis, was approximately SEK 80 million. Nokas Värdehantering has around 220 employees and its net revenue over the 12-month period ending in September 2019 was approximately SEK 215 million. The company's current operating margin, EBITA, is negative. The operations are reported within Segment Europe and were consolidated into Loomis's accounts as of the closing date for the transaction, June 15 this year. The purchase price was paid on closing. Including integration costs, the acquisition is expected to have a marginal negative impact on Loomis's earnings per share for 2020. Thereafter, the acquired operations are expected to show a profit. Nokas CMS AB, a subsidiary of Nokas Värdehantering, which has an ATM business in the Nordic region, is not part of the transaction and will remain part of the Nokas Group.

In February 2020 Loomis entered into an agreement to acquire all of the shares in Automatia Pankkiautomaatit Oy (Automatia) from its current owners Danske Bank, Nordea and OP Financial Group. The enterprise value, i.e. the purchase price payable on a debt-free basis, is approximately EUR 42 million. Automatia operates Finland's largest ATM business under the Otto brand, but also offers cash supply services to bank branches, service boxes for retail and a digital platform for real-time payments. Automatia has around 30 employees. Its net revenue over the 12-month period ending in December 2019 was around SEK 42 million. Under the acquisition agreement, the sellers will sign long-term service agreements and will therefore also remain important customers of Automatia. The acquired operations will be reported within Segment Europe and will be consolidated into Loomis's accounts as of the closing of the transaction. The transaction was contingent upon approval by the Finnish Competition and Consumer Authority. The approval was received in October 2020 and the closing of the transaction is expected to be in the fourth quarter of this year. The purchase price is payable on closing. Including integration costs, the acquisition is expected to have a marginal impact on Loomis's operating margin, EBITA, and on profit per share for 2020.

Other

In April 2020 it was announced that Loomis AB had signed a two-year credit agreement for SEK 1,200 million. It is in the form of a term loan and matures in April 2022. The arrangers of the loan are Danske Bank A/S, and Nordea Bank Abp. The loan will be used for financing of working capital, capital expenditures and other corporate purposes.

Kristoffer Wadman, who previously held the position as Chief Innovation Officer, left the Group management team in May 2020 and become Marketing Director for Loomis's initiatives within digital payment platforms.

On July 6, 2020 Loomis announced the restructuring of the management of physical foreign currency (FX) operations in Norway. Loomis Foreign Exchange AS in Norway (Loomis FX) has decided to return its Norwegian license and has also received confirmation from the Norwegian financial supervisory authority that Loomis FX is no longer under its supervision. Loomis FX had limited operations in Norway with a turnover slightly in excess of SEK 60 million in 2019, equivalent to around 0.3 percent of Loomis Group's total net sales. Loomis AB, the Group's parent company, and Loomis's French FX company, CPoR, are pursuing an international expansion within FX as communicated at the Capital Markets Day on September 5, 2019. The intention is for CPoR to function as a hub and manage the Group's combined FX operations.

Events after the end of the period

Due to the uncertainty caused by the coronavirus pandemic, the Board of Directors of Loomis AB, in March, withdrew its original proposal on dividend ahead of the annual general meeting 2020 of SEK 11 per share. At the same time it was announced that a final decision on distribution of dividend was intended to take place on an extraordinary general meeting later during the year when the consequences of the corona pandemic have become more clear. The Board has now reassessed the effects of the corona pandemic and the financial position of the company. The Board's overall determination is that there is cause to continue to be restrictive due to the fact that the risk relating to the pandemic in the society remains and that the consequences thereof are still difficult to overview. To this background, the Board has resolved to propose a dividend of SEK 5.50 per share for 2019 (corresponding to SEK 413.74 million in total) to be resolved upon by an extraordinary general meeting that is expected to be held on 10 December 2020. Further information regarding the extraordinary general meeting will be provided within short in a separate notice convening the meeting. As a precautionary measure to decrease any risk of spreading the coronavirus, the Board has resolved that the extraordinary general meeting should be held without physical presence by inviting the shareholders to exercise their voting rights only by postal voting.

Financial reports in brief

CONSOLIDATED STATEMENT OF INCOME

	Note	2020	2019	2020	2019	R12	2019
SEK m		Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Revenue, continuing operations		4,641	5,292	14,000	15,271	19,140	20,411
Revenue, acquisitions		68	200	277	431	478	633
Total revenue	3,4	4,709	5,492	14,277	15,702	19,618	21,044
Production expenses		–3,489	–3,938	–10,699	–11,395	–14,515	–15,210
Gross income		1,220	1,554	3,578	4,308	5,104	5,833
Selling and administration expenses		–702	–817	–2,270	–2,400	–3,103	–3,233
Operating income (EBITA)¹⁾		517	737	1,308	1,908	2,001	2,601
Amortization of acquisition-related intangible assets		–26	–25	–81	–75	–106	–101
Acquisition-related costs and revenue		–37	–8	–88 ²⁾	–44 ²⁾	–144	–101
Items affecting comparability	5	–40	–3	–86	24	–87	23
Operating income (EBIT)		414	700	1,054	1,813	1,663	2,422
Net financial items		–46	–32	–142	–133	–187	–178
Loss on monetary net assets/liabilities		–7	–8	–19	–22	–31	–34
Income before taxes		361	660	893	1,658	1,445	2,210
Income tax		–115	–168	–280	–419	–424	–564
Net income for the period³⁾		246	492	613	1,239	1,021	1,646
KEY RATIOS							
Real growth, %		–7	6	–8	5	–5	5
Organic growth, %		–9	3	–10	3	–7	2
Operating margin (EBITA), %		11.0	13.4	9.2	12.2	10.2	12.4
Tax rate, %		32	25	31	25	29	26
Earnings per share before and after dilution, SEK ⁴⁾		3.27	6.54	8.15	16.47	13.57	21.88

1) Earnings Before Interest, Taxes and Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability.

2) Acquisition-related costs and revenue for the period January – September 2020 consist of transaction costs of SEK –44 million (–22), restructuring costs of SEK –60 million (–9), integration costs of SEK –1 million (–13), remeasurement of previously recognized deferred considerations of SEK 13 million (0) and final settlement of a deferred purchase price of SEK 4 million (0). Of the transaction costs of SEK –44 million, SEK –21 million is for acquisitions in progress for the period January – September 2020, SEK –17 million is for completed acquisitions and SEK –6 million pertains to discontinued acquisitions.

3) Net income for the period is entirely attributable to the owners of the Parent Company.

4) For further information please refer to page 23.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Net income for the period	246	492	613	1,239	1,021	1,646
Other comprehensive income						
Items that will not be reclassified to the statement of income						
Actuarial gains and losses after tax	–52	–187	–77	–379	215	–87
Items that may be reclassified to the statement of income						
Exchange rate differences ¹⁾	–258	475	–286	900	–765	421
Hedging of net investments, net of tax	36	–75	19	–139	84	–74
Other comprehensive income and expenses for the period, net after tax	–273	214	–343	383	–466	260
Total comprehensive income for the period²⁾	–27	706	270	1,621	555	1,906

1) Translation differences mainly refer to the translation effect on foreign net investments that arise on consolidation in Swedish kronor.

2) Total comprehensive income is entirely attributable to the owners of the Parent Company.

CONSOLIDATED BALANCE SHEET

	Note	2020	2019	2019
SEK m		Sep 30	Sep 30	Dec 31
ASSETS				
Fixed assets				
Goodwill	6	7,177	7,341	7,094
Acquisition-related intangible assets	6	475	517	478
Other intangible assets		247	197	208
Tangible fixed assets		5,432	5,845	5,822
Right-of-use assets	9	2,759	3,030	2,911
Other non-interest-bearing fixed assets		853	856	817
Interest-bearing financial fixed assets ¹⁾		600	219	565
Total fixed assets		17,542	18,005	17,893
Current assets				
Non-interest-bearing current assets		3,706	3,993 ²⁾	3,536
Interest-bearing financial current assets ¹⁾		53	21	61
Liquid funds	7	5,464	5,127 ²⁾	5,073
Total current assets		9,223	9,141	8,670
TOTAL ASSETS		26,765	27,146	26,563
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity	11	9,850	9,298	9,592
Long-term liabilities				
Interest-bearing long-term lease liabilities	9	2,199	2,453	2,313
Other interest-bearing long-term liabilities		5,974	5,895	6,711
Non-interest-bearing provisions		1,248	1,233	1,117
Total long-term liabilities		9,421	9,581	10,141
Current liabilities				
Tax liabilities		198	148	199
Non-interest-bearing current liabilities		3,349	3,333	3,022
Liabilities, cash processing operations		3,150	3,133 ²⁾	3,021
Interest-bearing current lease liabilities	9	558	563	560
Other interest-bearing current liabilities		239	1,090	29
Total current liabilities		7,494	8,267	6,831
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,765	27,146	26,563
KEY RATIOS				
Return on shareholders' equity, %		10	17	17
Return on capital employed, %	8	12	14	15
Equity ratio, %		37	34	36
Net debt	8	6,245	8,082	7,332
Net debt/EBITDA		1.60	1.94	1.65

1) As of the balance sheet date and in the comparative information all derivatives are measured at fair value based on market data in accordance with IFRS.

2) During the fourth quarter of 2019, Loomis changed the reporting of inventory of cash at the cash processing operations, see Note 1. The comparative figures have been adjusted as a result of this change.

CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

	2020	2019	R12	2019
SEK m	Nine months	Nine months	Twelve months	Full year
Opening balance	9,592	8,422	9,298	8,422
Actuarial gains and losses after tax	–77	–379	215	–87
Exchange rate differences	–286	900	–765	421
Hedging of net investments, net of tax	19	–139	84	–74
Total other comprehensive income	–343	383	–466	260
Net income for the period	613	1,239	1,021	1,646
Total comprehensive income¹⁾	270	1,621	555	1,906
Dividend paid to Parent Company's shareholders	–	–750	–	–750
Share-related remuneration	–12	5	–2	14
Non-controlling interest	0	0	0	0
Closing balance	9,850	9,298	9,850	9,592

1) Total comprehensive income is entirely attributable to the owners of the Parent Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Operations						
Income before taxes	361	660	893	1,658	1,445	2,210
Items not affecting cash flow	603	526	1,776	1,556	2,359	2,138
Financial items received	9	9	20	22	33	36
Financial items paid	–57	–37	–171	–151	–267	–247
Income tax paid	–159	–168	–419	–539	–521	–641
Change in accounts receivable	–285	44	171	–231	252	–150
Change in other operating capital employed and other items	226	69	174	246	–56	17
Cash flow from operations	699	1,103	2,444	2,561	3,245	3,362
Investing activities						
Investments in fixed assets	–192	–496	–766	–1,159	–1,315	–1,709
Disposals of fixed assets	22	14	35	41	59	66
Divestments of operations	–	–	–	38	–	38
Acquisitions of operations	–125	–356	–308	–361	–330	–384
Cash flow from investing activities	–296	–838	–1,039	–1,441	–1,586	–1,989
Financing activities						
Dividend paid	–	–	–	–750	–	–750
Change in interest-bearing net debt excluding liquid funds	–10	263	–482	–211	–612	–341
Issuance of bonds	–	1,750	–	1,750	1,045	2,795
Amortization of bonds	–	–	–	–	–1,000	–1,000
Change in commercial papers issued and other long-term borrowing	–508	–2,186	–468	–1,606	–615	–1,753
Cash flow from financing activities	–518	–173	–950	–817	–1,182	–1,049
Cash flow for the period	–114	92	455	303	477	325
Liquid fund at beginning of the period¹⁾	2,212	1,558	1,655	1,308	1,679	1,308
Translation differences in liquid funds	–26	29	–38	68	–84	22
Liquid funds at end of period¹⁾	2,072	1,679	2,072	1,679	2,072	1,655

1) Excluding liquid funds within cash processing operations.

CONSOLIDATED STATEMENT OF CASH FLOWS EXCLUDING THE IFRS 16 IMPACT, ADDITIONAL INFORMATION

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Operating income (EBITA) ¹⁾	503	723	1,266	1,869	1,945	2,548
Depreciation ¹⁾	318	324	978	940	1,302	1,265
Change in accounts receivable	–285	44	171	–231	252	–150
Change in other operating capital employed and other items ¹⁾	222	104	172	272	–62	37
Cash flow from operating activities before investments	758	1,194	2,587	2,850	3,437	3,700
Investments in fixed assets, net	–170	–482	–731	–1,118	–1,256	–1,643
Cash flow from operating activities	587	712	1,856	1,732	2,181	2,057
Financial items paid and received ¹⁾	–25	–1	–77	–50	–133	–106
Income tax paid	–159	–168	–419	–539	–521	–641
Free cash flow	404	544	1,360	1,143	1,527	1,310
Cash flow effect of items affecting comparability	0	0	–1	–1	–11	–12
Divestment of operations	–	–	–	38	–	38
Acquisition of operations	–125	–356	–308	–361	–330	–384
Acquisition-related costs and revenue, paid and received ²⁾	–13	–22	–71	–51	–95	–75
Dividend paid	–	–	–	–750	–	–750
Change in interest-bearing net debt excluding liquid funds ¹⁾	129	362	–57	141	–43	155
Issuance of bonds	–	1,750	–	1,750	1,045	2,795
Amortization of bonds	–	–	–	–	–1,000	–1,000
Change in commercial papers issued and other long-term borrowing	–508	–2,186	–468	–1,606	–615	–1,753
Cash flow for the period	–114	92	455	303	477	325
KEY RATIOS						
Cash flow from operating activities as % of operating income (EBITA) ¹⁾	117	99	147	93	112	81
Investments in relation to depreciation ¹⁾	0.5	1.5	0.7	1.2	1.0	1.3
Investments as a % of total revenue	3.6	8.8	5.1	7.1	6.4	7.8

1) Excluding the IFRS 16 impact.

2) Refers to the cash flow effect of acquisition-related transaction-, restructuring and integration costs.

Notes

NOTE 1 – ACCOUNTING PRINCIPLES

The Group's financial reports are prepared in accordance with the International Financial Reporting Standards (IAS/IFRS, as adopted by the European Union) issued by the International Accounting Standards Board, and statements issued by the IFRS Interpretations Committee (IFRIC).

This interim report has been prepared according to IAS 34 Interim Financial Reporting. The interim report is on pages 1–28, and the pages 1–9 are thus an integrated part of this financial report. The most important accounting principles according to IFRS, which are the accounting standards used in the preparation of this interim report, are described in Note 2 on pages 97–105 of the 2019 Annual Report.

New or changed standards and interpretations that entered into force on January 1, 2020 are not expected to have any material effect on the Group's financial statements.

Government grants are recognized according to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The Group has received government grants to cover the cost of short-term furloughs. These grants are recognized as a reduction of personnel costs in the income statement in the same period as the costs the grants are intended to cover are recognized.

Reporting of cash at the cash processing operations

Loomis' operations involve the transportation of cash and other valuables based on customer contracts in place. If stipulated in the customer contract, the transported cash is processed at Loomis' cash centers. The cash that is received by Loomis is on consignment unless otherwise agreed with the customer. Consignment stocks of cash are accounted for by the other parties and not by Loomis.

In cases where Loomis, according to the customer contract, assumes ownership of the cash received, it is reported as inventory of cash. These inventories are financed by specific credit facilities and prepayments from customers. The credit facilities and prepayments are only used for this purpose.

CASH PROCESSING OPERATIONS:

	2020	2019
SEK m	Sep 30	Sep 30
Inventory of cash ¹⁾	2,200	2,361
Prepayments from customers	1,193	1,087
Liabilities related to prepayments from customers and liabilities to customers	–1,728	–1,859
Credit facility related to cash processing operations	–1,422	–1,274
Funds within cash processing operations (net)	242	315

1) Excluding consignment stocks of money.

As a consequence of the changed accounting principle regarding funds in the cash processing operations, which is described in Note 2 of the 2019 Annual Report, Loomis has retroactively

reclassified earlier periods according to the following table:

SEK m	September 30, 2019 Reported	Reclassification	September 30, 2019 Adjusted
Current assets			
Liquid funds	1,679	3,448	5,127
Other current receivables	470	–315	155 ¹⁾
Current liabilities			
Liabilities, cash processing operations	–	3,133	3,133

1) Included in Non-interest-bearing current assets.

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

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

Reconciliation of liquid funds according to the consolidated balance sheet as of September 30 (after the above reclassification) against liquid funds in the Group's cash flow statement is as follows:

	2020	2019
SEK m	Sep 30	Sep 30
Liquid funds according to the Group's balance sheet	5,464	5,127
– Adjusted for inventory of cash at the cash processing operations	–2,200	–2,361
– Adjusted for prepayments from customers	–1,193	–1,087
Liquid funds according to the Group's cash flow statement	2,072	1,679

Critical estimates and assessments

For critical estimates and assessments as well as contingent liabilities, please refer to pages 105–107 and 134 of the 2019 Annual Report. There have been no other significant changes compared to what is described in the Annual Report.

Parent Company – Loomis AB

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The most important accounting principles applying to the Parent Company are described in Note 37 on page 138 of the 2019 Annual Report.

NOTE 2 – RISKS AND UNCERTAINTIES

Risks

Loomis' operations, which include cash in transit, cash management services and international valuables logistics, involve Loomis assuming the customer's risks associated with managing, transporting and storing cash, precious metals and valuables. Loomis has established routines and processes to identify, take action to mitigate and monitor risks. Risks are assessed based on two criteria: the likelihood that an event will occur and the severity of the consequences for the business if the event should occur. There are risks both in terms of circumstances pertaining to Loomis itself and the industry as a whole, as well as risks that are more general in nature. Certain risks are outside of Loomis' control.

Below is a description of some of the most significant risks and uncertainties that may have a negative impact on Loomis' operations, financial position and results, and that should therefore be taken into account when making assessments based on full-year or interim information. The risks described below are not in any particular order of significance.

Operational risks: Operational risks are risks associated with the day-to-day operations and the services offered by the Company to its customers. Some of the most significant risks Loomis has identified are:

- IT-related risks, such as operational disruptions and extended stoppages of systems linked to operating activities, as well as risks linked to installation of new systems.
- Risk of changed behavioral patterns relating to purchases and payments.
- Customer-related risks, such as the risk of loss of certain customers as well as significant changes in the banking sector.
- Competition risk, such as Loomis' ability to develop competitive offerings.
- Employee risk, such as a high staff turnover.
- Risk of robbery and other criminal activity.
- Risk of internal theft and/or failing cash reconciliation routines at cash centers.
- Risk associated with the implementation of acquisitions, such as difficulties integrating new operations and employees, as well as the anticipated benefits of a certain acquisition not being realized or being only partially realized.

Financial risks: In its operations, Loomis is exposed to risk associated with financial instruments such as liquid funds, accounts receivable, accounts payable and loans. The risks relating to these instruments are mainly:

- Interest rate risk associated with liquid funds and loans.
- Exchange rate risk associated with transactions and translation of shareholder's equity.
- Financing risk relating to the Company's capital requirements.
- Liquidity risk associated with short-term solvency.
- Credit risk pertaining to financial and commercial activities.
- Capital risk pertaining to the capital structure.

- Price risk.

The financial risks are described in more detail in Note 6 in the 2019 Annual Report.

Legal risks: Through its operations Loomis is exposed to legal risks such as:

- Risk of disputes and legal action.
- Risk associated with the application of existing laws, other regulations and changes in legislation.

Factors of uncertainty

The economic trends in the first nine months of 2020 impacted certain geographic areas negatively. Loomis' revenue and earnings were negatively impacted during the first nine months, with a certain degree of recovery in the third quarter. Revenue and earnings for 2020 as a whole will be negatively impacted as a consequence of this.

As a consequence of the outbreak of the coronavirus (COVID-19), the authorities in many markets have initiated measures that have lowered demand in retail business in these countries. The Company's revenue and earnings in the first nine months of 2020 were negatively impacted. The negative impact of the coronavirus pandemic on revenue and earnings is expected to continue until the pandemic subsides, actions initiated in connection with the pandemic have been fully implemented and retail businesses in the countries where Loomis operates begin to grow again. Loomis is monitoring events carefully and taking steps to minimize or eliminate the impact on the Group's operations. Loomis is following the guidelines issued by the Public Health Agency of Sweden, the WHO, ECDC (European Centre for Disease Prevention and Control) and the CDC in the USA.

Changes in general economic conditions and market trends have various effects on demand for cash handling services. These include the ratio of cash purchases to credit card purchases, changes in consumption levels, the risk of robbery and bad debt losses, and the staff turnover rate.

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and assessments. Estimates and assessments affect both the income statement and the balance sheet as well as the information disclosed on things like contingent liabilities. Actual outcomes may deviate from these estimates and assessments depending on other circumstances or other conditions.

In 2020 the actual financial results of certain previously reported items affecting comparability, provisions and contingent liabilities, as described in the 2019 Annual report and where applicable under the heading "Critical estimates and assessments" in Note 1 of this report, may deviate from the financial assessments and provisions made by management. This may impact the Group's profitability and financial position.

Seasonal variations

Loomis' earnings fluctuate across the seasons and this should be taken into consideration when making assessments based

on interim financial information. The primary reason for these seasonal variations is that the need for cash handling services increases during the vacation periods and in connection with public holidays.

NOTE 3 – REVENUE DISTRIBUTION

	Europe	USA	Other and eliminations	Total	Europe	USA	Other and eliminations	Total
SEK m	Quarter 3 2020				Quarter 3 2019			
Cash in transit (CIT)	1,537	1,360	–	2,896	1,781	1,524	–	3,305
Cash management services (CMS)	669	748	–	1,417	852	866	–	1,718
International	205	76	–	281	229	86	–	315
Other	108	5	3	115	149	5	–	154
Revenue, internal	7	13	–20	–	12	21	–33	–
Total revenue	2,526	2,201	–17	4,709	3,023	2,502	–33	5,492
Timing of revenue recognition, external								
At a point in time	370	75	–	445	411	80	–	492
Over time	2,149	2,112	3	4,264	2,600	2,400	–	5,000
Total external revenue	2,518	2,188	3	4,709	3,012	2,480	–	5,492

	Europe	USA	Other and eliminations	Total	Europe	USA	Other and eliminations	Total
SEK m	Nine months 2020				Nine months 2019			
Cash in transit (CIT)	4,483	4,307	–	8,790	5,092	4,469	–	9,561
Cash management services (CMS)	1,902	2,324	–	4,226	2,362	2,442	–	4,803
International	581	239	–	820	602	251	–	853
Other	423	14	3	440	472	13	–	485
Revenue, internal	31	29	–60	–	28	39	–67	–
Total revenue	7,420	6,914	–57	14,277	8,555	7,214	–67	15,702
Timing of revenue recognition, external								
At a point in time	1,114	237	–	1,352	1,178	237	–	1,415
Over time	6,275	6,647	3	12,925	7,349	6,938	–	14,287
Total external revenue	7,389	6,885	3	14,277	8,527	7,175	–	15,702

REVENUE PER SIGNIFICANT GEOGRAPHICAL MARKET

	2020	2019	2020	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months
USA	2,201	2,502	6,914	7,214
France	799	870	2,266	2,331
Spain	348	439	1,002	1,207
UK	239	387	805	1,166
Other countries and eliminations	1,122	1,294	3,290	3,784
Total revenue	4,709	5,492	14,277	15,702

NOTE 4 – SEGMENT OVERVIEW

Loomis has operations in a number of countries, with country presidents being responsible for each country. Segment presidents supervise operations in a number of countries and also support the respective country president. Operating segments are reported in accordance with the internal Loomis reporting, submitted to Loomis' CEO who has been identified as the most senior executive decision-maker within Loomis. Loomis has the following segments: Europe, USA, and Other. Presidents for the

segments Europe and USA are responsible for following up the segments' operating income before amortization of acquisition-related intangible assets, acquisition-related costs and revenue and items affecting comparability (EBITA), according to the manner in which Loomis reports its consolidated statement of income. This then forms the basis for how the CEO monitors development, allocates resources etc. Loomis has therefore chosen this structure for its segment reporting.

SEGMENT OVERVIEW STATEMENT OF INCOME

Nine months 2020	Europe	USA	Other ¹⁾	Eliminations	Total
SEK m					
Revenue, continuing operations	7,148	6,912	–	–60	14,000
Revenue, acquisitions	272	2	3	–	277
Total revenue	7,420	6,914	3	–60	14,277
Production expenses	–5,883	–4,855	–41	80	–10,699
Gross income	1,537	2,058	–38	20	3,578
Selling and administrative expenses	–1,094	–1,015	–140	–20	–2,270
Operating income (EBITA)	443	1,043	–178	–	1,308
Amortization of acquisition-related intangible assets	–66	–15	–	–	–81
Acquisition-related costs	–67	–2	–19	–	–88
Items affecting comparability	–86	–	–	–	–86
Operating income (EBIT)	225	1,027	–198	–	1,054
Net financial items	–	–	–142	–	–142
Loss on monetary net assets/liabilities	–	–	–19	–	–19
Income before taxes	225	1,027	–358	–	893

1) Segment Other consists of the Parent Company's costs, certain other group-wide costs and costs and revenue for Loomis Pay.

SEGMENT OVERVIEW STATEMENT OF INCOME

Nine months 2019	Europe	USA	Other ¹⁾	Eliminations	Total
SEK m					
Revenue, continuing operations	8,125	7,213	–	–67	15,271
Revenue, acquisitions	430	1	–	–	431
Total revenue	8,555	7,214	–	–67	15,702
Production expenses	–6,298	–5,182	–	85	–11,395
Gross income	2,258	2,032	–	18	4,308
Selling and administrative expenses	–1,186	–1,043	–153	–18	–2,400
Operating income (EBITA)	1,072	989	–153	–	1,908
Amortization of acquisition-related intangible assets	–60	–15	–	–	–75
Acquisition-related costs	–30	–	–14	–	–44
Items affecting comparability	33	–	–9	–	24
Operating income (EBIT)	1,015	974	–176	–	1,813
Net financial items	–	–	–133	–	–133
Loss on monetary net assets/liabilities	–	–	–22	–	–22
Income before taxes	1,015	974	–331	–	1,658

1) Segment Other consists of the Parent Company's costs and certain other group-wide costs.

SEGMENT OVERVIEW STATEMENT OF INCOME, ADDITIONAL INFORMATION

	2020	2019	2020	2019	R12	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Europe						
Operating income (EBITA)	238	449	443	1,072	801	1,429
Operating margin (EBITA), %	9.4	14.9	6.0	12.5	7.7	12.4
USA						
Operating income (EBITA)	340	340	1,043	989	1,426	1,372
Operating margin (EBITA), %	15.5	13.6	15.1	13.7	15.3	14.2
Other¹⁾						
Revenue	3	–	3	–	3	–
Operating income (EBITA)	–61	–52	–178	–153	–225	–200
Eliminations						
Revenue	–20	–33	–60	–67	–85	–92
Operating income (EBITA)	–	–	–	–	–	–
Group total						
Operating income (EBITA)	517	737	1,308	1,908	2,001	2,601
Operating margin (EBITA), %	11.0	13.4	9.2	12.2	10.2	12.4

1) Segment Other consists of the Parent Company's costs, certain other group-wide costs and costs and revenue for Loomis Pay.

SEGMENT OVERVIEW BALANCE SHEET

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Europe			
Assets	10,647	11,223	11,234
Liabilities	2,995	3,113	3,009
USA			
Assets	9,955	10,445	9,965
Liabilities	1,060	1,107	1,012
Other¹⁾			
Assets	6,163	5,478	5,364
Liabilities	12,860	13,628	12,950
Shareholder's equity	9,850	9,298	9,592
Group total			
Assets	26,765	27,146	26,563
Liabilities	16,915	17,848	16,971
Shareholder's equity	9,850	9,298	9,592

1) Segment Other consists mainly of Group assets and liabilities that cannot be divided by segment.

NOTE 5 – ITEMS AFFECTING COMPARABILITY

	2020	2019	2020	2019	2019
SEK m	Quarter 3	Quarter 3	Nine months	Nine months	Full year
Restructuring costs within the European segment	–49	–	–49	–	–
Write-down of goodwill in an operation within the European segment	–	–	–46	–	–
Capital gains from the divestment of Artcare	–	0	–	33	35
Provisions/resolutions regarding legal processes	9	–3	9	–9	–13
Total items affecting comparability	–40	–3	–86	24	23

NOTE 6 – ACQUISITIONS

In January 2020 Loomis AB announced that, through the wholly owned subsidiary Loomis Sverige AB (Loomis Sweden), it had entered into an agreement to acquire all of the shares in Nokas Värdehantering AB (Nokas Värdehantering), a subsidiary of Nokas Kontandthåntering AS in Norway. The acquired operations are reported in the European segment and are consolidated into Loomis's accounts as of the closing of the transaction, June 15, 2020.

In February 2020 Loomis entered into an agreement to acquire all of the shares in Automatia Pankkiautomaatit Oy (Automatia) from its current owners Danske Bank, Nordea and OP Financial Group. The enterprise value, i.e. the purchase price payable on a debt-free basis, is around EUR 42 million. The acquired opera-

tions will be reported within the Segment Europe and will be consolidated into Loomis's accounts as of the closing of the transaction. The transaction was contingent upon approval by the Finnish Competition and Consumer Authority. The approval was received in October 2020 and the closing of the transaction is expected to be in the fourth quarter of this year.

In addition to the above acquisitions, one smaller acquisition was implemented in the second quarter of 2020 and a further smaller acquisition in the third quarter of 2020.

As the completed acquisitions are not considered material, no complete disclosures according to IFRS 3 are being provided.

ACQUISITIONS

	Consolidated as of	Segment	Acquired share ¹⁾ %	Annual revenue SEK m	Number of employees	Purchase price SEK m	Goodwill SEK m	Acquisition- related intangible assets SEK m	Other acquired net assets SEK m
Opening balance, January 1, 2020							7 094	478	
Acquisition of Nokas Värdehantering AB ⁴⁾	June	Europe	100	215 ²⁾	220	129 ³⁾	37 ⁶⁾	69	23
Other acquisitions ⁵⁾	June/September	Other/USA	100	17 ²⁾	8	181 ³⁾	193 ⁶⁾	6	-18
Total acquisitions January – September 2020							230	75	5
Write-down of book values							-46	-	
Amortization of acquisition-related intangible assets							-	-81	
Exchange rate differences							-101	2	
Closing balance September 30, 2020							7,177	475	

1) Refers to share of votes. In acquisitions of assets and liabilities, no share of votes is indicated.

2) Annual revenue translated to SEK million on the acquisition date.

3) The enterprise value, i.e. the purchase price payable on a debt free basis, on the acquisition date amounted to around SEK 80 million for Nokas Värdehantering AB and to around SEK 81 million and around SEK 108 million respectively for other acquisitions.

4) The acquisition analysis is preliminary and subject to final adjustment no later than one year from the acquisition date. Complete IFRS 3 disclosures are not disclosed since the completed acquisition is not deemed to materially impact the Group's statement of income or financial position.

5) The acquisition analyses are preliminary and subject to final adjustment no later than one year from the acquisition date. Complete IFRS 3 disclosures are not disclosed since the completed acquisitions are not deemed to materially impact the Group's statement of income or financial position.

6) Goodwill arising in connection with the acquisition is primarily attributable to market and synergy effects. Any impairment is not tax deductible.

NOTE 7 – LIQUID FUNDS

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Liquid funds	5,464	5,127	5,073
– Adjusted for inventory of cash at the cash processing operations	–2,200	–2,361	–2,384
– Adjusted for prepayments from customers	–1,193	–1,087	–1,034
Liquid funds excluding funds for cash processing activities	2,072	1,679	1,655

NOTE 8 – CAPITAL EMPLOYED AND FINANCING

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Operating capital employed	8,201	9,394	9,238
Goodwill	7,177	7,341	7,094
Acquisition-related intangible assets	475	517	478
Other capital employed	243	129	114
Capital employed	16,096	17,380	16,924
Net debt	6,245¹⁾	8,082	7,332
Shareholders' equity	9,850	9,298	9,592
Key ratios			
<i>Return on capital employed, %</i>	12	14	15
<i>Return on equity, %</i>	10	17	17
<i>Equity ratio, %</i>	37	34	36
<i>Net debt/EBITDA</i>	1.60	1.94	1.65

1) For information regarding the IFRS 16 impact, see Note 9.

NET DEBT

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Liquid funds excluding funds for cash processing activities	2,072	1,679	1,655
Interest-bearing financial fixed assets	600	219	565
Interest-bearing financial current assets	53	21	61
Interest-bearing lease liabilities	–2,757	–3,016	–2,873
Other interest-bearing long-term liabilities	–5,974	–5,895	–6,711
Other interest-bearing current liabilities	–239	–1,090	–29
Net debt	–6,245	–8,082	–7,332

NOTE 9 – LEASES

Loomis has applied IFRS 16 since January 1, 2019. The Group is using the simplified transition method, modified retroactively, and has therefore not restated the comparative figures. For further information about IFRS 16, please see Note 2 of the 2019 Annual Report.

Impact

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

Right-of-use assets, which are reported on a separate line in the balance sheet, amounted to SEK 2,759 million as of September 30, 2020 (3,030). Buildings account for 74 percent (77) of total right-of-use assets. The lease liability for operating and financial leases as of September 30, 2020 totaled SEK 2,757 million (3,016), of which the long-term lease liability amounts to SEK 2,199 million

(2,453) and the short-term lease liability to SEK 558 million (563). The long-term and short-term lease liabilities are recognized as interest-bearing long-term lease liabilities and interest-bearing short-term lease liabilities respectively in the balance sheet.

As of September 30, 2020, the costs relating to short-term leases (lease term of 12 months or less) amounted to SEK 28 million (26) and leases for which the underlying asset has a low value (<USD 5,000) amounted to SEK 8 million (6).

Outcomes for Loomis' key ratios are presented below both including and excluding the impact of IFRS 16 as of September 30, 2020:

	Including IFRS 16	Excluding IFRS 16
SEK m	Sep 30, 2020	Sep 30, 2020
Net debt	6,245	3,559
Net debt/EBITDA	1.60	1.10
Return on capital employed, %	12	14

	Including IFRS 16	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16	Including IFRS 16	Excluding IFRS 16
SEK m	Quarter 3 2020	Quarter 3 2020	Quarter 3 2019	Quarter 3 2019	Nine months 2020	Nine months 2020	Nine months 2019	Nine months 2019
Operating income, EBITDA	978	820	1,208	1,046	2,741	2,243	3,266	2,809
Depreciation	460	318	471	324	1,433	978	1,358	940
Operating income, EBITA	517	503	737	723	1,308	1,266	1,908	1,869
Operating margin, EBITA, %	11.0	10.7	13.4	13.2	9.2	8.9	12.2	11.9
Net financial items	-46	-22	-32	-5	-142	-68	-133	-54
Net income for the period	246	252	492	502	613	637	1,239	1,268
Earnings per share	3.27	3.35	6.54	6.67	8.15	8.47	16.47	16.86
Investments in relation to depreciation	0.4	0.5	1.0	1.5	0.5	0.7	0.8	1.2

NOTE 10 – TRANSACTIONS WITH RELATED PARTIES

Transactions between Loomis and related parties are described in Note 7 of the 2019 Annual Report. As previously communicated, board member Lars Blecko provides consulting services to Loomis Armored US LLC pursuant to an existing agreement between Loomis Armored US LLC and a company owned by him. Board member Johan Lundberg has also been asked to provide consulting services as of January 1, 2020. There have been no transactions with related parties during the period that have materially impacted the Company's earnings and financial position.

NOTE 11 – NUMBER OF SHARES AS OF SEPTEMBER 30, 2020

	Votes	No. of shares	No. of votes	Quota value	SEK m
Shares	1	75,279,829	75,279,829	5	376
Total no. of shares		75,279,829	75,279,829		376
Total treasury shares ¹⁾	1	–53,797	–53,797		
Total no. of outstanding shares		75,226,032	75,226,032		

1) The number of treasury shares has remained unchanged during the period and has not affected shareholders' equity.

NOTE 12 – CONTINGENT LIABILITIES, GROUP

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Guarantees and other commitments	2,309	1,662	2,014

OTHER INFORMATION – KEY RATIOS

	2020	2019	2020	2019	R12	2019
	Quarter 3	Quarter 3	Nine months	Nine months	Twelve months	Full year
Real growth, %	–7	6	–8	5	–5	5
Organic growth, %	–9	3	–10	3	–7	2
Total growth, %	–14	12	–9	10	–5	10
Gross margin, %	25.9	28.3	25.1	27.4	26.0	27.7
Selling and administration expenses in % of total revenue	–14.9	–14.9	–15.9	–15.3	–15.8	–15.4
Operating margin (EBITA), %	11.0 ¹⁾	13.4 ¹⁾	9.2 ¹⁾	12.2 ¹⁾	10.2	12.4
Tax rate, %	32	25	31	25	29	26
Net margin, %	5.2	9.0	4.3	7.9	5.2	7.8
Return on shareholders' equity, %	10	17	10	17	10	17
Return on capital employed, %	12 ¹⁾	14	12 ¹⁾	14	12	15
Equity ratio, %	37	34	37	34	37	36
Net debt (SEK m)	6,245 ¹⁾	8,082	6,245 ¹⁾	8,082	6,245	7,332
Net debt/EBITDA	1.60 ¹⁾	1.94	1.60 ¹⁾	1.94	1.60	1.65
Cash flow from operating activities as % of operating income (EBITA) ²⁾	117	99	147	93	112	81
Investments in relation to depreciation	0.4 ¹⁾	1.0 ¹⁾	0.5 ¹⁾	0.8 ¹⁾	0.7	0.9
Investments as a % of total revenue	3.6	8.8	5.1	7.1	6.4	7.8
Earnings per share before and after dilution, SEK ³⁾	3.27 ¹⁾	6.54 ¹⁾	8.15 ¹⁾	16.47 ¹⁾	13.57	21.88
Shareholders' equity per share before and after dilution, SEK	130.94	123.60	130.94	123.60	130.94	127.51
Cash flow from operating activities per share after dilution, SEK	9.29	14.67	32.49	34.05	43.13	44.69
Dividend per share, SEK	–	–	–	10.00	–	10.00
Number of outstanding shares (millions)	75.2	75.2	75.2	75.2	75.2	75.2
Average number of outstanding shares (millions) ³⁾	75.2	75.2	75.2	75.2	75.2	75.2

1) For information on key ratios excluding the IFRS 16 impact, see Note 9.

2) Excluding the IFRS 16 impact.

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.

Parent Company

PARENT COMPANY SUMMARY STATEMENT OF INCOME

	2020	2019	2019
SEK m	Nine months	Nine months	Full year
Revenue	278	455	631
Operating income (EBIT)	118	262	374
Income after financial items	138	345	733
Net income for the period	114	344	692

The Parent Company's revenue consists mainly of license fees and other revenues from subsidiaries. The decrease in net income in 2020 is mainly due to decreased dividends from subsidiaries and reduced license fees due to the corona pandemic. In addition, a write-down of shares in one subsidiary.

PARENT COMPANY SUMMARY BALANCE SHEET

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Fixed assets	12,287	11,711	11,571
Current assets	1,391	1,569	1,671
Total assets	13,678	13,280	13,242
Shareholders' equity ¹⁾	5,273	4,810	5,158
Liabilities	8,405	8,470	8,084
Total shareholders' equity and liabilities	13,678	13,280	13,242

1) The number of treasury shares was 53,797 for all periods above.

The Parent Company's fixed assets consist mainly of shares in subsidiaries and loan receivables from subsidiaries. The liabilities are mainly external liabilities and liabilities to subsidiaries.

CONTINGENT LIABILITIES, PARENT COMPANY

	2020	2019	2019
SEK m	Sep 30	Sep 30	Dec 31
Guarantees and other commitments	5,113	3,939	4,444

Definitions

Use of key ratios not defined in IFRS

The Loomis Group's accounts are prepared in accordance with IFRS. See page 14 for more information on accounting principles. Only a few key ratios are defined in IFRS. As of the beginning of the second quarter of 2016 Loomis is applying the new guidelines for 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 management and other stakeholders in their analysis of the Group's performance, Loomis is reporting certain performance measures not defined by IFRS. Group Management believes that this data will facilitate an analysis of the Group's performance. This data supplements the IFRS information and does not replace the performance measures defined in IFRS. Loomis' definitions of measures not defined in IFRS may differ from definitions used by other companies. All of Loomis' definitions are included below.

Gross margin, %	Gross income as a percentage of total revenue.
Operating income (EBITA)	Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability.
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.
Operating income (EBITDA)	Earnings Before Interest, Taxes, Depreciation, Amortization of acquisition-related intangible fixed assets, Acquisition-related costs and revenue and Items affecting comparability.
Operating income (EBIT)	Earnings Before Interest and Tax.
Items affecting comparability	Items affecting comparability are reported events and transactions whose impact are important to note when the period's results are compared with previous periods, such as capital gains and capital losses from divestments of significant cash generating units, material write-downs or other significant items affecting comparability.
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 acquisition/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.
Net margin, %	Net income for the period after tax as a percentage of total revenue.
Earnings per share before dilution	Net income for the period in relation to the average number of outstanding shares during the period. Calculation for: Quarter 3 2020: $246/75,226,032 \times 1,000,000 = 3.27$. Quarter 3 2019: $492/75,226,032 \times 1,000,000 = 6.54$. Nine months 2020: $613/75,226,032 \times 1,000,000 = 8.15$. Nine months 2019: $1,239/75,226,032 \times 1,000,000 = 16.47$.
Earnings per share after dilution	Calculation for: Quarter 3 2020: $246/75,226,032 \times 1,000,000 = 3.27$. Quarter 3 2019: $492/75,226,032 \times 1,000,000 = 6.54$. Nine months 2020: $613/75,226,032 \times 1,000,000 = 8.15$. Nine months 2019: $1,239/75,226,032 \times 1,000,000 = 16.47$.
Cash flow from operations per share	Cash flow for the period from operations in relation to the number of shares after dilution.
Investments in relation to depreciation	Investments in fixed assets, net, for the period, in relation to depreciation, excluding the IFRS 16 impact.

Investments as a % of total revenue	Investments in fixed assets, net, for the period, as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity in relation to the number of shares before and after dilution.
Cash flow from operating activities as % of operating income (EBITA)	Operating income, EBITA, (excluding IFRS 16), adjusted for depreciation (excluding IFRS 16), change in accounts receivable and other items (excluding IFRS 16) as well as net investments in fixed assets as a percentage of operating income, EBITA, (excluding IFRS 16).
Return on equity, %	Net income for the period (rolling 12 months) as a percentage of the closing balance of shareholders' equity.
Return on capital employed, %	Operating income (EBITA) (rolling 12 months) as a percentage of the closing balance of capital employed.
Equity ratio, %	Shareholders' equity as a percentage of total assets.
Capital employed	Shareholders' equity with the addition of net debt. Calculation as per September 30, 2020: 9,850 + 6,245 = 16,096. September 30, 2019: 9,298 + 8,082 = 17,380.
Net debt	Interest-bearing liabilities less interest-bearing assets and liquid funds excluding funds for cash processing activities.
R12	Rolling 12 months (October 2019 up to and including September 2020).
n/a	Not applicable.
Other	Amounts in tables and other combined amounts have been rounded off on an individual basis. Minor differences due to this rounding-off, may, therefore, appear in the totals.

Outlook 2020

The company is not providing any forecast information for 2020.

The undersigned confirm that this interim report provides a fair and true overview of the Parent Company's and the Group's operations, financial position and results, and describes any significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, November 5, 2020

Patrik Andersson
President and CEO

Review Report

Introduction

We have reviewed the interim report for Loomis AB (publ) for the period January 1 – September 30, 2020. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a

different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 5, 2020

Deloitte AB

Peter Ekberg
Authorized Public Accountant

Loomis in brief

Vision

Managing cash in society.

Financial targets 2018–2021

- Operating margin (EBITA): 12–14 percent.
- Dividend: 40–60 percent of net income.

Sustainability targets

- Zero workplace injuries.
- Decrease carbon emission by 30 percent by 2021.
- Decrease plastic volumes by 30 percent by 2021.

Operations

Loomis offers secure and effective comprehensive solutions for the distribution, handling, storage and recycling of cash and other valuables. Loomis' customers are banks, retailers and other operators. Loomis operates through an international network of around 400 branches in more than 20 countries. Loomis employs around 25,000 people and had revenue in 2019 of SEK 21 billion. Loomis is listed on Nasdaq Stockholm Large-Cap list.

Telephone conference and audio cast

A telephone conference will be held on November 5, 2020 at 09:00 a.m. (CET).

To follow the conference call via telephone and to participate in the question and answer session, please call:

UK: + 44 333 300 9034

USA: + 1 833 249 8404

Sweden: +46 8 519 993 83

The audio cast can be followed at our website www.loomis.com (follow "Financial presentation").

A recorded version of the audio cast will be available at www.loomis.com (follow "Financial presentation") after the telephone conference.

Future reporting and annual report

Full -year report	January – December	February 3, 2021
Interim report	January – March	May 6, 2021
Interim report	January – June	July 23, 2021
Interim report	January – September	November 3, 2021

Loomis' Annual Report for 2020 will be available at www.loomis.com in April 2021.

Loomis' Annual General meeting will be held on May 6, 2021 in Stockholm.

For further information

Anders Haker, Chief Investor Relations Officer +1 281 795 8580, e-mail: anders.haker@loomis.com

Refer also to the Loomis website: www.loomis.com

This information is information that Loomis AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 a.m. (CET) on November 5, 2020.

