2016

Annual Report

Managing **cash** in society.

LOOMIS

Contents

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

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.

2016 Annual General Meeting

The 2017 Annual General Meeting will take place at 5 p.m. CET on Thursday, May 4, 2017 in Grünewaldsalen, Stockholm Concert Hall. Read more on page 112.

2016 numbers

11.2 %

Operating margin (EBITA) increased by 11.2% (10.6%)

18 %

Earnings per share improved by 18% to SEK 16.73

8 SEK

The Board of Directors is proposing a dividend of SEK 8 per share for 2016 (SEK 7

Other events

New President and CEO

On May 4 Patrik Anderson took over as the new President and CEO of Loomis AB.

Loomis expands in Denmark through acquisition of BKS

In August Loomis' Danish subsidiary acquired Bankernes Kontantservice A/S (BKS). The acquisition has made Loomis the market leader in Denmark and has enabled Loomis to expand its customer portfolio and to now provide services to both banks and retail customers.

Divestment of general cargo operations

In July Loomis sold its general cargo operations to Rhenus Alpina AG. Loomis took over these operations in connection with the acquisition of VIA MAT in 2014. The divestment has allowed Loomis to focus on its remaining core business, international valuables logistics.

160-year history

1852

Wells Fargo & Co is established during the California Gold Rush. Later the company becomes co-owner of the legendary Pony Express – the first express mail service in North America.

1905

Lee Loomis starts a company that uses dogsleds to provide Alaska's miners with supplies.

1925

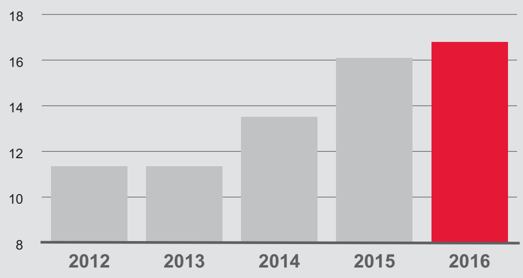
The Loomis Armored Car Service is formed and is the first to use an armored vehicle to transport cash. The company expands for many years in Western USA and Canada.

President's statement

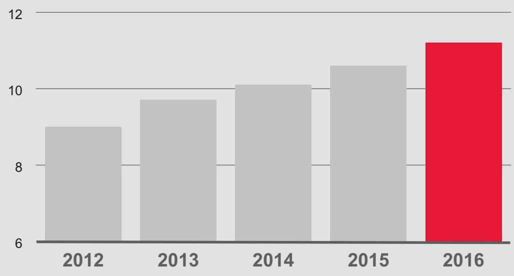
Organic growth in the USA amounted to 11 percent, driven primarily on increased revenue from CMS and SafePoint.

Financial performance

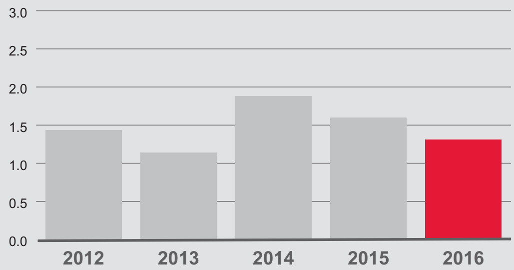
REVENUE 2012–2016, SEK BILLION



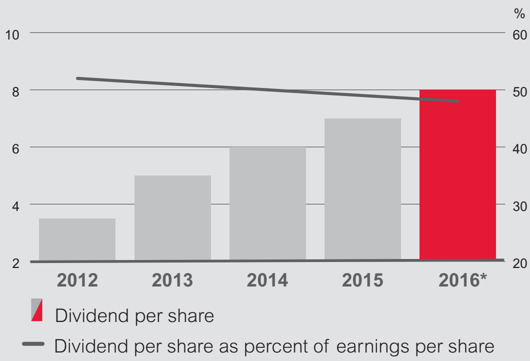
OPERATING MARGIN (EBITA) 2012–2016, %



NET DEBT/EBITDA 2012–2016, %



ANNUAL DIVIDEND 2012–2016, SEK



* Dividend proposal for the 2017 Annual General Meeting.

2008

On December 9 Loomis is listed on Nasdaq Stockholm.

2011–2012

Loomis acquires Pendum in the USA and becomes the US market leader. Loomis expands into South America through the acquisition of the Argentine company Vigencia.

2014

Loomis acquires VIA MAT and expands its service offering to include international valuables logistics. The acquisition also makes Loomis the market leader in this segment in the Swiss market.

2016

In August Loomis acquires Bankernes Kontantservice A/S in Denmark. The acquisition makes Loomis the market leader in Denmark.

About Loomis

114,500

Number of ATMs Loomis manages globally

6,700

Cash in transit vehicles

36,916,500 kg

Transport volume
(international transportation of valuables)

Cash in Transit (CMS)

Loomis transports cash to and from stores, banks and automatic teller machines (ATMs). Loomis collects daily receipts, supplies retail customers and banks with cash and foreign currency, and replenishes ATMs.

Cash Management Services (CIT)

Daily receipts and cash from retailers, bank branches and ATMs are normally transported to one of Loomis' cash centers where Loomis, using efficient processes and state-of-the-art equipment, counts, quality assures and packages bank notes and coins.

International Valuables Logistics

Loomis provides cross-border transportation and management and storage of cash, precious metals and other valuables.

SafePoint

Loomis also provides services for analysis, forecasting and reporting of customer cash flows, as well as customized solutions such as SafePoint for retailers. The revenue from SafePoint is divided between Cash in Transit and Cash Management Services.

Loomis is well equipped **for future growth**

On May 4, I assumed the position as the President and CEO of Loomis. I spent my first year getting to know an organization that is distinguished by great dedication, professionalism and a willingness to always achieve better results and higher efficiency without compromising quality and safety.

As we close the books for 2016 I can sum up the year as another successful one for Loomis. We are well on our way to reaching the targets we set for 2017. Reaching targets on schedule is one of Loomis' absolute signature characteristics. We have made good progress on producing an updated strategy and new financial targets to reach beyond 2017.

Stable and sound business

Long before I was asked to shoulder the responsibility as President and CEO of Loomis, I admired the company's resilient and stable development. After having spent time thoroughly analyzing the company and the business, the image I had of a solid company has now been further reinforced.

Loomis has a strong focus on its core business with a foundation in the form of a highly effective business model. The branch managers have an important responsibility as the people who know the customers and the local business climate the best. The ties that bind the Group together are our common values, Code of Conduct, processes and principles for how the company should be run.

I have never seen such a competition-oriented culture at a company as the one here at Loomis. Measuring and a competitive spirit are present almost everywhere. The result is visible for all to see. All around the organization people are talking about results and always looking to see what they can learn from other branches in order to become a bit better, a little more efficient and to improve operating margins. There is no doubt that herein lies one of the most significant explanations for why Loomis – year after year – is able to raise quality, increase profitability and, not least, reach financial targets.

Loomis has a strong focus on its core business with a foundation in the form of a highly effective business model

Profitability improvement and organic growth in 2016

The current financial targets were presented in 2014 and apply until the end of 2017. We are well on our way to reaching the sales target of SEK 17 billion in revenue. In 2016 we grew both organically and through acquisitions. The Group's organic growth amounted to 5 percent and the Group's combined revenue in 2016 amounted to SEK 16.8 billion.

We have also increased our profitability, and our operating margin in 2016 improved to 11.2 percent compared to 10.6 percent in 2015. Our goal is to achieve an operating margin of 10–12 percent. Constant efforts to improve efficiency, an increased proportion of revenue from cash management services (CMS) – which has a higher margin than cash in transit (CIT) – and a sustained, strong sales trend for SafePoint are the main explanations for the higher operating margin.

Record growth in the US market

Growth was very strong in the USA segment in 2016. Organic growth amounted to 11 percent, based primarily on increased revenue from CMS and sustained, strong sales growth for SafePoint. At the end of the year the number of installed SafePoint units in the USA was around 19,000. Revenue from SafePoint grew by around 23 percent in 2016 and accounted for around 11 percent of revenue for the year in the USA. Our targeted and sustained work on rolling out our smart SafePoint solutions are yielding results and this further convinces me of the potential going forward.

The operating margin in the USA continued to improve and increased from 10.8 percent to 11.5 percent. Efficiency improvement work at the branches and an increased proportion of CMS are factors contributing to our positive development. The fact that we improved our operating margin in 2016, while also achieving strong growth, confirms our strong position in the US market.

Strengthened margin in Europe

We believe that there is good potential for the SafePoint concept in Europe. Although this initiative is still in its infancy, we focused our efforts in 2016 on being able to offer this solution to our customers.

The organic growth for Segment Europe as a whole in 2016 amounted to 0 percent. Growth varies within the segment. We mainly saw good growth in Spain, Turkey and Argentina. The

operating margin improved, amounting to 13.4 percent compared to 12.7 percent in 2015. Many countries are contributing to the improved operating margin, but I would like in particular to highlight the UK, where development has been weak for many years, but where we are now seeing strong progress.

In August we acquired Bankernes Kontantservice A/S (BKS) in Denmark, thereby strengthening our position in the Danish market. The acquisition is in line with our strategy of also making acquisitions in existing markets where we can take advantage of the opportunities afforded by the CMS outsourcing trend.

Focus on core international operations

In July we divested our general cargo operations which belonged to our International segment and were part of our acquisition of VIA MAT. The acquisition was implemented in 2014. This divestment enables us to focus fully on the core business in our remaining international operations. We see very good potential for international handling of precious metals, bank notes and other valuables. In 2016 we added Shanghai to our branch network.

The international valuables logistics is greatly affected by macroeconomic factors that result in mobility in the international markets. This business is therefore recognized by higher volatility than Loomis' other service offerings. The organic growth for Segment International amounted to 0 percent (2016). The segment's operating margin was 6.7 percent.

Acquisitions in existing and new markets

Cash handling is a growth market globally and we want to increase our share – both by growing organically and through acquisitions. We intend to do this in both existing markets and in new ones. Acquisitions in markets where we are already established can be integrated relatively quickly into our existing organization and help to increase revenue and profitability. These types of acquisitions will help us achieve our 2017 financial targets.

Acquisitions in new markets, on the other hand, are important for our long-term growth. At any given time we have acquisition discussions under way with a number of attractive candidates in strategic markets. However, the time perspective is always uncertain in acquisition processes. We must, of course, also ensure that the price is right and that we have a clear idea and plan for how to integrate a potential new business into our organization.

Just a few weeks into 2017 we were pleased to report our acquisition of Cobelguard CIT NV in Belgium. Although at this time it is a relatively small company, the acquisition allows Loomis to enter a new market and the company is in a position from which to grow. We see good potential going forward, especially in light of an increasingly strong outsourcing trend in the country.

At the center of the community

Loomis' task is to secure the supply of cash for people and businesses. We exist and operate at the center of the community, which means with have a social, environmental and economic sustainability responsibility. Many different sustainability initiatives are being taken in various parts of the Group based on the situation at an individual branch and in a local community.

If I were to highlight just one sustainability initiative in 2016, it would be our work on improving efficiency, increasing safety and reducing accidents and the environmental impact in our transport processes. More and more of the Group's vehicle fleets have hardware and software installed to ensure improved risk awareness among our drivers, greater fuel efficiency and thereby also, lower costs. The solution includes digital software to provide managers and vehicle supervisors with information and reports in realtime. Feedback on driving behavior is provided immediately to each driver by devices installed in the vehicles. We are already seeing the difference this initiative is making.

Updated strategy and new financial targets being developed

On September 28, 2017 we will present an updated strategy and new financial targets for our business. This is happening at a time when cash is being challenged by new payment solutions. However, cash is still the most common means of payment globally and the amount of cash in the world is increasing. The percentage of payments made in cash is stable or falling slightly. In an overall perspective it is less important whether the percentage of cash transactions of all transmissions is declining, because the total number of cash transactions is increasing. Cash handling is a growth industry and the trend of increased outsourcing of these processes by banks and retailers will continue for the foreseeable future. This benefits companies like Loomis.

We exist and operate at the center of the community

Equipped for long-term growth

It is very stimulating to work with the Board of Directors, Group management and our employees and to lead the process of developing Loomis' advanced strategy and financial targets for the next few years.

Fittingly, we call this initiative "the Loomis Way." One of the aspects of this process is the involvement of many of the managers and employees with operational and performance responsibility. This also enables us to promote strong commitment and dedication among those who actually implement and deliver on the strategy and the plans we put in place.

In this context, I would like to thank all of our employees for their excellent performance during the year that has passed. You do a fantastic job every day! It has been very inspiring to meet and get to know you all, and to see and hear about your commitment to our company.

To sum up I can say that 2016 has been another strong year. I am proud of the fact that we have continued to deliver on our targets and generated sustainable value for our stakeholders. I look forward to working with customers, employees and shareholders to embrace new opportunities and continue to lead Loomis towards long-term growth. It is both inspiring and enjoyable to be part of this effort.

Patrik Andersson
President and CEO

Stockholm, March 2017


890

Loomis’ **operations**

Loomis improves efficiency in the flow of cash in society

Loomis’ mission is to secure the supply of cash in society. Cash in Transit (CIT) teams make sure that ATMs are replenished and that bank offices and stores have the amount of cash they need.

The general public withdraws cash from ATMs and bank offices to spend in for example stores and restaurants.

Loomis collects daily receipts and cash from stores, restaurants, service boxes, deposit boxes and SafePoint units and transports it to cash centers. There, Loomis employees use modern equipment to count and quality-assure bills and coins with industrial efficiency.

The funds are then deposited in the customers' bank accounts. The bills and coins are packaged and re-circulated in the community as quickly as possible.

Through the International segment, Loomis offers cross-border transportation and management of cash and valuables. This enables Loomis to ensure the safe flow of cash and valuables over national borders and between continents.

Loomis offers global **cash handling services**

Loomis' service offering consists of national cash handling and international valuables logistics. The national offering consists of cash in transit, cash management and complete solutions such as SafePoint, while the international offering consists of cross-border transportation, management and storage of foreign currency, precious metals and other valuables.

In 2016 Cash in Transit accounted for 62 percent of the Group's revenue making it Loomis' largest revenue source.

International accounted for 7 percent of Loomis' revenue in 2016.

Cash Management Services accounted for 31 percent of Loomis' revenue.

Cash in Transit (CIT)

Loomis' approximately 6,700 CIT vehicles transport cash to and from stores, banks and ATMs every day. Loomis collects daily receipts, provides retailers and banks with change and foreign currency, replenishes ATMs, and services and performs maintenance on ATMs.

By carefully planning routes and the number of stops on a route it is possible to maintain a high level of efficiency while also limiting environmental impact. Loomis' CIT teams work according to carefully prepared routines to minimize the risk associated with cash handling, and have vehicles and equipment that provide maximum safety and security.

In markets with a low degree of outsourcing of cash management services (CMS), in other words, where banks and retailers are still handling most of their cash management themselves, CIT accounts for the majority of Loomis' revenue.

In 2016 CIT accounted for 62 percent of the Group's revenue, making it the main source of revenue for Loomis.

Cash Management Services (CMS)

Daily receipts and cash from retailers, bank offices and ATMs are normally transported to one of the more than 200 cash centers where Loomis' employees, using efficient processes and state-of-the art equipment, count, quality assure, store and package bills and coins. Loomis also provides services for analysis, forecasting and reporting of customer cash flows, as well as customized solutions such as SafePoint for retailers.

Loomis is seeing a growing demand for CMS as banks and retailers choose to focus more on their core business. Loomis' efficient methods and large-scale operations reduce customers' cash management costs.

CMS accounted for 31 percent of Loomis' revenue in 2016.

International valuables logistics

Loomis manages, stores and transports cash, precious metals and other valuables such as watches, jewelry, art and credit cards, between two or more 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, Loomis also uses a global network of agents.

International valuables logistics accounted for around 7 percent of Loomis' revenue in 2016.

SafePoint

SafePoint is a comprehensive solution developed by Loomis for retailers. The customer deposits receipts on an ongoing basis in the secure SafePoint unit where it is registered and safely stored. The cash is stored securely until it is collected by the Loomis CIT 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 in the SafePoint unit. This improves the customer's liquidity and 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 employee work hours spent on handling cash, reduces cash losses and provides customers with ongoing and detailed cash reports, which facilitates cash reconciliation.Revenue from SafePoint is shared between Cash in Transit and Cash Management Services.

Strategy and growth areas

Loomis' overall strategy is to use its tried and tested business model as a foundation for high quality and increased profitability. The Group is focusing on four areas to achieve the growth targets it has set. The four growth areas are: increased revenue share of cash management services, more SafePoint units, continued expansion of the International segment, and acquisitions in existing and new markets.

2016

Increased revenue from cash management services (CMS)

Revenue from CMS increased during the year, mainly in the USA. This has made a positive contribution to organic growth and helped to improve the operating margin.

More SafePoint units

At the end of the year, the number of installed SafePoint units in the USA was around 19,000. Revenue from SafePoint grew by around 23 percent compared to 2016 and accounted for around 11 percent of revenue for the year in the USA.

During the year Loomis initiated a targeted initiative to offer the SafePoint concept to more customers in Europe. In 2016 a number of units were sold and installed, mainly in France.

2017

In 2017 Loomis intends to continue to invest in cash centers and other equipment to meet the increasing demand for cash management services.

The ongoing SafePoint rollout program will continue in the years to come. Loomis expects demand for SafePoint to remain strong in 2017.

A good quality service offering is the foundation for growth

A tried and tested business model and sound values are the foundation allowing Loomis to create safe and efficient flows of cash in society. Loomis works continuously on raising the quality of the services it offers. Important aspects of this are good operational management, employee training, innovation and modern equipment. Loomis' constant efforts in these areas clearly contribute to increasing profitability year after year. The foundation for growth in cash handing is good quality and increased trust that customers place in the Company, making banks and retail companies more willing to outsource their cash handing and other types of services to Loomis. The Group is focusing on four areas to achieve the growth targets it has set. They are described below.

Increased revenue from cash management services (CMS)

The growth potential in CMS is very good, particularly in the USA where Loomis believes that development is moving in the same direction as in Europe, i.e. that banks will increasingly opt to outsource these processes. Loomis has therefore made significant investments in recently years in new cash management equipment, IT systems, cash centers and in professional development for the employees. Maintaining high and stable quality is essential, especially in the USA where banks have increasing expectations with respect to safety and security. A greater share of cash management services means optimization and greater efficiency as Loomis performs the same service for several customers. In providing cash management services, Loomis is integrated into the customer's processes, which also means stability for Loomis.

More SafePoint units

The growth potential for Loomis' retail solution, SafePoint, is very good, particularly in the USA, but interest is also increasing in Europe. Loomis is constantly developing and adapting its SafePoint solution based on specific needs in different customer categories, which range from small retailers to large retail chains operating in multiple markets.

Continued expansion of the International segment

The Group's international offering has great growth potential. Since the acquisition of VIA MAT in 2014 the integration process has continued and Loomis has expanded its operations geographically by opening new branches and establishing new logistics hubs. In a growing global market Loomis predicts good growth potential for its international offering. Increasing demand for international services in turn brings great potential for increased demand for cash-in-transit and cash management in local markets as well.

Acquisitions in existing and new markets

Loomis sees great potential for growth through acquisitions in both new and existing markets. With its acquisitions in existing markets, Loomis' goal is to be number one or two in each market, while acquisitions in new markets improve the Group's prospects for long-term growth.

Continued expansion of the International segment

The International segment continued to grow during the year thanks to good demand in countries like the UK, the USA and Switzerland.

During the year Loomis opened a new international office in Shanghai to take advantage of the growth potential that exists in international handing of cash and valuables in the Asian market.

Loomis predicts good growth potential for markets of significance for Loomis International, i.e. the UK, Switzerland and the USA, but also in countries in the Middle East and Asia, where branches in Dubai, Hong Kong and Singapore are the market hubs.

Acquisitions

In August Loomis acquired Bankernes Kontantservice A/S (BKS) in Denmark, which has significantly strengthened Loomis' position in Denmark. In 2015 BKS had sales of around SEK 434 million (DKK 340 million). The acquisition is in line with Loomis' strategy of making acquisitions in existing markets and taking advantage of the benefits afforded by the CMS outsourcing trend. The acquisition made Loomis the market leader in the Danish market.

Loomis will continue to invest resources in acquisition activities in 2017 – in both new and existing markets.

The Loomis Model

In order to maintain high and uniform quality in operations, it is very important to have systems, routines and efficient procedures in place. Loomis has a decentralized organizational structure with around 400 branches in more than 20 countries with responsibility for their own results and profitability. A high level of independence requires a clear and simple business model. The model provides synergies and facilitates successful operational management at the branches.

Loomis' formula for how the business is to be run is called the Loomis Model. The model is based on Loomis' core values and Code of Conduct, and describes how Loomis, based on a number of principles, organizes and runs the business with the support of the Group's business processes.

Processes for developing and supporting operations

Loomis' business processes are relevant at all branches and in all markets where the Group has operations. They are part of the Loomis Model and are divided into five areas: operational, financial, risk management, sales and HR. The operational process defines how Loomis operates and develops the Group's offering. The other four processes support the operational process.

Principles for high quality and good profitability

The model includes a number of principles with guidelines for target-setting, constant exchange of experiences, follow-up and benchmarking between branches. The model is always being developed and provides the foundation for a sound organization with high quality services and good profitability.

One of the Model's principles describes how Loomis sets targets. Loomis is largely a target-oriented organization with targets that are to be measurable and realistic but also challenging in order to inspire everyone within the Group to do their best.

Loomis believes that measuring leads to action. At the branches and throughout the Group, Loomis measures, evaluates and constantly monitors performance. In addition to the key ratios measured at the Group and country levels, a number of parameters have been added to further raise the level of quality and efficiency. By comparing the performance of the branches, the employees are incentivized to perform even better and to exchange experiences to find ways to work more effectively.

Another of the principles in the Loomis Model provides guidelines on cost-awareness and investments, emphasizing investments that are wise and carefully considered to improve quality. For Loomis this means that every investment decision is preceded by an analysis of what is needed to add value and improve results.

The Loomis Model provides results

Each branch, working according to the Model, has seen constant improvements in operating profit and efficiency. Since 2008 Loomis' operating margin has risen from 6.6 percent to 11.2 percent in 2016. Loomis has thus grown into a strong company and has built a stable foundation for future growth.

The Loomis Model

The Loomis Model is based on Loomis' core values and Code of Conduct, and describes how Loomis, based on a number of important principles and business processes, organizes and runs the business. Loomis' business processes are financial, risk management, operational, sales and human resources processes. The principles include guidelines for leadership and how work is organized and business performance.

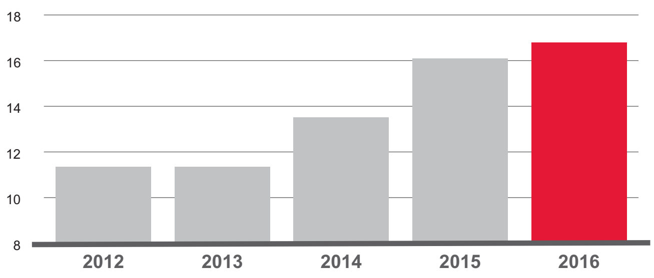

MANAGEMENT PRINCIPLES
FINANCIAL PROCESS
RISK MANAGEMENT PROCESS
OPERATIONAL PROCESS
SALES PROCESS
HUMAN RESOURCES PROCESS
CODE OF CONDUCT
VALUES
VÄKTARE

Financial **targets**

The financial targets presented in 2014 will be in place until the end of 2017. The Group has a history of reaching its targets and the outcome for 2016 shows that Loomis is well on the way to reaching the 2017 targets.

SEK 17 billion in revenue by 2017

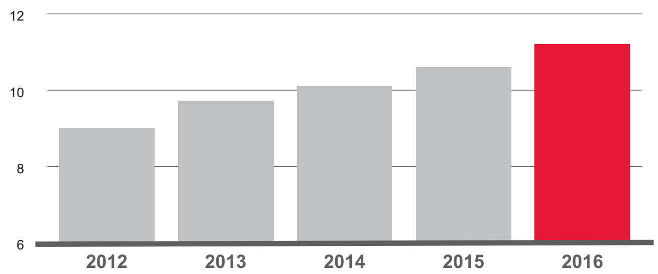
REVENUE 2012–2016, SEK BILLION



Loomis has a revenue target of at least SEK 17 billion by 2017. Loomis is in a strong position and is focusing on increased growth. Looms' future growth is expected to primarily come from increased revenue from Cash Management Services (CMS), SafePoint and Loomis International, and from acquisitions in both existing and new markets. The Group's revenue in 2016 was SEK 16.8 billion.

An operating margin (EBITA) of 10–12 percent

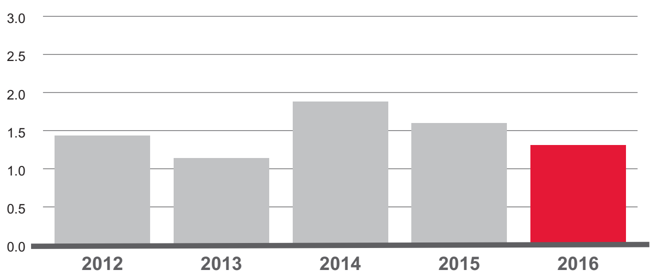
OPERATING MARGIN (EBITA) 2012–2016, %



Ever since the market listing in 2008, Loomis has focused on improving operational quality and constantly increasing the operating margin. Today, the Company is maintaining high quality and an operating margin of 11.2 percent. Loomis has determined that it is possible to achieve additional operating margin improvement. The target of an expected operating margin of 10–12 percent indicates a higher growth objective where the cost of investing in growth activities may in the short term have a negative impact on margin improvement.

Net debt to EBITDA ratio is not to exceed 3.0

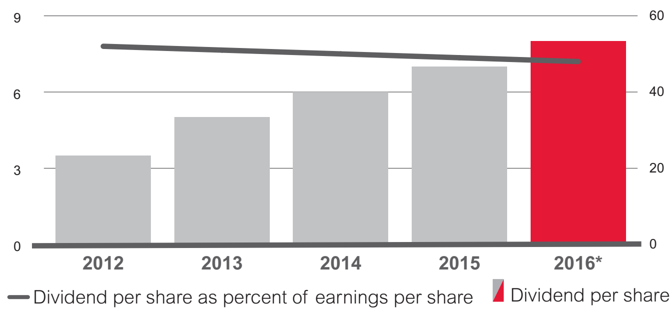
NET DEBT/EBITDA 2012–2016, %



Loomis' target for the Group's maximum net debt to EBITDA ratio is 3.0, allowing Loomis to take advantage of opportunities that are aligned with the Company's growth objectives and acquisition criteria. Loomis has determined that the operational risk has steadily decreased and that the Company can therefore permit a higher level of financial risk. Net debt/EBITDA amounted to 1.3 at year end 2016.

Annual dividend of 40–60 percent of the Group's net income

ANNUAL DIVIDEND 2012–2016, SEK



* Dividend proposal for the 2017 Annual General Meeting.

Over the past five years, Loomis' shareholders have received an average annual dividend of 51 percent of net income. Loomis' history confirms that the Company has achieved constant operating income and cash flow improvement, and that it has maintained a stable investment level. Loomis wants this trend to continue as it will enable the Company to maintain an annual dividend of 40–60 percent of net income for the year. The dividend proposal for the 2017 Annual General Meeting of SEK 8 per share represents 48 percent of the Group's income after tax.

Anders Haker,
Chief Financial Officer

What are your comments on the 2016 results in relation to the 2017 financial targets?

We haven't quite reached all of our targets yet, but we have the whole of 2017 to reach them. My hope and belief is, of course, that we will follow our great tradition of achieving the targets we have set.

Our sustained income improvement year after year can be largely explained by the fact that the around 400 branches in our network are working continuously to improve quality and efficiency in their operations. They compare themselves with and are constantly learning from each other, and that yields results.

Is there anything you would particularly like to highlight about the 2016 results?

The market for handing cash and valuables is growing globally and we are taking a larger share of the pie in the markets where we operate. We have continued to succeed in gaining the trust of customers to be responsible for more and more of their cash management processes, which helps to improve profitability. Our investment in SafePoint in the USA has really done very well and has made a strong contribution to both growth and profitability. This bodes well for the future. We are now also increasing our investment in SafePoint in Europe.

Loomis in **the world**

The cash handling market is driven by the amount of cash in circulation and the number of cash transactions taking place. These factors also have a decisive impact on the willingness of banks and retailers to outsource cash in transit and cash management. High cash usage has a positive impact on demand for cash in transit services, while reduced cash usage makes banks more willing to outsource cash management processes to companies like Loomis that can deliver more cost-effective cash management.

Significant differences between markets

Loomis has operations in more than 20 countries. The payment methods used in different types of transactions, the structure of the payment systems and how cash is viewed as a payment method are determined by a number of factors, such as traditions and political and economic conditions. Consequently, Loomis' cash handling business looks different in different markets. No two markets are the same or follow the same trend.

Willingness to outsource cash handling

Willingness among banks and retail companies to outsource their cash handling processes is the single most important driver of market growth in Loomis' markets. All countries have their own historical systems and their own perception of cash as a payment method, and therefore have their own solutions as well. Banks in different countries have different ideas on what is their core business and if cash handling is part of that or not.

Generally speaking, high cash usage in a market has a positive impact on demand for cash in transit (CIT) services from banks and retailers. Reduced cash usage, on the other hand, increases the willingness of banks to outsource their cash management because handling it themselves is more costly when the volumes go down and a company like Loomis can perform these types of services more cost-effectively.

Over time the degree of outsourcing has increased in all of Loomis' markets, but what this is based on – the trend and how long it will take – varies significantly. Based on experience, it is evident that CIT is usually outsourced first, followed by various aspects of cash management and then value-adding innovative services.

In 2016 the owners of Bankernes Kontantservice A/S (BKS) in Denmark provided a clear example of a change in attitude towards outsourcing when they sold their jointly-owned company to Loomis. BKS was owned by a large number of banks and was responsible for cash management for each of them. The deal transformed the Danish cash handling market all at once and Loomis' market position became even stronger.

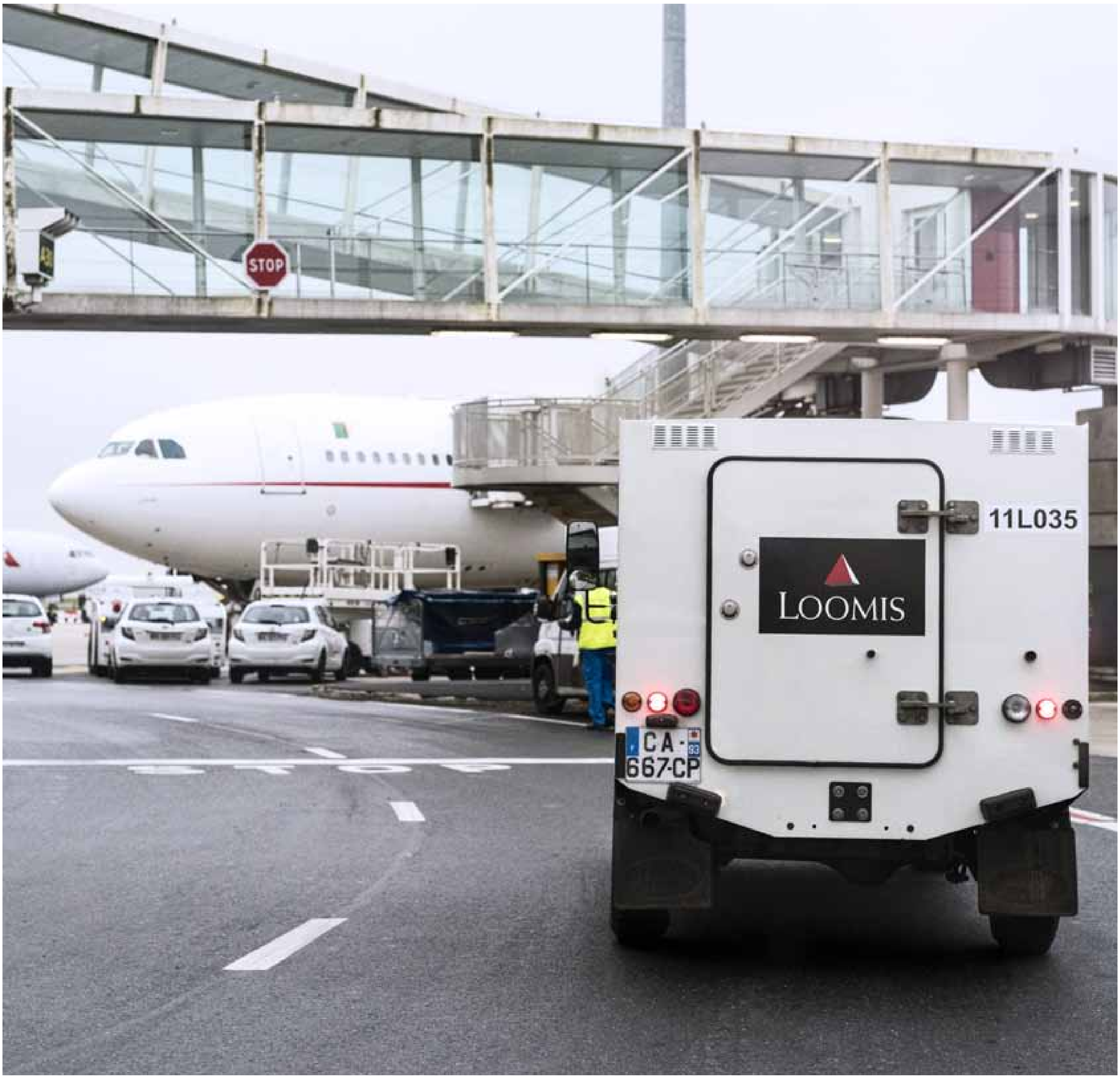
Strong outsourcing trend

In the Scandinavian countries and in Spain, the degree of outsourcing of cash handling processes by banks has been very high for several years. The Scandinavian countries' concentrated bank markets have resulted in a unique situation where the banks have driven consumer behavior towards using cards, resulting in a reduction in cash usage. It was therefore logical for the banks to increasingly outsource their cash management to actors such as Loomis who can handle it more cost effectively. In Spain, which has many large and small banks, there is a different explanation. A far-reaching banking crisis for a number of years has in general resulted in a strong need for cost savings and for more cost-effective solutions for managing and transporting cash.

USA has a strong outsourcing trend driven by a number of large nationwide and regional banks who are looking for more cost-effective solutions while increasingly focusing on their core business. In many of Loomis' other markets, such as Turkey and Argentina, the outsourcing trend is in its infancy.

Because Loomis has a presence in a number of markets where the outsourcing trend began early, the Company can benefit from the knowledge and experience it has gained to identify profitable business and implement tried and tested business models in new markets with a similar trend.

Increased demand for cash handling services in markets with various conditions



Johannes Bäckman, Head of Growth

Can Loomis benefit from a reduction in cash usage in certain markets?

It is true that cash usage is declining in a few countries, but in many countries the trend is going in the opposite direction. In general we can say that in a market where cash usage is high, the banks choose to take care of the cash management themselves as they see it as part of their core business.
If cash usage declines, the banks are keen to improve efficiency by outsourcing those processes. This means there is an opportunity to perform these services more cost effectively due to the higher volumes. It is not always a negative thing for Loomis when cash usage goes down; the opposite can actually be true because it results in growth in the available market.

What is your view of future acquisitions? Will you be focusing on existing or new markets?

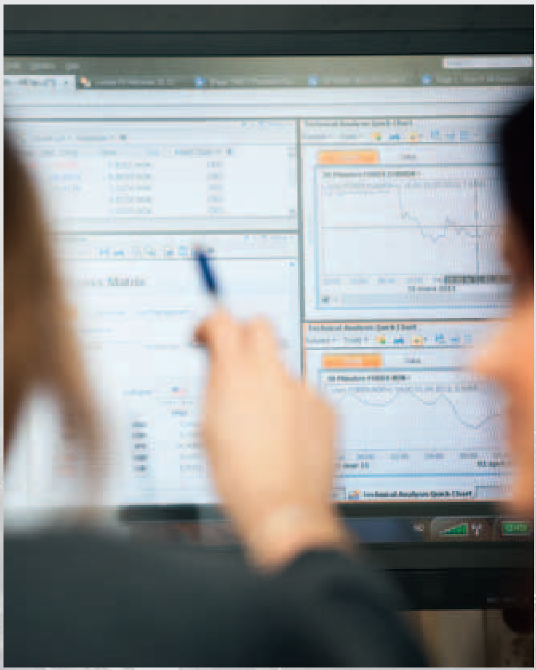
Loomis sees great potential for growth through acquisitions in both new and existing markets. In existing markets because we can quickly reach higher volumes and improve our profitability. But we are also looking at entering markets where we have not seen an increase in outsourcing yet or that are in an early stage of development.

Use of cash as a payment method

The amount of cash in circulation has increased in European countries and the USA, with large variations between countries. There are numerous factors determining how people in a country view cash as a means of payment compared to other methods. Faith in institutions and banks and their behavior, how people regard personal integrity and security, expansion of telecommunications and how wages are paid out, are usually considered to be among the most important explanations.

SafePoint gives customers increased security and better cost-efficiency

SafePoint is Loomis' innovative solution for the retail market to facilitate retailers' cash management processes. SafePoint has many advantages. Fast deposits of daily receipts on bank accounts, less risk to employees, lower cash losses and freeing up employee work hours previously spent on cash reconciliation, are the main explanations for the increased demand for the SafePoint concept.



Changes drive Loomis' services across borders

Loomis International has a different market logic. Economic and political changes, fluctuation in currencies, inflation, interest rates or an increased desire to move assets and valuables between countries are creating business for Loomis International. The positive or negative macroeconomic trends in a market are not as important as the fact that actual change is happening. Increased tourism is also a factor that has a positive impact for Loomis International's business.

Important to be a leading player in each market

Loomis aims to be one of the two largest players in each market. For the cash in transit service line, density and efficient route planning are crucial factors in achieving good profitability. A good quality cash in transit offering is important in order to be able to compete for the more profitable cash management contracts.

Segment **Europe**

Demand for cash handling services varies significantly from country to country in the European market. In Northern and Southern Europe many of the banks outsource their cash management and demand for Loomis cash management services is therefore high. In Eastern Europe there is typically an increased demand for cash management services, but from low levels.

Key ratios

EUROPE	2016	2015
Revenue, SEK million	8,384	8,332
Operating income (EBITA), SEK million	1,119	1,055
Operating margin, %	*13.4*	*12.7*

Strong position in Europe

The European cash handling market is dominated by a few large international players, while the number of smaller companies is shrinking. The trend is going towards an increase in cash management services (CMS), which benefits Loomis with its competitive range of CMS and integrated comprehensive solutions that combine CMS with cash in transit (CIT). 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.

The degree of outsourcing is high in the Nordics and in Spain. In the rest of Europe it varies and is in general increasing.

Fragmented market in various development phases

Scandinavia has the lowest level of cash usage in the world. The reduced amount of cash and low cash usage is shrinking Loomis' market. On the other hand, the trend of reduced cash usage makes banks more willing to outsource their cash management processes to companies like Loomis. Retailers are increasingly looking for services like SafePoint and solutions that drive risk reduction for their own employees, reduce losses, lower the cost of cash management and increase control over daily receipts.

In growth countries such as Turkey and Argentina* cash usage is very high, banks largely manage a significant portion of their cash themselves and outsourcing is still relatively uncommon. This means that cash in transit services are in higher demand than cash management services. In these markets Loomis has demonstrated very good growth and, as outsourcing increases, Loomis believes that growth will continue to be very strong in the years ahead.

In between these two extremes, in terms of maturity, are the majority of the countries in Europe. Some have low cash usage and a higher degree of outsourcing; others have extensive cash usage and a lower outsourcing tendency. The variations in the countries allow Loomis to benefit from the Group's experiences and lessons learned in different markets.

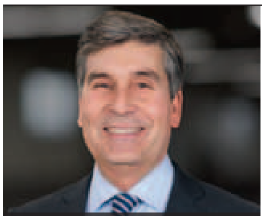
In 2016 CIT accounted for 67 percent of Loomis' revenue in Europe. CMS, which is often more profitable than CIT, accounted for 33 percent of revenue.

*Argentina is reported in segment Europe

Patrik Högberg,
Regional President Northern and Eastern Europe

What trends are you seeing in the Northern and Eastern European markets?

We have shifted towards an increasingly consolidated market in the Nordic region. During the year we acquired Bankernes Kontantservice A/S (BKS) in Denmark, which broadened our base of primarily bank customers. Loomis has now a greater percentage of the total market and this acquisition makes us the market leader in Denmark. In Turkey we expect stable organic growth to continue with increased demand for cash in transit services. Most of the banks have their own cash management structures but we are seeing a trend towards an increase in outsourcing. In countries such as the Czech Republic and Slovakia, we have actively contributed to market consolidation and we are prepared for an increased pace of outsourcing in these countries.



Kenneth Högman,
Regional President UK

What did development in the United Kingdom look like in 2016?

During the year we were mainly focused on efficiency and operational improvements and this has clearly raised the quality of our services and our operating margin. In 2017 we are going to continue working on stabilizing operations and focusing on further improving our operating margin. We are also now better equipped to invest in profitable growth.

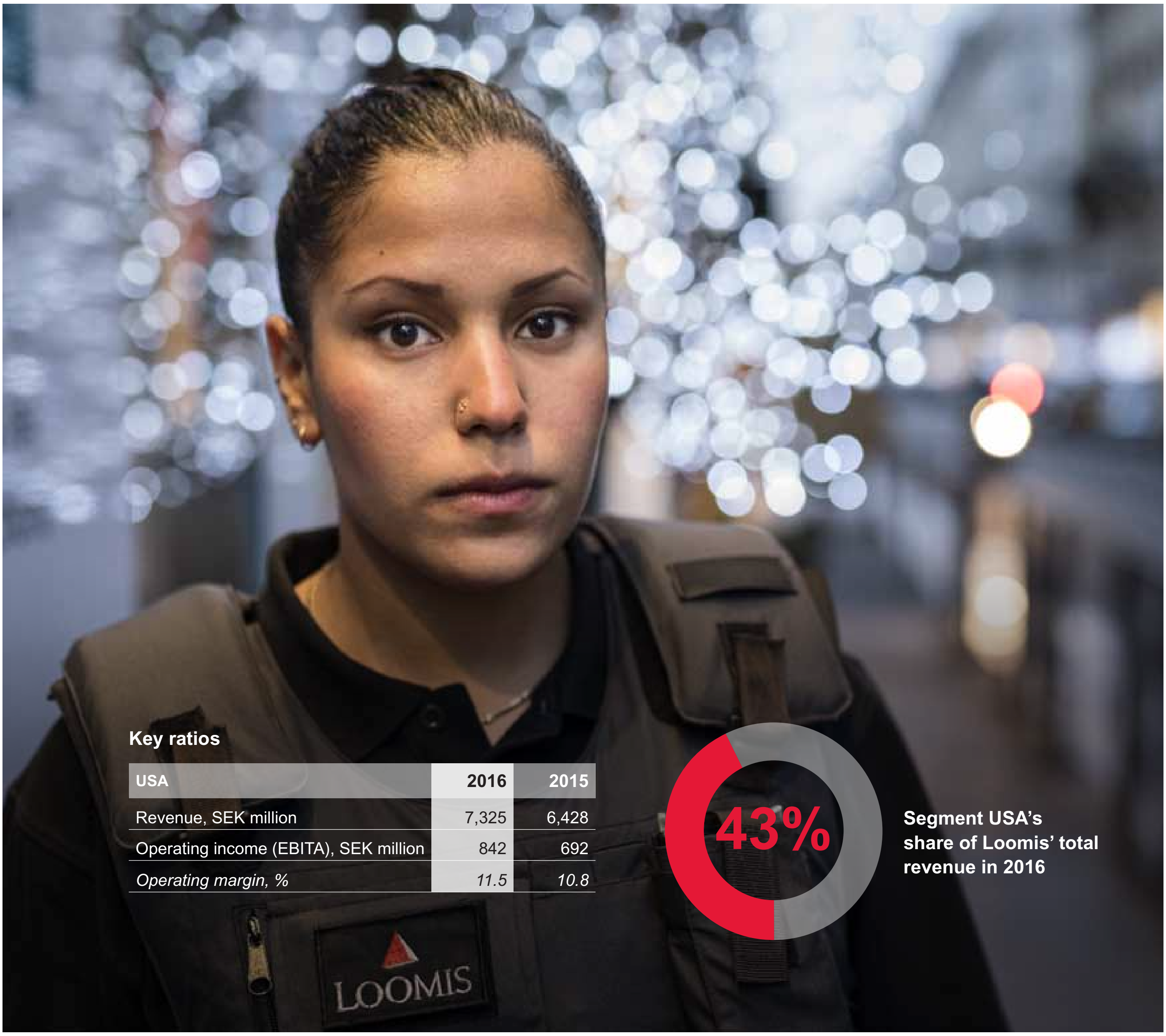
Georges López Periago,
Regional President Southern Europe

What are Loomis' prospects for growth in Southern Europe and Argentina?

Development varies a lot from country to country. In Argentina the market is in an early development stage in terms of the banks' outsourcing and we are seeing strong growth potential in CMS. In countries like Spain where the outsourcing trend has advanced further, we are seeing a strong and stable demand for CMS. But in general we could say that the trend is clear and that banks are leaning more and more towards outsourcing all of their cash management.

Segment **USA**

With around 30 percent of the market, Loomis is the market leader in cash handling in the USA. Due to efficiency improvements and a sustained focus on quality, the US operations are developing well, with organic growth of 11 percent in 2016.



Key ratios

USA	2016	2015
Revenue, SEK million	7,325	6,428
Operating income (EBITA), SEK million	842	692
Operating margin, %	*11.5*	*10.8*

43%

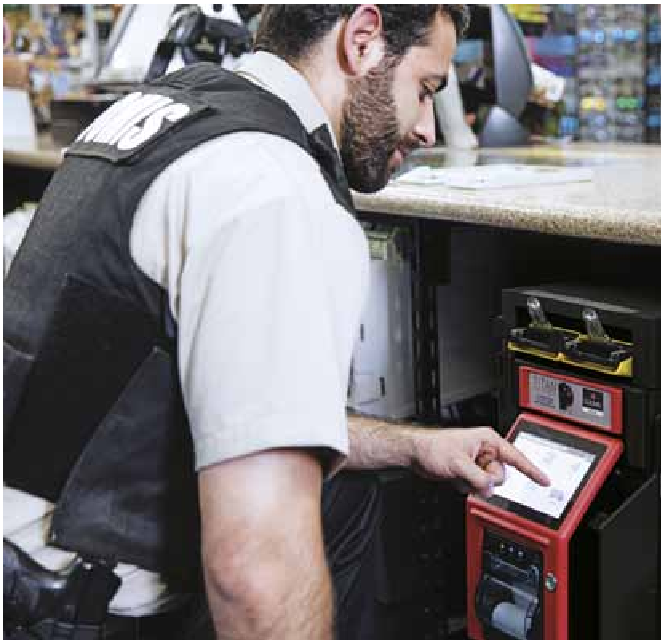
Segment USA's share of Loomis' total revenue in 2016

SafePoint contributes to high growth

Cash is the most common form of payment in the USA, and demand for cash in transit (CIT) services is therefore high. The banks' costs for processing checks and cash are gradually increasing as the use of checks as a payment method declines. Cost awareness among both banks and retailers is driving development towards banks increasingly outsourcing their cash management processes. The banks want to be able to focus on their own core business and reduce their cash management costs. It is estimated that Loomis has around one third of the outsourced cash management market in the USA. The overall market is, however, expected to grow and Loomis believes that the potential to take a greater market share is very good.

Quality and safety an increasing priority

Quality and safety in the performance of cash handling services is an increasing priority, particularly among banks in the US market. This works in Loomis' favor as the Company has taken the position as a high-quality market leader in an industry that has historically mainly competed on price. The banks are measuring and reporting how players like Loomis are performing. Loomis has high standards of quality and constantly works to ensure continuous quality improvement.



SafePoint continues to grow

Loomis' good relationship with US banks is also a competitive advantage in terms of what the Company can offer retailers. The SafePoint concept, developed by Loomis, offers a comprehensive solution for retailers. Loomis has SafePoint contracts with over 170 banks in the USA, which means that Loomis can offer SafePoint with automatic accounts deposits to its customers. In 2016 the number of installed SafePoint units increased to more than 19,000 compared to 14,600 units the previous year. The growth potential for SafePoint remains very good and today estimates indicate that market penetration is relatively low.

In 2016, CIT accounted for 67 percent of Loomis' revenue in the USA and Cash Management Services (CMS) accounted for 33 percent.

Lars Blecko, Regional President USA and Executive Vice President Loomis AB

What trends and drivers do you see for cash handling in the USA going forward?

Banks are demanding higher and higher quality. We are seeing a change in the industry where we have mainly been competing on price, but where quality and safety are now increasing priorities. Banks are willing to pay for quality. This is a positive trend for the industry and not least for Loomis as a company that stands for excellent quality combined with a high level of safety.

Loomis signed several contracts in 2015, how have they progressed and affected results?

The implementation of cash management services for Bank of America, which was completed 2015, has delivered a very positive effect on our growth in 2016. We are providing cash management services for the bank in more than 30 cities and we have implemented investments and training initiatives to maintain a high and stable quality. We are also growing in cash in transit services. In 2016, for example, we implemented a CIT contract with the State Employees' Credit Union in North Carolina.

Segment **International**

As the global flow of valuables and precious metals increases in volume and requires specialized and customized solutions, Loomis is offering comprehensive solutions. With the help of the Group's national operations, combined with an international network of partners, the Company is offering cross-border transportation and storage of currency, precious metals and other valuables.

Key ratios

INTERNATIONAL	2016	2015
Revenue, SEK million	1,149	1,419
Operating income (EBITA), SEK million	77	87
Operating margin, %	6.7	*6.1*

7%

Segment International's share of Loomis' total revenue in 2016

Enhanced global service offering

Loomis International is a leading supplier of international valuables logistics. Through a global network of Loomis branches, partners, leading suppliers and agents, Loomis International offers comprehensive solutions to handle and transport primarily precious metals and foreign currencies throughout the world.

International comprehensive solutions

In addition to collecting and delivering cash and valuables nationally, Loomis is also offering comprehensive and value-adding solutions for international customers. This means that Loomis manages projects throughout the whole value chain. Loomis collects cash, precious metals and other valuables, provides cross-border transportation, assists with customs clearance and temporary or long-term storage, before finally delivering the valuables to an end-recipient.

Good growth potential for international transports of precious metals and foreign currencies

A global market

As globalization increases, more and more business relations and manufacturing processes are being internationalized and increasing in complexity. In markets like these, high-quality and reliable logistics and storage solutions are essential. More and more customers want individually tailored comprehensive solutions for cross-border transportation, with one contact person, one contract and one insurance solution, as well as a guarantee that the goods will be collected from and delivered to the right place at the right time. Loomis International can offer these types of specifically tailored comprehensive solutions.

As globalization increases, so too does the use of foreign currencies. For Loomis as a player that manages and transports foreign currencies to and from bank branches and central banks, this means more international contracts. The prospects for Loomis International are good regardless of the economic situation in the market. Volatility in metal prices, demand for foreign currency and increased tourism are all having a positive impact on Loomis' business.

New branch in Shanghai

Loomis International's branches are located in the world's financial centers and logistics hubs to ensure proximity to customers, business offices and decision-makers. Loomis now holds a very strong position in the USA and Europe, particularly in Switzerland and the UK. In addition to good growth in these markets, Loomis predicts good growth potential in the Middle East and Asia where the offices in Dubai, Hong Kong and Singapore are market hubs.

In 2016 Loomis opened a new international office in Shanghai. China is the largest consumer market for precious metals and there are large cash-in-transit volumes there. Loomis' new office is centrally located close to a large international airport, enabling efficient, customized door-to-door transportation and customs clearance for valuables.

Divestment of general cargo operations

In addition to international valuables logistics, the International segment used to include the general cargo operations. In 2016 this service line was divested. The sale has enabled Loomis to increase its focus on the segment's core business.

Urs Röösli, President Loomis International

What distinguishes the international valuables logistics market?

Demand for international valuables logistics is strong in times of high mobility in the international markets. The number of transactions in precious metals and the volatility of metal prices impact business volumes positively. Likewise, growing uncertainty in the international markets leads to higher demand for cross-border transportation of bank notes, which is good for Loomis' business.

How have the new import duties on precious metals in India affected business?

In India precious metal imports have fallen significantly and so has demand for international solutions for valuables. Thanks to Loomis' broad exposure in several international markets, the Company has managed to maintain good revenue and margin. With our offices in Shanghai, Hong Kong and Singapore, we are well positioned in the Asian market.

What is the future growth potential for Loomis International?

We predict very good growth potential in precious metals and notes, especially in Asia. To benefit from this trend, Loomis has opened a new international office in Shanghai, which is an example of our global expansion of international valuables logistics.

Loomis' **employees**

Loomis' success is dependent on how customers experience their regular contacts with the Company's employees. In Loomis' decentralized organization, leadership is crucial to ensure that all employees conduct their work based on Loomis' values, Code of Conduct and the Loomis Model.

Good leadership is essential to gain the trust of customers

It is in interactions with Loomis' employees that the customers encounter Loomis. In Loomis' decentralized and risk-exposed operations the ability of the employees to work according to Loomis' values, Code of Conduct and the Loomis Model is critical for long-term customer relationships. Having leaders that consider the whole value chain is essential. Loomis' success depends on the Company's ability to attract the right people and motivate them in their daily work. By encouraging initiative and commitment, and providing professional development and a good and safe working environment, Loomis is ensuring the Company's sustainability and profitability.

The business is run according to the Loomis Model

Loomis' business model is centered around the branches. The more than 400 branches have a high degree of authority and the branch managers and employees are responsible for customer relations, quality and profitability. A decentralized organization like Loomis requires clear group-wide principles and processes for how the business should be run and organized. High ethical and moral standards are also critical in an industry based on trust like this one.

The Loomis Model unites the entire company. It is based on clearly-defined, group-wide, fundamental values and the Code of Conduct, and is built around a set of core principles on how Loomis organizes and runs its business, supported by established business processes

Loomis values respect and high quality

Loomis operates the business based on its core values: "People, Service and Integrity." For Loomis this means developing talented employees and treating them with respect. It also means striving for exceptional quality and innovation, innovative capacity, adding value, exceeding customer expectations and performing with honesty and vigilance while maintaining high ethical and moral standards. Loomis ensures this through constant dialogue and exercises in practical ethics, but also through the Company's Integrity Line. The Integrity Line is an internal reporting tool which all Group employees can use to anonymously report observations and warn of behavior that they suspect may violate Loomis' values and Code of Conduct.

Development of Loomis' Code of Conduct

Loomis' values are closely linked to the Code of Conduct, which includes the principle that every Loomis employee is to do his or her part to ensure that Loomis is the most attractive employer in the industry, help to reduce the Company's environmental impact and never accept unethical behavior.

During the year Loomis continued the work started in 2015 on implementing the Group's Code of Conduct. Country managers have been interviewed in depth and they have expressed their view of the current Code of Conduct and how it is applied locally in each country. As part of the implementation process the aim is to develop an e-learning program to improve efficiency in Code of Conduct training.

HR processes as part of the Loomis Model

Among the Group-wide processes where the Loomis Model is applied are the HR processes. The HR processes consist of five parts:

1. Recruitment guidelines
2. Individual performance evaluation and follow-up tool
3. Employee survey
4. Leadership development and succession planning program
5. Salary guidelines

In 2016 Loomis' HR department initiated and implemented a program to develop the HR processes.

Key ratios for HR

For the purpose of improving control of the Group's HR-related key ratios, a reporting tool was developed and implemented in 2016. The tool gives the country managers, HR managers and other supervisors updated HR information in a clear and accessible format.

Loomis' group-wide HR key ratios include staff turnover, hours spent on training, work-related accidents and the cost of recruiting new employees.

People

We are committed to developing quality people and treating everyone with respect.

Service

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

Integrity

Loomis performs with honesty, vigilance and high ethics and morals.

Loomis' Code of Conduct

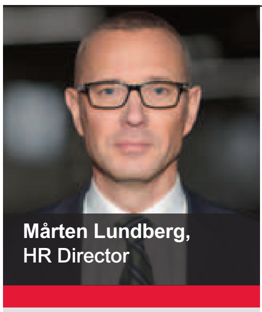
The Code of Conduct includes the principle that all Loomis employees are to do their part to ensure that Loomis is the most attractive employer in the industry, help to reduce the Company's environmental impact and never accept unethical behavior.

Leadership development and succession planning

The processes for leadership development and succession planning are aimed at ensuring that the right leadership skills are available locally based on the business and market requirements in each country. One of several important leadership skills is understanding and being able to work successfully according to the Loomis Model. Managers within Loomis are also expected to ensure continuity and minimize risk through succession planning for key roles.

The process focuses on identifying, motivating, development and retaining talented employees who are considered to have the ability, commitment and skills to work in key positions.

In 2016, based on customer expectations and market trends, Loomis identified roles and skills considered to be of importance for Loomis' future development. In cases where special skills or roles were believed to be lacking, a plan of action was produced.



Mårten Lundberg, HR Director

What were the high points for HR at Loomis in 2016?

In 2016 we worked on a number of group-wide HR projects. Among other things, we continued developing our Code of Conduct, established key ratios for the five main HR processes and implemented the process for leadership development and succession planning globally.

What is the focus for 2017?

The intense work on leadership development and succession planning in 2016 has laid a solid foundation for the target and strategy work within the Group in 2017. The purpose is to be well-prepared to meet future business opportunities by identifying leadership skills and key competencies internally.

We will also focus on web-based global education and training in order to meet customer requirements, but also to ensure we remain competitive for the market development we are expecting.

Sustainability

The role as one of the world's leading cash handling companies requires long-term responsible behavior. Loomis encourages local initiatives that support the Group's values and promote the development of key competencies and leadership skills, reduced environmental impact and high ethical and moral standards.

A priority for Loomis is to encourage long-term responsible behavior that creates value for customers, employees and owners – today and in the future. In 2016 Loomis continued the work started the previous year to further develop and have a more structured approach to sustainability work. Loomis' Group Management has decided to focus on the economic, social and environmental dimensions of sustainability. For Loomis this means focusing on the following:

Economic responsibility

- Maintained dividend level
- Comply with risk and tax rules
- Proactive investment in the future
- UNI agreement
- European Works Council (EWC)

Social responsibility

- Values
- Code of Conduct
- Guarantee an efficient flow of cash in society
- Health and safety

Environmental responsibility

- Fuel consumption
- Upgrade branches
- Conscious sourcing

Dialogue with stakeholders

In order to develop the Group in the right direction it is necessary for Loomis to predict, understand and act on issues that the stakeholders see as urgent from a sustainability perspective. The stakeholders with the greatest influence on, or who are most dependent on, Loomis' activities are customers, employees, authorities, suppliers, owners and investors.

Loomis works continuously to improve the Group's services and meet the expectations that customers and other stakeholders have of a sustainable company. To get a better understanding of these expectations, Loomis conducts a number of global stakeholder surveys.

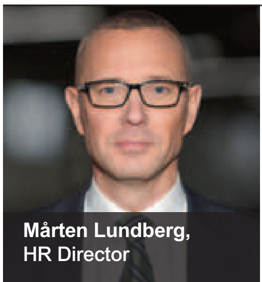
In this global surveys, Loomis' customers, employees, suppliers, owners and investors are asked which areas they think Loomis should focus on to meet the standards expected of a sustainable company. The surveys address aspects of sustainability such as values, ethics and the Code of Conduct, crime reduction initiatives, labor market issues, risk management and safety, social engagement, diversity, as well as environmental and climate considerations. By harmonizing the sustainability matters that Loomis is focusing on with the subjects that Loomis' stakeholders see as urgent, the Group can develop in the right direction and be competitive.

Local conditions

The Loomis Model is decentralized, and responsibility for sustainability work also rests with the national organizations and branches. Sustainability work, like the core business, is always based on the local conditions in each country. In 2016, Loomis' national organizations have initiated activities relating to the three aspects of sustainability: economic, social and environmental. These activities are monitored at the Loomis Group level with the objective of improving them over time and making sure they are aligned with the principles in the Loomis Model.

Sustainability report

Loomis' sustainability report for 2016 contains detailed descriptions of sustainability work within the organization. The work involved in preparing the report consists of identifying prioritized focus areas and sustainability initiatives within the Group, gathering the relevant data, and proposing further improvements. The results create a platform for an expanded sustainability focus in the years ahead.



Mårten Lundberg, HR Director

What does sustainability mean to Loomis?

Loomis' aspiration and ambition with respect to sustainability is to always exceed the expectations of our stakeholders and to drive the sustainability agenda in a way that makes our employees proud of Loomis as a member of the community, an employer, a business partner and as an investment.

Which sustainability initiatives were implemented in 2016?

In 2016 Loomis Group continued the work started in 2015 to further develop and have a more structured approach to sustainability work. We have had a dialogue with our stakeholders and this has given us a good idea of what our most important stakeholders believe we should be prioritizing. We have put this in relation to our operations, allowing us to identify some prioritized focus areas.

What will you be focusing on in 2017?

Just as in 2016, each country has identified customer and business-related sustainability activities for 2017. Implementation of these will be monitored continuously by Group Management.

We are also continuing with our efforts to increase knowledge and build an internal structure in order to meet new sustainability reporting requirements.

Economic responsibility

Annual dividend to shareholders

Over the past five years, Loomis' shareholders have received an average annual dividend of 51 percent of net income. The Company has achieved constant improvement in operating income and cash flow, and has maintained a stable investment level. Loomis wants this trend to continue, as this will enable the Company to maintain an annual dividend of 40–60 percent of net income every year.

Efficient risk management

Fraud and corruption are threats that Loomis needs to be aware of to protect the Company from risks associated with unethical behavior. The Company's risk-exposed operations require that Loomis maintains efficient risk management processes in all parts of the organization and ensures that duties are performed with honesty and vigilance, adhering to high ethical and moral standards.

Investments in SafePoint

Loomis invests proactively in the future. An example is the investments in SafePoint, which are yielding a number of benefits. For Loomis' customers, SafePoint offers faster access to liquidity and significant cost savings through improved efficiency and lower risk. For Loomis, SafePoint optimizes capacity and facilitates the planning of cash collection. It contributes to increased fuel efficiency, fewer plastic security bags are used, and operational efficiency and thereby also profitability are improved.

European Works Council

Loomis participates annually in the European Works Council, which informs and advises the various countries on supranational matters of interest to the Company's employees. As the Council brings together employees and management, it creates stability and promotes an exchange of ideas and innovation for economic sustainability within the Company.

Agreement with UNI Global Union

Loomis has signed a global agreement with UNI Global Union regarding basic rights for all employees in the Group. Loomis' works proactively in the various countries where it operates to ensure that working conditions are good and healthy for the employees. Loomis supports human and trade union rights, and is committed to improving industry standards with respect to, among other things, employment conditions and health & safety at the workplace. Risk prevention measures are in place to deal with the risk of internal conflicts and strikes which could have a negative impact on customers.

Social responsibility

Loomis' values

Loomis operates the business based on its core values: People, Service and Integrity. Responsible behavior towards the employees and the environment is essential for the long-term sustainability of the business. All Loomis employees are to work constantly on creating a corporate culture based on the fundamental values that permeate every part of the business and the organization.

Integrity Line

Loomis' mission of ensuring an efficient flow of cash in society involves an ethical responsibility. Loomis meets this responsibility through regular dialogue and exercises in practical ethics. The Integrity Line is an internal reporting tool which all Group employees can use to anonymously report in their own language any observations and to warn of behavior that they suspect may violate Loomis' values and Code of Conduct.

Code of Conduct

Loomis' Code of Conduct reflects the fundamental values that support Loomis' objective of being the most attractive employer in the industry, to reduce the Company's environmental footprint and never to accept unethical behavior.

Health and safety

Safety is of utmost importance in the cash handling industry. Loomis takes its responsibility to its employees seriously and protects them by offering training and other tools to use as they perform their duties.

Environmental responsibility

Loomis' transport processes

Loomis' business is transport-intensive and can have a negative impact on the environment. The Company therefore works constantly on improving the efficiency of Loomis' transport processes; optimizing and shortening routes, and training drivers in environmentally sound driving techniques. This helps improve driver performance through economical driving techniques to reduce carbon emissions. Emissions of nitric oxide, which affect people's health, are also reduced when fuel consumption is lowered, which also means cost savings. Loomis invests in vehicles that meet strict emissions standards without compromising on the protection of the customers' cash or employee safety.

Energy-efficient branches

The branches are constantly being upgraded to be more energy-efficient and to create a better work environment for the employees.

Conscious sourcing

Loomis is conscious of its responsibility and ability to have an impact through bidding procedures. Several of the countries where Loomis operates have sourcing rules with environmental stipulations attached, which Loomis accepts and adheres to.

Loomis drives sustainably

Loomis has implemented Eco Drive software that uses vehicle-based technology to identify vehicle location and monitor how drivers are driving in realtime. The technology allows considerable improvements to be made to fuel efficiency as well as risk awareness and traffic safety.

After completion of a pilot project in 2015, Loomis installed the Eco Drive software in much of the vehicle fleet in 2016 to measure, monitor and improve the way the cash-in-transit vehicles are driven. The vehicle-based software gives immediate feedback to the driver to provide guidance on desirable driving behavior. The information gathered is also available in digital form to branch managers and vehicle supervisors.

The target of the pilot project was to reduced fuel consumption by 5 percent. The target was reached. After the software was installed in many of Loomis' vehicles, it not only increased awareness of traffic safety and environmentally sound driving among Loomis' drivers, but fewer traffic accidents occurred and the cost reductions are evident.

In 2017 the goal is for the software to be installed in every vehicle in Loomis' fleet.

Examples of Loomis' activities in a number of countries

Finland

In 2016 Loomis Finland renewed 8 percent of it vehicle fleet. A new vehicle model was introduced which is 15–20 percent more fuel-efficient than the previous model. The same level of development is expected to be maintained in 2017.

In 2016 Loomis Finland replaced 2 percent of the plastic security bags with reusable ones. Loomis Finland's goal is to increase the use of reusable bags by 1.5 percent a year.

Sweden

Loomis Sweden introduced a Code of Conduct for suppliers in 2016. This will enable Loomis to ensure that operations are run in a sustainable way including when suppliers are used. The Code of Conduct for suppliers covers areas such as business ethics, human rights, working conditions and environmental responsibility.

France

In France Loomis used scooters to supplement its vehicles for ATM maintenance. In 2016 six trained employees regularly used scooters in the Paris area, which not only resulted in lower carbon emissions but also improved operational efficiency.

In 2016 Loomis France developed a new armored vehicle prototype with improved environmental performance. The new armored vehicle is also designed specifically to offer greater comfort and a better work environment for the drivers. The first vehicles were delivered in January 2017.

Loomis France has taken steps to reduce paper use. In addition to encouraging employees to use computers and communicate digitally, all branches in France are equipped with Securcash, a business system that facilitates the exchange of information and that significantly reduces paper consumption.

The IT and sales departments are also developing new solutions to reduce paper consumption among customers in their contacts with Loomis.

Austria

In June 2016 Loomis Austria moved its data center to a well-established joint data center in Vienna. The new, modern data center gets all of its electricity from renewable energy sources and uses the latest technology for improved energy efficiency. The building is certified in the highest category under the Green Building Certification program from the internationally approved Green Building Certification LEED (Leadership in Environmental Design).

By moving Loomis' IT infrastructure to a more energy-efficient data center, Loomis has also been able to reduce the total number of servers, uninterrupted power supply units and cooling systems. As a result, Loomis Austria has significantly reduced its climate impact.

Risk management

Loomis' operations involve taking over the customers' risks associated with managing, transporting and storing cash, precious metals and valuables. This is an important task with which Loomis is entrusted. Proactive risk management at all levels and in all aspects of the business is therefore essential for Loomis.

Loomis' service lines, Cash in Transit, Cash Management Services and International are directly associated with a number of risks. In addition to the risk of personal injury, there is also the risk of the loss of cash and valuables due to criminality or failures in procedures. Loomis has implemented a systematic, comprehensive and continuous process for a number of years to ensure that risk is managed effectively.

Risks are monitored on an ongoing basis

Given the risk that cash handling involves, an assessment of risk and safety is an obvious aspect in every new assignment. In every contract, risk is weighed against profitability. When an identified risk is accepted, it is monitored continuously because conditions can change over time.

Loomis has established tools and processes to identify, take action and monitor risks. Risks are evaluated 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.

Central management and local responsibility

Loomis has around 150 people working on operational risk management at the Group, regional and national levels. Risk management is controlled centrally from the Group level and all of the branches have common structures, processes and systems for their risk management work. Loomis is a decentralized organization in which the branches are responsible for their day-to-day operations. This includes control functions and operational responsibility for risk management.

Reporting and follow-up

The task of identifying risks and ensuring that they are managed takes place at the national level based on guidelines from the Group. 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 make improvements and promote a strong risk management culture. Loomis is also assisted on a regular basis by external security experts to improve on the already high level of risk management within the Group.

Proactive risk mitigation for a safer workplace

The safety of our employees is always the main focus of risk management. Employees who handle cash, precious metals and valuables work according to strict security routines so as to minimize the risks to which they are exposed. Employees at all levels must understand and be able to manage the risks associated with their particular operations. A focus on recruiting the right employees and providing good training programs are other ways in which Loomis can minimize risk.

Loomis is engaged in extensive, proactive risk mitigation work. A focus on ethics and values, as well as well-defined work routines, are key aspects of the employees' professional development. Continuously monitoring the external environment also enables Loomis to anticipate possible incidents. This ensures a safer workplace for Loomis' employees and greater security for the customers.

Target

Loomis only accepts controlled risks and makes every effort to prevent personal injury and financial losses, and to minimize the risks that are accepted.

Risk strategy

The Group's risk management strategy is based on two fundamental principles: *No loss of life and a balance between profitability and risk of theft and robbery.*

Martti Ojanen,
Group Head of Risk

How does Loomis ensure good risk management?

The most important aspect of successful risk management is that all employees take a proactive approach to risk and that the Group has good procedures in place. Risk management is controlled centrally to ensure that all of the local organizations and branches have common work guidelines, procedures and tools. The branch managers, on the other hand, have ultimate responsibility for risk minimization. They know better than anyone else what risks are associated with their particular operations. They know the staff, customers, buildings, geography and local environment. They are also aware of, and are owners of, the risk in their operations.

Is the Loomis Model an integral part of daily risk management?

All successful companies face the risk of complacency and feeling satisfied. Thanks to the Loomis model we ensure that risk management is an integrated aspect of our operations and that Loomis' employees are constantly being proactive and identifying, assessing, managing and following up risks. An ongoing exchange of experience also takes place. We have frequent review sessions and we organize workshops and other exercises to develop risk mitigation.

How has Loomis developed risk management in the organization in 2016?

Our risk management process is stable and has been developed over many years, but in 2016 our efforts included further developing the Group's continuity planning and disaster recovery planning. We also implemented a new digital risk identification and risk audit system during the year. This sophisticated and application-based system contains global and local control functions to identify potential risks, as well as functions to ensure that risk is managed and followed up.

The share

The Loomis Class B share was listed on Nasdaq Stockholm on December 9, 2008. The share has since January 1, 2015 been traded on the Nordic Large Cap list.

Share price performance for Loomis and the stock exchange

In 2016 the Loomis share increased in value by 3 percent to SEK 271.10. The lowest closing price was SEK 198.50 on May 12, and the highest closing price was SEK 284.00 on March 1. The market capitalization for all Loomis shares amounted to SEK 20,408 million (19,912) at the end of the year. Nasdaq Stockholm (OMXSPI) increased by 9.3 percent in 2016.

Loomis' total return, i.e. the share price performance including re-invested dividend of SEK 7.00 (6.00), amounted to 5.6 percent (20.0) in 2016. The Nasdaq Stockholm total return, as reflected by the SIXRX total return index, amounted to 13.2 percent in 2016.

Turnover

In 2016, Nasdaq Stockholm accounted for 37 percent (34) of the Loomis share turnover with the remaining portion being traded on other marketplaces, where BATS accounted for the largest portion.

The total turnover of Loomis shares in 2016 was 119.4 million (79.9) on Nasdaq Stockholm and other marketplaces. The average daily turnover was 471,818 shares per day (335,008). The turnover rate for Class B shares amounted to 166 percent (111) in 2016.

Share capital

At the end of 2016, Loomis' share capital amounted to SEK 376 million, broken down as 3.4 million Class A shares and 71.9 million Class B shares. 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 ten votes and each Class B share to one vote. The equity per share at the end of the year was SEK 88.36 (77.67).

The total number of treasury shares as of December 31, 2016 was 53,797.

Dividend and dividend policy

It is Loomis' intention to distribute a dividend to shareholders that represents a good total return and dividend growth. At the same time the Board of Directors must adjust the dividend level in line with the Company's strategy, financial position, other financial targets and risks that the Board deems relevant. Over the long term and taking into account the above, the annual dividend should correspond to around 40–60 percent of the Company's earnings after tax. For the 2016 financial year Loomis' Board of Directors has proposed a dividend of SEK 8.00 (7.00) per share. The proposal represents around 48 percent (49) of earnings per share and a dividend yield based on the share price at the end of the year of around 3 percent (3).

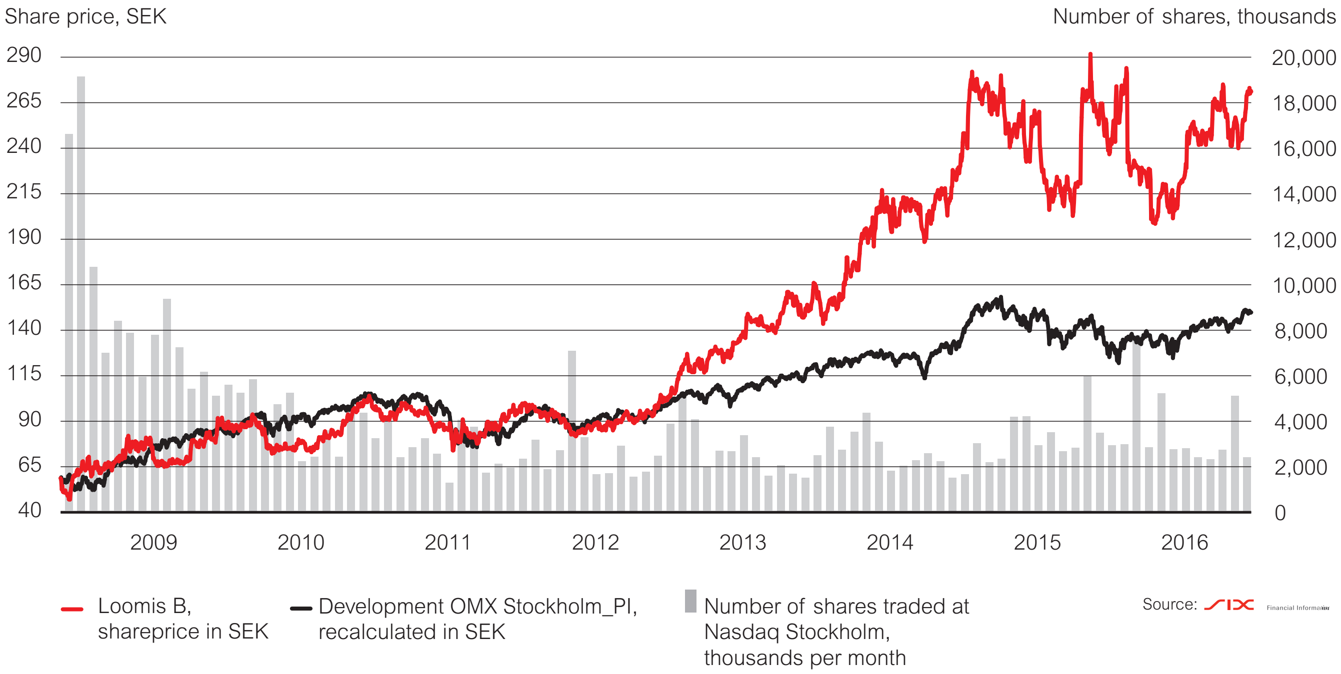
Ownership structure

The number of shareholders as of December 31, 2016 was 14,451 (14,400). At year-end the ten largest shareholders controlled 62.8 percent (62.7) of the votes and 47.6 percent (47.5) of the capital. Loomis' principle shareholders in terms of voting rights, Investment AB Latour, through Latour Förvaltning AB, and Melker Schörling AB, controlled a combined 32.3 percent (41.4) of the votes and 4.6 percent (17.4) of the capital. Swedish shareholders controlled a combined 50.9 percent (59.6) of the votes and 30.8 percent (43.1) of the capital, while foreign ownership amounted to 49.1 percent (40.4) of the votes and 69.2 percent (56.9) of the capital.

Index, ticker symbol and ISIN code

On December 9, 2008 the Loomis Class B share was listed on Nasdaq Stockholm on the Nordic Mid Cap list in the Industrial Goods and Services sector. Since 2008 Loomis' market capitalization has increased from SEK 4 billion to SEK 20.4 billion. The share has since January 1, 2015 been traded on the Nordic Large Cap list. The share is traded under the ticker symbol LOOMB and the ISIN code is SE0002683557.

SHARE PRICE PERFORMANCE 2009 – 2016



LARGEST SHAREHOLDERS, DECEMBER 31, 2016

Name	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*
Mawer Investment Management	–	7,198,440	*6.8*	*9.6*
BlackRock	–	5,327,068	*5.0*	*7.1*
Didner & Gerge Fonder AB	–	4,172,042	*3.9*	*5.5*
Capital Group	–	4,019,042	*3.8*	*5.3*
Swedbank Robur Fonder	–	3,737,285	*3.5*	*5.0*
SEB Fonder inkl Lux	–	3,347,860	*3.2*	*4.4*
Fidelity	–	2,404,484	*2.3*	*3.2*
Norges bank	–	2,164,954	*2.0*	*2.9*
The 10 largest shareholders	**3,428,520**	**32,371,175**	***62.8***	***47.6***
Other foreign shareholders	–	30,953,730	*29.2*	*41.1*
Other Swedish shareholders	–	8,526,404	*8.0*	*11.3*
TOTAL	**3,428,520**	**71,851,309[1)]**	***100.0***	***100.00***

1) Includes 53,797 treasury shares as of December 31, 2016

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

OWNERSHIP STRUCTURE, DECEMBER 31, 2016

	Number of shares	Number of share holders	% of total votes	% of total capital
1–1,000	1,604,369	13,773	*1.6*	*2.2*
1,001–5,000	891,275	405	*0.8*	*1.2*
5,001–10,000	409,711	54	*0.4*	*0.5*
10,001–100,000	4,380,045	129	*4.1*	*5.9*
100,001–	67,994,429	90	*93.2*	*90.3*
TOTAL	**75,279,829**	**14,451**	***100.0***	***100.0***

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

KEY RATIOS

	2016	2015
Earnings per share before dilution, SEK[1)]	16.73	14.21
Earnings per share after dilution, SEK	16.73	14.21
Dividend, SEK	8.00[2)]	7.00
P/E ratio	16.2	18.6
Shareholders' equity per share after dilution SEK	88.36	77.67
Share price, December 31, SEK	271.10	264.50

1) The number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution was 75,226,022. The number of Class B treasury shares was 53,797.

2) The dividend proposal for the 2017 AGM is 8.00 SEK/share. At the end of 2016, the dividend yield – based on the proposed dividend – amounted to approximately 3 percent.

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 and meet the requirement of a good return on invested capital. 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 2016 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. Loomis' incentive scheme, which is described on page 51 in section "Other significant events during the year", allows shares to be acquired at the market price for a portion of the bonus earned. These shares are allotted to employees the following year as long as they are still employed by the Group. The scheme replaces a purely cash-based system with immediate disbursement and is 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, 2016 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, 2016 are shown in the table below.

LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2016

			SHARE	
	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*
Mawer Investment Management	–	7,198,440	*6.8*	*9.6*
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Swedbank Robur Fonder	–	3,737,285	*3.5*	*5.0*
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Fidelity	–	2,404,484	*2.3*	*3.2*
Norges Bank	–	2,164,954	*2.0*	*2.9*
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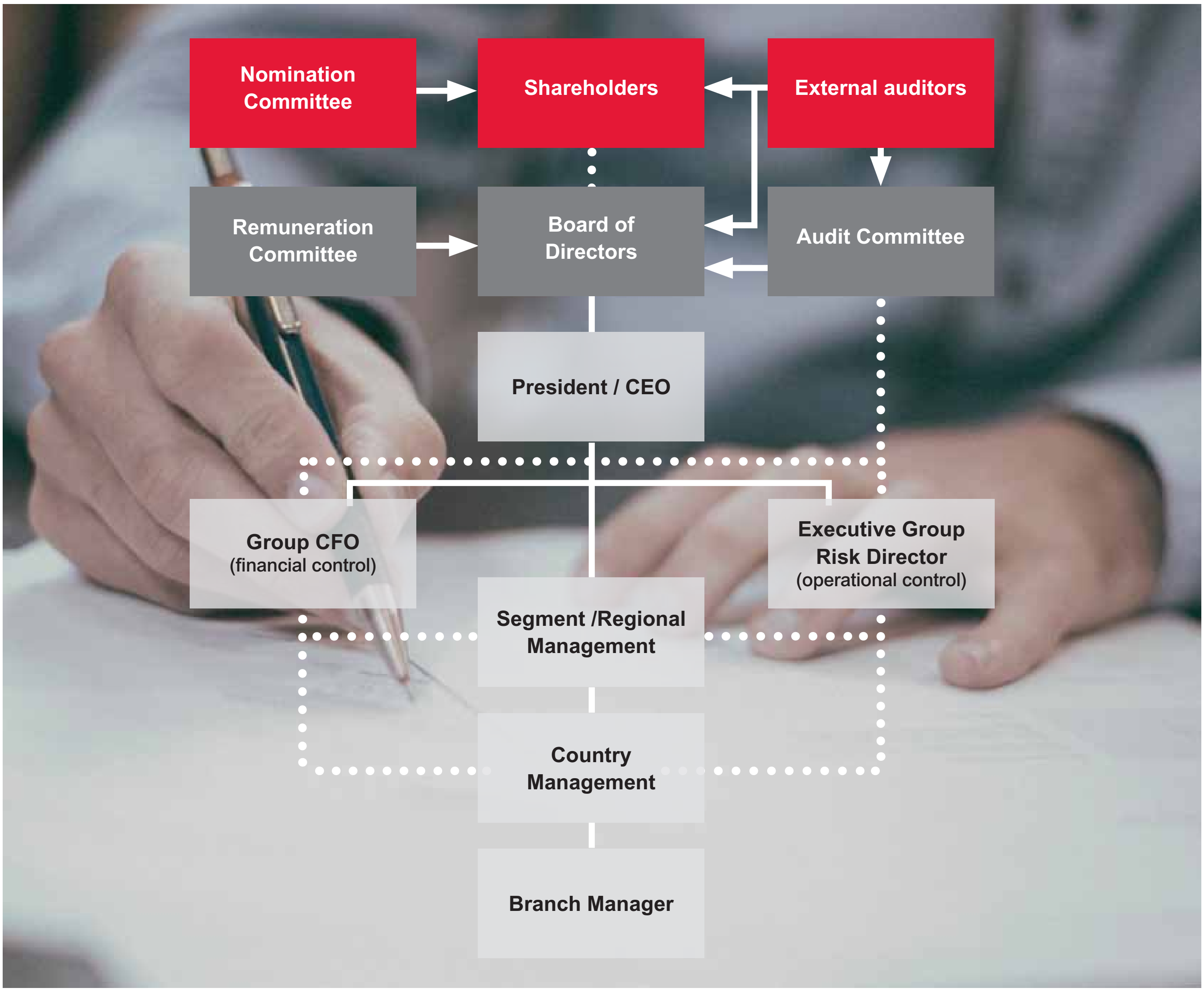
Other foreign shareholders	–	30,953,730	*29.2*	*41.1*
Other Swedish shareholders	–	8,526,404	*8.0*	*11.3*
TOTAL	**3,428,520**	**71,851,309**[1)]	***100.0***	***100.0***

1) Includes 53,797 treasury shares as of December 31, 2016.

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

Corporate Governance Organization



Annual General Meeting

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

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

The 2016 AGM for Loomis AB (publ) was held on May 2, 2016 in Stockholm. Shareholders in attendance, in person or by proxy, represented 59.1 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 2017 AGM, refer to Loomis' website, www.loomis.com , and page 112.

Nomination Committee's work in preparation for the 2017 AGM

The Nomination Committee is a body established by the AGM and tasked with preparing for the election of members of the Board and the election of the Chairman of the Board, and with presenting proposals regarding remuneration of board members and other related matters to be addressed at the upcoming AGM. In addition, ahead of AGMs where auditors will be elected, the Nomination Committee is to consult with the Board and the Audit Committee to prepare for the election of auditors and decisions on auditors' fees and related matters. Information on which individuals were re-elected to Loomis' Nomination Committee at the 2016 AGM is provided in the table on page 40.

The 2016 AGM decided that in cases where a shareholder represented by a member of the Nomination Committee is no longer a principal shareholder in the Company (based on number of votes), or where a member of the Nomination Committee is no longer employed by a principal shareholder or for any other reason chooses to resign from the Nomination Committee before the 2017 AGM, the Nomination Committee has the right to appoint another representative for the principal shareholder to replace that member. The composition of the Nomination Committee is published on Loomis' website. The duties of the Nomination Committee are established in specific work procedures for Loomis AB's Nomination Committee. Two Nomination Committee meetings were held in 2016.

Auditors

The 2016 AGM voted to appoint PricewaterhouseCoopers AB as the external auditor for one year with Patrik Adolfson 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 below. For more information on audit fees and other fees, refer to Note 10. For a more detailed presentation of the auditor in charge, Patrik Adolfson, refer to page 46.

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 and financing, and is to establish a framework for the Group's operations by approving the Group's budget. The rules include a work plan for the President and CEO 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 43.

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 44.

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

* During the period January 1, 2016 – May 3, 2016 Anders Haker was President of Loomis AB and Lars Blecko CEO of the Loomis Group. Patrik Andersson became President of Loomis AB and CEO of Loomis on May 4, 2016.

NOMINATION COMMITTEE

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	No
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	2016	2015	2016	2015
PwC				
Audit assignment	13	11	3	3
Auditing activities other than the audit assignment	1	1	1	1
Tax advice	0	2	0	0
Other services	0	1	0	1
TOTAL PwC	**15**	**15**	**4**	**5**
Other auditors - Audit assignment	1	1	–	–
TOTAL	**16**	**16**	**4**	**5**

Board and the President. The Chairman represents the Company in ownership-related matters.

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, refer to pages 46–47. In December 2016 Ulrik Svensson left his position on the Board as he resigned as CEO of Melker Schörling AB at the end of 2016.

The Board meets at least five times a year, including the statutory meeting following the Annual General Meeting, and convenes additional meetings if the situation requires this. Each board meeting is also attended by the Group CFO and, in his capacity as Secretary of the Board, Attorney Mikael Ekdahl. If the CEO is not a member of the Board, the CEO also attends every board meeting. 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 2016 AGM are regarded as independent of the Company and its management. Three of six of the board members elected by the AGM 2016 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 46–47.

Work of the Board in 2016

In 2016 the Board convened a total of eight 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 2017, and approval of the 2017 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 two 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. 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 and;
- Assisting the Company's Nomination Committee in preparing proposals for electing auditors.

The Audit Committee is an independent body. The items above are addressed and presented to the Board in preparation for board decisions. In 2016 board members Ulrik Svensson (chairman and member until December 2016) and Cecilia Daun Wennborg (chairman as of January 2017) were members of the Audit Committee. Ingrid Bonde joined the Audit Committee in January 2017. 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 Group CFO and the Head of Financial Control & Treasury. When reporting is required on specific matters, other officials from the

COMPOSITION OF THE BOARD OF DIRECTORS

Board member	Elected	Board fees[1] (SEK)	Committee fees[1] (SEK)	Board meetings (8 total)	Remuneration Committee (1 total)	Audit Committee (4 total)	Independent of major shareholders	Independent of the Company
Alf Göransson (Chairman)	2007	700,000	100,000	8	1	–	No	Yes
Patrik Andersson (President)[2]	2016	–	–	5	–	3	Yes	No
Ingrid Bonde	2013	325,000	–	8	–	–	Yes	Yes
Cecilia Daun Wennborg	2013	325,000	100,000	8	–	4	Yes	Yes
Jan Svensson	2006	325,000	50,000	8	1	–	No	Yes
Ulrik Svensson[3]	2006	325,000	200,000	8	–	4	No	Yes
Magnus Kinnunen[4]	2015	–	–	6	–	–		
Lars Sjögren[4]	2015	–	–	6	–	–		

1) Fees approved by 2016 AGM. The fees relate to remuneration during the period between the 2016 AGM and the 2017 AGM. For fees expensed in 2016, refer to Note 11.

2) Patrik Andersson was elected to the Board of Directors at the AGM on May 2, 2016. He did not therefore attend the year's first three board meetings nor the year's first meeting with the Audit Committee.

3) In December 2016 Ulrik Svensson left his position on the Board as he resigned as CEO of Melker Schörling AB at the end of 2016.

4) Magnus Kinnunen and Lars Sjögren left their positions as employee representatives on the Board after the end of 2016. As a result, Jonas Karlsson, employee representative deputy has joined the Board.

Group participate as well. In 2016, 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 2016 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, Regional President USA (who is also the Executive Vice President for Loomis AB), Regional President Northern and Eastern Europe, Regional President UK, Regional President Southern Europe, President Loomis International, Group CFO, HR Director, Executive Group Risk Director and Head of Growth. For more information on Group Management, refer to pages 48–49.

Principles for remuneration and other conditions of employment

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. For the Board's proposal on guidelines for remuneration to Group Management based on agreements entered into after the AGM 2017, refer to page 54. For additional information regarding remuneration to the President and Group Management, refer to note 11.

The Board of Directors' Report **on Internal Control and Risk Management**

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors has overall responsibility for ensuring 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 2016 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 regions. 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 regional structure responsible for monitoring and guiding the countries in each region. 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 in environments where there are criminal elements 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 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 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.

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/regional 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 pages 34–35 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.
- **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 in discharging managerial responsibilities at Loomis AB 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;** 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 Group-wide risks. The system is constantly being developed and is integrated in the Group's business planning and performance follow-up processes. The annual risk analysis and the resulting risk register are coordinated and maintained at the Group level. In addition to this, business risk reviews and risk 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, regional and country levels. All reports are made available to each country management team, regional 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.
  - Supporting Group Management in its decisions and following up on the external auditor's general audit plan and general follow-up of country-specific observations and recommendations.
  - Being responsible for control and compliance issues for the Group and the subsidiaries.
  - 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 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** – Local CFOs in the Group companies play a key role in creating the environment required to ensure that financial information is transparent, relevant and current. Local Country Presidents and 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 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 regions, 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 Executive Group Risk Director 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 Group 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.

Board of Directors



	Alf Göransson	Patrik Andersson	Ingrid Bonde
	Member of the Board of Loomis AB since 2007 and Chairman of the Board since 2009. Chairman of the Remuneration Committee.	Member of the Board of Loomis AB since 2016. President and CEO of Loomis AB since May 4, 2016.	Member of the Board of Loomis AB since 2013. Member of the Audit Committee as of January 2017.
Born	1957	1963	1959
Education	International Economics, University of Gothenburg.	Master of Science in Business Administration and Economics – International Business Program, University of Lund.	Master of Business Administration, Stockholm School of Economics.
Experience	President and CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000, President of Swedish Rail System in the Scancem Group 1993–1998.	President at Orkla Foods Sverige, senior positions within Unilever Group, President Wasabröd globally within Barlilla Group and President and CEO Rieber & Son.	CFO and Executive Vice President Vattenfall 2012–2016, President and CEO of AMF Pensionsförsäkring AB 2008–2012, Director General of the Swedish Financial Supervisory Authority 2003–2008, deputy director general Swedish National Debt Office 1996–2002, Vice President Finance at SAS 1991–1996.
Other appointments	Board member and President & CEO of Securitas AB. Chairman of the Board of Ligue Internationale des Societes de Surveillance. Member of the Boards of Hexpol AB and Axel Johnson Inc., USA.	Member of the Board of Ecolean AB.	Chairman of the Board of Hoist Finance AB.
Shares in Loomis as of December 31, 2016	6,000 (privately held)	2,000 (privately held)	1,940 (privately held)
Other information	Not independent of major shareholders.	Independent of major shareholders. Not independent of the company.	Independent of major shareholders.

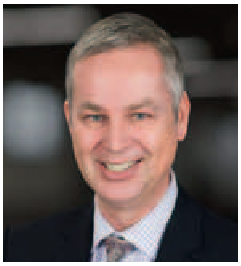
Auditor

Patrik Adolfson
PricewaterhouseCoopers AB
Born: 1973
Authorized Public Accountant and member of Far.
Auditor in charge from 2011.
Other auditing assignments:
Attendo AB, Catella AB, Nordstjernan Investment AB and Securitas AB.
Shares in Loomis as of Dec. 31 2016: 0
Address: PricewaterhouseCoopers AB,
113 97 Stockholm, Sweden.

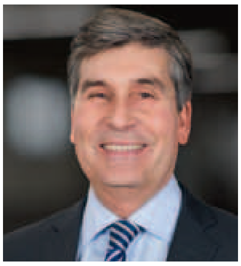
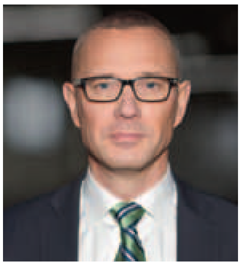
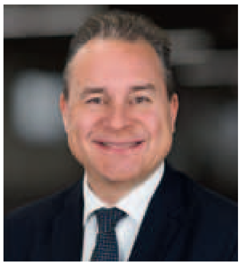
Cecilia Daun Wennborg	Jan Svensson	Jonas Karlsson
Member of the Board of Loomis AB since 2013. Member of the Audit Committee in 2016 and Chairman of the Audit Committee as of January 2017	Member of the Board of Loomis AB since 2006. Chairman of the Nomination Committee and member of the Remuneration Committee	Deputy employee representative, Unionen.
1963	1956	1984
Bachelor of Science in Business and Economics, Stockholm University.	Mechanical Engineering and Bachelor of Science in Business and Economics, Stockholm School of Economics.	Upper secondary education.
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.	President of AB Sigfrid Stenberg which was acquired by Latour in 1993.	
Member of the Boards of Bravida Holding AB, ICA Gruppen AB, Getinge AB, Sophiahemmet AB, Atvexa AB, Hotel Diplomat AB, Oxfam in Sweden and CDW Konsult AB.	Board member and President & CEO of Investment AB Latour. Chairman of the Boards of Oxeon AB, AB Fagerhult, Nederman Holding AB, Tomra Systems ASA and Troax AB. Member of the Board of Assa Abloy AB.	Employee representative in the board of Loomis Sverige AB.
1,400 (privately held)	2,000 (privately held)	
Independent of major shareholders.	Not independent of major shareholders.	

Group management





	Patrik Andersson	Lars Blecko	Johannes Bäckman	Anders Haker	Patrik Högberg
	President and CEO	Regional President USA and Executive Vice President Loomis AB	Head of Growth	Chief Financial Officer	Regional President Northern and Eastern Europe
Born	1963	1957	1964	1961	1968
Employed	2016	2008	2013	2012	2009
Education	Master of Science in Business Administration and Economics – International Business Program, University of Lund.	Master of Science, Karlstad Universitet.	Master of Science in Business, Stockholm School of Economics, Chinese and Thai studies at Stockholm, Lund and Beijing universities.	Bachelor of Science in Business and Economics, Uppsala University.	Master of Business Administration, Stockholms Universitet.
Experience	President at Orkla Foods Sverige, senior positions within Unilever Group, President Wasabröd globally within Barlilla Group and President and CEO Rieber & Son.	President and CEO of Loomis 2008–2013, CEO of Rottneros AB 1999–2008, Senior Vice President Sales and Marketing Cardo Rail AB, and Managing Director Radiopharmaceuticals within the DuPont Group in Belgium, Switzerland, Germany and UK.	Corporate Development Director, Managing Director South East Asia and Mergers and Acquisitions Director of Xylem Inc.	CFO Lundin Mining Corp., CFO Boliden AB, Controller Trelleborg Finans, auditor Price Waterhouse.	President Loomis Sverige AB, President Norstedts Juridik and President Svensk Kassaservice.
Other appointments	Member of the Board of Ecolean AB.	–	–	–	–
Shares in Loomis as of December 31, 2016	2,000 (privately held)	37,291 (privately held)	191 (privately held)	2,056 (privately held)	4,180 (privately held)
Additional shares in Loomis from Incentive Scheme 2015	–	6,460	761	1,482	1,942

Kenneth Högman	Georges López Periago	Mårten Lundberg	Martti Ojanen	Urs Röösli
Regional President UK	Regional President Southern Europe	HR Director	Executive Group Risk Director	President Loomis International
1957	1965	1965	1962	1969
1978	1985	2014	2009	2014
Engineer, various management courses within the Company.	Master of Science in Business and Economics, various management courses within the Company.	Bachelor of Applied Science in HR from Stockholm University and Executive Master in HRM from Bocconi University, Milan.	Master of Science in Business and Economics, Växjö University.	Master of Business Administration, University St. Gallen, Strategic Management Training, University St. Gallen and Advanced Strategic Management, IMD Lausanne.
Director of Business Development Loomis AB, Regional Manager Securitas CHS Nordic, President Securitas CHS Sweden.	Country President of Loomis Spain, Cash Center Manager Securitas CHS.	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.	Vice President Risk Management Marsh AB.	Managing Director Corporate Supply Management and Quality Haniel Textil Services, Head of Division MSE and VMI of VIA MAT Group.
–	–	–	–	–
20,195 (privately held)	5,689 (privately held)	–	10,665 (privately held)	1,800 (privately held)
–	3,724	798	870	770

Stockholm, March 24, 2017

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	**Jonas Karlsson** Deputy employee representative

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Auditor's report on the corporate governance report

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance report for the year 2016 on pages 38–50 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 report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report 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, March 24, 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

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 2016 financial year.

The Group's operations

Loomis offers national cash handing services in the USA, in major parts of Europe and in Argentina*, 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 67 percent (68) of revenue while cash management services (CMS) accounts for 33 percent (32). In Segment USA, CIT accounts for 67 percent (69) of revenue and CMS for 33 percent (31). Segment International encompasses the following business areas: cross-border transportation of cash and precious metals, storage of valuables and, up until June 30, 2016, general cargo operations.

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 150 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 July 2016 Loomis announced that it had entered into an agreement to divest the general cargo operations to Rhenus Alpina AG. Loomis took over these operations in connection with the acquisition of VIA MAT in 2014. The divested operations, which were not part of Loomis' core business, offered cross-border cargo services by air, sea, road and rail. The operations were transferred on July 1, 2016. Revenue from the divested operations amounted to CHF 57 million (equivalent to SEK 499 million) and operating income (EBITA) was CHF 1 million (equivalent to SEK 9 million) for the 2015 financial year. The general cargo operations were reported under Segment International. A capital gain before tax of SEK 81 million was recognized as an item affecting comparability in the third quarter of 2016.

In August 2016, it was announced that Loomis' Danish subsidiary had entered into an agreement to acquire all of the shares in Bankernes Kontantservice A/S (BKS). BKS had its head office in Copenhagen, Denmark. The enterprise value at the time of the acquisition amounted to around DKK 250 million, equivalent to around SEK 316 million. BKS had annual revenue in 2015 of around DKK 340 million (excluding a non-recurring security fee paid by the former owners of BKS). Annual revenue for Loomis Denmark amounted to around DKK 92 million in 2015. The acquisition enabled Loomis in Denmark to expand its customer portfolio and to provide services to both bank and retail customers. The acquired operations are reported in Segment Europe and were consolidated in Loomis' accounts as of the date the transaction was completed, August 22, 2016. As a result of integration costs the acquisition has had a marginally negative impact on Loomis' earnings per share for 2016.

For further information refer to Note 15.

Other significant events during the year

On May 4, 2016, Patrik Andersson assumed the position as President and CEO of Loomis.

The Annual General Meeting on May 2, 2016 voted in favor of the Board's proposal to introduce an Incentive Scheme (Incentive Scheme 2016). Similar to past incentive schemes, the proposed Incentive Scheme 2016 involves two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be allotted to participants in the form of Class B shares at the beginning of 2018. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2018, 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 principles for performance measurement and other general principles that already apply to existing Incentive Schemes will still apply. Loomis AB will not issue any new shares or similar instruments in connection with this Incentive Scheme. To enable Loomis to allot these shares, the AGM voted in favor of Loomis AB entering into a share swap agreement with a third party under which the third party will acquire the Loomis shares in its own name and transfer them to the Incentive Scheme participants. The Incentive Scheme will enable around 350 key individuals within the Loomis Group to become shareholders in Loomis AB over time. This will increase employee commitment to Loomis' development for the benefit of all shareholders.

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. A possible negative outcome is not expected to have a negative impact on either the Group's income or financial position.

Ulrik Svensson left his position as CEO of Melker Schörling AB at the end of 2016. In December 2016 he therefore also left his position as a member of the Board of Loomis AB.

Revenue and income

The Group

Revenue for the full year 2016 amounted to SEK 16,800 million (16,097) and organic growth was 5 percent (2). The cash management contract implemented incrementally in the USA in 2015, increased revenue from SafePoint and higher sales in a number of European countries are the main explanations for the organic growth. The real growth amounted to 5 percent (7) and includes revenue attributable to the acquisition implemented in August in Denmark and the acquisitions in the USA and the UK in 2015. Real growth was negatively affected by the divestment of the general cargo operations at the beginning of the third quarter of 2016.

The operating income (EBITA) for the full year amounted to SEK 1,890 million compared to SEK 1,703 million the previous year. At comparable exchange rates the income improvement was around SEK 194 million. Organic growth in CMS and SafePoint in the USA,

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

SEK m	2016	2015	2014	2013	2012
Consolidated statement of income					
Total revenue	16,800	16,097	13,510	11,364	11,360
Operating income (EBITA)[1]	1,890	1,703	1,370	1,099	1,019
Net income for the year	1,258	1,069	910	736	650
Consolidated statement of cash flows					
Cash flow from operations	2,665	2,118	1,819	1,302	1,239
Cash flow from investment activities	–1,175	–1,658	–2,569	–709	–1,003
Cash flow from financing activities	–1,510	–386	946	–641	–261
Cash flow for the year	**–20**	**74**	**196**	**–48**	**–24**
SEK m	**Dec. 31, 2016**	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2013**	**Dec. 31, 2012**
Consolidated balance sheet					
Capital employed	10,576	10,268	9,127	6,290	6,070
Net debt	3,929	4,425	4,219	2,125	2,475
Shareholders' equity	6,647	5,843	4,907	4,165	3,595

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

and the ongoing efforts to improve efficiency, which continue to yield results in both Europe and the USA, are the main explanations for the operating margin improvement to 11.2 percent (10.6).

The operating income (EBIT) amounted to SEK 1,852 million (1,575), which includes amortization of acquisition-related intangible assets of SEK –62 million (–62), acquisition-related costs of SEK –56 million (–79) and an item affecting comparability of SEK 81 million (12). The acquisition-related costs are mainly costs relating to the acquisition of BKS in Denmark. The item affecting comparability relates to a capital gain reported following the divestment of the general cargo operations.

Income before taxes of SEK 1,735 million (1,461) includes a net financial expense of SEK –117 million (–114).

The tax expense for the year amounted to SEK –477 million (–392), which represents a tax rate of 27 percent (27).

Earnings per share before and after dilution amounted to SEK 16.73 (14.21).

The segments

*Europe**

Real growth for the European operations amounted to 3 percent (4) and organic growth was 0 percent (1). The operating margin amounted to 13.4 percent, compared to 12.7 percent the previous year.

USA

Real growth amounted to 12 percent (7) and the organic growth was 11 percent (6). The operating margin amounted to 11.5 percent, compared to 10.8 percent the previous year.

International

Revenue for the full year 2016 amounted to SEK 1,149 million compared to SEK 1,419 million in 2015. Real amounted to –17 percent (n/a) and the organic growth was 0 percent (n/a). The lower revenue and the negative real growth, is mainly explained by the divestment of the general cargo operations on 1 July 2016. The operating margin amounted to 6.7 percent (6.1)

Cash flow

Cash flow from operations amounted to SEK 2,665 million (2,118). Cash flow from investment activities amounted to SEK –1,175 million (–1,658) which includes investments in fixed assets (net) of SEK –1,120 million (–1,379) and net of acquisitions and divestments of operations of SEK –55 million (–279). Cash flow from financing activities amounted to SEK –1,510 million (–386) and includes a dividend of SEK –527 million (–451).

Capital employed and financing

Loomis' operating capital employed amounted to SEK 4,615 million (4,352) which is equivalent to 27 percent (27) of revenue. The total capital employed amounted to SEK 10,576 million (10,268). Return on capital employed amounted to 18 percent (17), the net debt was SEK 3,929 million (4,425) and the equity ratio was 45 percent (41).

In the third quarter 2016 Loomis' long-term business plans were prepared and, in connection with this process, impairment testing was undertaken on the Group's cash-generating units. None of the cash generating units had a carrying amount exceeding the recoverable amount and therefore no goodwill impairment has been recorded in 2016.

Shareholders' equity

Shareholders' equity increased during the year by SEK 804 million to SEK 6,647 million (5,843) as of December 31, 2016. Income for the year of SEK 1,258 million, translation differences of SEK 402 million and share based remuneration of SEK 11 million increased shareholders' equity by SEK 1,671 million. Hedging of net investments of SEK –159 million, paid dividend of SEK –527 million and actuarial losses of SEK –183 million reduced shareholders' equity by SEK 869 million. The return on shareholders' equity was 19 percent (18).

Environmental impact

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

Employees

In 2016 the average number of full-time employees was 21,983 (21,665) in 21 countries (22). The gender distribution was 31 percent (30) women and 69 percent (70) 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.

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

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, Canada, 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 does not engage in any operating activities as it is only involved in providing Group Management and support functions. The average number of full-time employees at the head office during the year was 19 (22). Net income for the year amounted to SEK 513 million (699*). In the second quarter of 2016, a total of SEK 527 million (451) was distributed to the shareholders, representing a dividend of SEK 7.00 per share (6.00).

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 2016 negatively affected certain geographical areas, and a similar impact on revenue and income in 2017 cannot be ruled out. Changes in the general economic conditions affect the cash handling services market in a number of ways; 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 and Note 34 Contingent liabilities.

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 was initially listed on the Mid Cap list of Nasdaq Stockholm on December 9, 2008. The Class B share has been listed on Nasdaq Stockholm's Large Cap list since the beginning of 2015. Loomis' principal owners in terms of voting power are Investment AB Latour through Latour Förvaltning AB and Melker Schörling AB. These two owners have entered into a shareholder agreement under which the parties have undertaken to coordinate their actions in matters concerning the composition of the Board, dividend policy, resolutions on amendments to the Articles of Association or share capital, significant acquisitions or transfers and the appointment of the CEO. The shareholder agreement includes a provision on pre-emption rights if either of the parties chooses to sell Class A shares.

As of December 31, 2016 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 51. For information on the major shareholders, refer to the section under the heading "The share" on pages 36–37.

Significant events after the end of the year

Acquisitions

On January 27, 2017, it was announced that Loomis AB had entered into an agreement to acquire 100 percent of the shares in Cobelguard CIT NV. Cobelguard conducts national cash handling services and is based in Ghent, Belgium. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 12 million, corresponding to approximately SEK 114 million. There is also an agreed possible future earn-out of maximum EUR 5 million based on the future financial performance.

Cobelguard has approximately 170 employees and annual revenue in 2016 was approximately EUR 12 million.

The business will be reported in segment Europe and consolidated into Loomis as of closing date for the transaction, January, 30. The purchase price was paid on closing. Due to acquisition related costs and integration costs the acquisition is expected to have a marginal negative impact on earnings per share of Loomis in 2017.

A preliminary acquisition analysis will be reported in the interim report for the first quarter of 2017.

Other significant events after the end of the year

The Board has decided to propose that a resolution be passed at the 2017 AGM on an incentive scheme (Incentive Scheme 2017). Similar to Incentive Scheme 2016, the proposed incentive scheme (Incentive Scheme 2017) 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 2019. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2019, 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.

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 2017.

Proposed appropriation of profits

The Board has decided to propose to the AGM a dividend of SEK 601,808,256 and May 8, 2017 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 4, 2017.

* Comparative figures have been restated due to an effect of a changed accounting principle, RFR 2 IAS 21. The effect on this on net income for the full year 2015 is SEK –198 million. Total shareholders' equity was not affected by the changed accounting principle as it only involved a reclassification within non-restricted equity. For further information refer to Note 36.

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

Retained earnings	3,998,684,709
Share-based remuneration	427,919[1)]
Net income for the year	513,177,333
Total	**4,512,289,961**

The Board proposes that the profits be appropriated as follows:

Dividend to shareholders (SEK 8.00/share)	601,808,256[2)]
To be carried forward	3,910,481,705
Total	**4,512,289,961**

1) The change relates to the share swap relating to Incentive Schemes 2014 and 2015.

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 4,512,289,961 is at the disposal of the AGM. Provided that the AGM 2017 resolves in accordance with the Board's proposal, SEK 3,910,481,705 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 12 percent of the equity in the Company and 9 percent of the consolidated equity. Following the dividend, the equity/assets ratio will be 44 percent for the Company and 42 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. 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 2017 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, Lars Blecko, Johannes Bäckman, Anders Haker, Patrik Högberg, Kenneth Högman, Mårten Lundberg, Georges López Periago, Martti Ojanen and Urs Röösli.

The guidelines applies 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 fundamental principle is that remuneration and other terms of employment for the Group Management are to be competitive and in accordance with market conditions in order to ensure that the Loomis Group is able to attract and keep competent management employees. The total remuneration to Group Management is to consist of a fixed salary, variable remuneration, pensions and other benefits.

Every year the Board considers whether to propose a share or share price-based incentive scheme for adaption by the AGM. The AGM 2016, adopted a resolution on an incentive scheme.

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 60 percent of the fixed annual salary for the President and CEO and a maximum of 80 percent of the fixed annual salary for other individuals of the Group Management. The variable remuneration within the scope of the company's LTIP (Long-Term Incentive Plan) is to amount to a maximum of 40 percent of the fixed salary for the President and CEO and a maximum of 50 percent of the fixed salary of 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 are, 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 45 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 2016, including previous commitments not yet due for payment.

Consolidated statement of income

SEK m	Note	2016	2015
Revenue, continuing operations		16,485	15,391
Revenue, acquisitions		315	706
Total revenue	8, 9	**16,800**	**16,097**
Production expenses	10,11,12	–12,493	–12,163
Gross income		**4,307**	**3,934**
Selling and administrative expenses	10,11,12	–2,417	–2,231
Operating income (EBITA)[1]		**1,890**	**1,703**
Amortization of acquisition-related intangible assets	10,12,17	–62	–62
Acquisition-related costs and revenue	10,15	–56	–79
Items affecting comparability	10	81	12
Operating income (EBIT)		**1,852**	**1,575**
Financial income	13	12	8
Financial expenses	13	–129	–122
Income before taxes		**1,735**	**1,461**
Income tax	14	–477	–392
Net income for the year[2]		**1,258**	**1,069**

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	2016	2015
Earnings per share, before dilution	3	16.73[3]	14.21[3]
Earnings per share, after dilution	3	16.73	14.21
Dividend[4]		7.00	6.00
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[5]

SEK m	2016	2015
Net income for the year	**1,258**	**1,069**
Other comprehensive income		
Items that will not be reclassified to the statement of income		
Actuarial gains and losses, net of tax	–183	46
Items that may be reclassified to the statement of income		
Translation differences	402	507
Hedging of net investments, net of tax	–159	–198
Other comprehensive income and expenses for the year, net after tax	**61**	**355**
Total comprehensive income and expenses for the year	**1,319**	**1,424**

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

Consolidated balance sheet

SEK m	Note	Dec. 31 2016	Dec. 31 2015
ASSETS			
Fixed assets			
Goodwill	15,16	5,626	5,437
Acquisition-related intangible assets	15,17	261	349
Other intangible assets	18	114	118
Buildings and land	19	731	589
Machinery and equipment	19	3,978	3,716
Deferred tax assets	14	426	481
Interest-bearing financial fixed assets	20	80	78
Other long-term receivables	21	28	92
Total fixed assets		**11,245**	**10,860**
Current assets			
Accounts receivable	22	2,001	1,878
Other current receivables	23	161	172
Current tax assets	14	239	253
Prepaid expenses and accrued income	24	506	512
Interest-bearing financial current assets	25	54	84
Liquid funds	26	663	654
Total current assets		**3,624**	**3,555**
TOTAL ASSETS		**14,869**	**14,415**
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		1,131	876
Retained earnings including net income for the year		546	–2
Total shareholders' equity		**6,647**	**5,843**
Long-term liabilities			
Loans payable	28	3,173	4,489
Deferred tax liability	14	421	502
Provisions for claims reserves	29	209	198
Provisions for pensions and similar commitments	30	799	679
Other provisions	31	99	106
Total long-term liabilities		**4,701**	**5,974**
Current liabilities			
Loans payable	28	754	73
Accounts payable		580	664
Provisions for claims reserves	29	195	148
Current tax liabilities	14	122	141
Accrued expenses and prepaid income	32	1,463	1,243
Other provisions	31	46	14
Other current liabilities	33	360	316
Total current liabilities		**3,521**	**2,598**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**14,869**	**14,415**

Consolidated statement of cash flows

SEK m	Note	2016	2015
Operations			
Income before taxes		1,735	1,461
Items not affecting cash flow, items affecting comparability and acquisition-related restructuring costs	35	1,117	1,119
Income tax paid		–326	–341
Change in accounts receivable		–53	–170
Change in other operating capital employed and other items		192	48
Cash flow from operations		**2,665**	**2,118**
Investing activities			
Investments in fixed assets	18,19	–1,128	–1,384
Disposals of fixed assets		8	6
Divestment of operations	15	147	–
Acquisition of operations[1]	15	–201	–279
Cash flow from investing activities		**–1,175**	**–1,658**
Financing activities			
Dividend paid	27	–527	–451
Change in interest-bearing net debt excluding liquid funds		–168	–258
Issuance of bonds[2]		–	549
Change in commercial papers issued and other long-term borrowing		–816	–225
Cash flow from financing activities		**–1,510**	**–386**
Cash flow for the year		**–20**	**74**
Liquid funds at beginning of year		654	566
Translation differences on liquid funds		28	14
Liquid funds at end of year		**663**	**654**

1) Acquisition of operations includes the cash flow effect of acquisition-related transaction costs.
2) Bond issue according to Loomis' MTN program.

Consolidated statement of changes in equity

	Attributable to the owners of the Parent				
SEK m	Share capital	Other contributed capital	Other reserves[1]	Retained earnings incl. net income for the year	Total
Opening balance, January 1, 2015	**376**	**4,594**	**604**	**–666**	**4,907**
Comprehensive income					
Net income for the year	–	–	–	1,069	1,069
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	46	46
Translation differences	–	–	507	–	507
Hedging of net investments, net of tax	–	–	–198	–	–198
Total other comprehensive income	**–**	**–**	**309**	**46**	**355**
Total comprehensive income	**–**	**–**	**309**	**1,115**	**1,424**
Transactions with shareholders					
Dividend	–	–	–	–451	–451
Share-based remuneration[2]	–	–	16	–	16
Share swap agreement[3]	–	–	–15	–	–15
Revaluation of option liability with non-controlling interests[4]	–	–	–37	–	–37
Total transactions with shareholders	**–**	**–**	**–37**	**–451**	**–488**
Opening balance, January 1, 2016	**376**	**4,594**	**876**	**–2**	**5,843**
Comprehensive income					
Net income for the year	–	–	–	1,258	1,258
Other comprehensive income					
Actuarial gains and losses, net of tax	–	–	–	–183	–183
Translation differences	–	–	402	–	402
Hedging of net investments, net of tax	–	–	–159	–	–159
Total other comprehensive income	**–**	**–**	**244**	**–183**	**61**
Total comprehensive income	**–**	**–**	**244**	**1,075**	**1,319**
Transactions with shareholders					
Dividend	–	–	–	–527	–527
Share-based remuneration[2]	–	–	35	–	35
Share swap agreement[3]	–	–	–24	–	–24
Total transactions with shareholders	**–**	**–**	**11**	**–527**	**–516**
Closing balance, December 31, 2016	**376**	**4,594**	**1,131**	**546**	**6,647**

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 2015 the expensed portion was SEK 25 million and for 2016 the expensed portion was SEK 34 million.

3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 65.

4) Refers to Loomis Turkey.

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, 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 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 4, 2017.

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, in general, applied in both the Parent Company and the Group. In certain cases, the Parent Company applies different principles than the Group. These are stated 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 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 revised standards adopted by the Group

New and amended accounting principles, as well as improvements that went into force in 2016, have not had any material impact on the Group's 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 significant impact on the Group's financial statements in 2016.

Standards, amendments and interpretations of existing standards that have not yet entered into force and that have not been adopted early by the Group

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is based on the principle of recognizing revenue when control of the sold goods or service is received by customers and they are able use or benefit from the goods or service.

The Group is currently evaluating the effect of the new standard on the Group's financial statements. The specifics of new rule's quantitative impact on the financial statements cannot be determined at this time. The initial assessment is, however, that the standard will not give rise to any material changes in terms of the timing of the Group's revenue recognition. This assessment is based on the overall nature of the contracts that currently exist. Recognition of certain costs that are incurred when obtaining contracts, or when contracts are implemented may change as these costs, which were previously expensed immediately, may now be recognized as contract assets.

The Group will be affected by the expanded disclosure requirements, whereby information is to be provided on the nature, timing of settlement and uncertainty associated with revenue recognition as well as cash flows relating to the Company's customer contracts.

IFRS 15 is applicable for financial years beginning on January 1, 2018 or later. A Group-wide project to complete the analysis and implementation of IFRS 15 is under way.

In January 2016, IASB published a new lease standard which will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities relating to all leases, with exceptions for leases not exceeding a term of 12 months and leases of lesser value, to be recognized as an asset or a liability respectively in the balance sheet. This model is based on the view that the lessee obtains 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 remain 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.

As Loomis reports operating income as EBITA (Earnings Before Interest, Taxes, Amortization of acquisition-related intangible fixed assets, acquisition-related costs and revenue, and items affecting comparability), the effect on operating income will be limited compared to if operating income had not included depreciation (i.e. EBITDA). The effect on the balance sheet is expected to be more substantial as both assets and liabilities will increase.

The standard is applicable for financial years beginning on January 1, 2019 or later. Early adoption is permitted. The EU has not yet adopted the standard. Loomis is not planning to adopt IFRS 16 early. At this time it is not possible to quantify the specifics of effects of the introduction of IFRS 16, although the new lease standard will impact Loomis' financial statements as the Group has operating leases. The leases that will have the greatest impact on the financial statements are leases for premises and for SafePoint. Note 10 contains a description of the lease undertakings Loomis had as of the closing of the annual accounts 2016. Loomis is planning to apply IFRS 16 for the comparative period.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was published in July 2014. It replaces the parts of IAS 39 that address classification and measurement of financial instruments. IFRS 9 still has a blended measurement model but simplifies the model in some respects. The standard is to be applied for the financial year starting on January 1, 2018. Early adoption is permitted. The standard is not expected to have a material effect on the Group's financial statements.

None of the other changes to standards or new interpretation notifications that have been adopted for application from the beginning of the 2017 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.

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, 2016, there were no non-controlling interests 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. No provisions are made for future operating losses. 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 criteria must also 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.

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.

Intra-Group transactions (IAS 24 and IFRS 3)
Pricing of intra-Group transactions is based on normal business principles. Intra-Group receivables and liabilities, as well as transactions between companies in the Group, and any related gains/losses, are eliminated. Unrealized losses are also eliminated, but any losses are regarded as an indication of an impairment requirement for the transferred asset. All subsidiaries report to the Group in accordance with the Group's accounting principles.

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

Revenue recognition (IAS 18)
Revenue comprises the fair value of the amount received, or the amount expected to be received, for services sold in the Group's operations. Revenue is reported exclusive of value-added tax and discounts and after elimination of intra-Group sales. The Group recognizes revenue when the amount of revenue can be measured in a reliable manner and when it is likely that future economic benefits will accrue to the Group.

The Group's revenue is generated from Cash in Transit, Cash Management Services and International valuables logistics comprising cross-border transportation of cash and precious metals and storage of valuables. Revenue is recog-

Note 2 cont.

nized in the period in which it is earned, on a straight-line basis over the contract period, and when the Group assesses that the criteria for revenue recognition have been met. Subscription revenue is allocated on a straight line basis over the period to which the subscription is in effect.

As part of the services offered in Segment International involve so-called pass-through transactions. Pass-through transactions are transactions executed on behalf of a customer or other third party which are common in international logistics solutions. The consignee has to pay import taxes (VAT and duties) for the imported goods. Orders from Loomis' foreign customers usually include obtaining customs clearance and the declaration of custom duties and other applicable taxes. Loomis executes these transactions on behalf of the customers but the transactions do not generate any economic benefits for Loomis. The payment of import taxes by Loomis on behalf of customers is therefore regarded as a pass-through transaction. Custom duties and other applicable taxes as well as charges passed on to the customers are therefore accounted for in the balance sheet only and do not affect the statement of income. If a mark-up is charged to the customer for handling of custom duties and import taxes, this fee is recognized as revenue.

Other revenue earned is recognized according to the following:

- Interest income is reported in the statement of income in the period to which it is attributable, according to the effective interest method.
- Dividends received are reported in the statement of income when the right to receive the dividend has been established.

Items affecting comparability

Items affecting comparability include events and transactions, whose effects on earnings require attention when the result for the period is compared with previous periods, such as:

- Capital gains and losses arising from the divestment of significant cash-generating units
- Significant impairment losses
- Other significant items affecting comparability.

Capital gains and capital losses from divestment of significant cash-generating units, significant impairment losses or other significant items affecting comparability, which are reported as items affecting comparability in a certain period, are consistently recognized in future periods. This is done by any reversals of capital gains and capital losses from divestment of significant cash generating units, significant impairment losses or other significant items affecting comparability also being recognized under the heading "Items affecting comparability." Items affecting comparability are reported by function in Note 10.

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.

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

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 because segment International differs from the other segments as it includes cross-border transportation of cash and precious metals and storage of valuables and, up until June 30, 2016 general cargo operations. The CEO separately monitors the segments' financial performance and allocates resources.

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 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), adjusted for local interest rate levels in the countries in which the acquisition takes 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 10 years corresponding to an annual amortization of between 10 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.

The straight-line method of depreciation, over the estimated useful life, is applied to all classes of assets, as follows:

Machinery and equipment	10–25 percent
Buildings and land improvements	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 recog-

Note 2 cont.

nized 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 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.

Accounts receivable (IAS 39)

Accounts receivable are initially reported at fair value and, thereafter, at accrued acquisition value, using the effective interest method, less provisions for bad debt. A bad debt for impairment is established when there is objective evidence that the Group will not receive the amounts due according to the original terms of the receivables. The amount of the provision is equivalent to the difference between the asset's reported value and the present value of estimated future cash flows, discounted by the original effective interest rate. Expected and determined bad debt losses are included in the line Production expenses in the statement of income. Payments received in advance are accounted for as Other current liabilities.

Financial Instruments: Recognition and measurement (IAS 39)

A financial instrument is a contract creating a financial asset in one entity and a financial liability or equity instrument in another entity. The definition of financial instruments, thus, includes equity instruments in another entity, but also, for example, contractual rights to receive cash, such as accounts receivable. The Group classifies its financial instruments into the following categories:

1) Loan receivables and other receivables.
2) Financial assets or financial liabilities valued at fair value through the statement of income (including derivatives not designated as hedge instruments).
3) Other financial liabilities.
4) Financial assets and liabilities at fair value through other comprehensive income.

The classification is determined on the basis of the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reevaluates this classification at each reporting date. Loans payable, investments and liquid funds are recognized according to the trade date accounting principle.

1) Accounting for items designated as "Loans receivable and other receivables"

Operating receivables, including Accounts receivable, are classified as "Loans receivable and other receivables" and are valued at accrued acquisition value. In the balance sheet, they are shown as accounts receivable or liquid funds with the exception of items due more than 12 months after balance sheet date, which are shown as financial fixed assets.

2a) Accounting for items designated as "Financial assets at fair value through statement of income"

When assets in this category are held, changes in fair value are reported in the statement of income as they arise. The revaluation of derivatives held for the purpose of minimizing operating transaction risks is accounted for in operating profit or loss and derivatives held for the purpose of minimizing transaction risks in financial income and expenses are accounted for in the financial net. A financial asset is classified in this category if it is held for trading, i.e. has been acquired with the main intention to be disposed of in the short term or if management has determined that it is to be classified in this category. The assets held by Loomis in this category are financial current assets in the balance sheet.

2b) Accounting for items designated as "Financial liabilities at fair value through statement of income"

Any liabilities classified in this category are accounted for as "financial assets at fair value through the statement of income". As liabilities in this category are not considered material they are accounted for as current loans payable in the balance sheet.

3) Accounting for items designated as "Other financial liabilities"

This category includes loans payable and accounts payable. Liabilities in this category are initially valued at fair value and, thereafter, at accrued acquisition value, applying the effective interest rate method.

Loans payable are initially reported at the net amount received, less transaction expenses. If the fair value differs from that which is to be repaid on maturity date, loans payable are subsequently reported at accrued acquisition value, whereby the difference is allocated to periods as an interest expense using the effective interest rate method. Loomis applies IAS 23, Borrowing costs. According to this standard, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Loomis currently has no loans relating to such investments and for that reason, borrowing costs are reported in the statement of income. Loans payable, investments and liquid funds are reported according to the transaction date principle. Borrowing is classified under current liabilities, unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date.

4) Accounting for items classified as "Financial assets and liabilities at fair value through other comprehensive income"

When assets and liabilities in this category are held the assets/liabilities are measured at fair value. However, revaluation is recognized directly in other comprehensive income when the asset/liability has a quoted price in an active market or its fair value can be determined in a reliable manner. If the fair value cannot be reliably determined, the asset/liability is measured at cost. However, when there is objective evidence of impairment, an impairment loss is recognized for the asset/liability. When assets/liabilities are disposed of, the transaction is recognized, including previous revaluations, directly in other comprehensive income. This classification includes derivatives that have been identified as cash flow hedges, as well as currency swaps used to hedge net investments and which meet the requirements for hedge accounting. Hedge accounting for derivatives is described in the paragraph below. As assets in this category are not considered tangible, they are recognized as current financial assets or current liabilities in the balance sheet.

Derivative instruments and hedging transactions
Derivatives are recognized in the balance sheet on the transaction date and are measured at fair value, both initially and when subsequently revalued. The method used to recognize the gain or loss arising from revaluation depends on whether the derivative has been identified as a hedging instrument, and, if so, the nature of the item being hedged. As of the end of the year, Loomis was holding currency swaps and loans used to hedge net investments and these meet the criteria for hedge accounting.

When transactions are entered into, the Group documents the relationship between the hedging instrument and the hedged item, the risk management objective and the risk strategy. At the inception of a hedge as well as subsequently, the effectiveness of the derivative instruments is documented. Information on the fair value of various derivative instruments used for hedging can be found in Note 6. Changes in the hedge reserve in equity are described in Note 27. The entire fair value of a derivative that is a hedging instrument is classified as a fixed asset or long-term liability when the hedged item has a term to maturity of more than 12 months, and as a current asset or current liability when the hedged item has a term to maturity of less than12 months. Derivative instruments held for trading are always classified as current assets or current liabilities.

(a) Fair value hedges
Fair value hedges that meet the criteria for hedge accounting are revalued through the statement of income to match the revaluation of the hedged asset or liability.

(b) Cash flow hedging
The effective portion of changes in fair value of a derivative instrument that is identified as a cash flow hedge and that meets the criteria for hedge accounting, is recognized in other comprehensive income. The ineffective portion is recognized directly through the statement of income and is included in operating income. Accumulated amounts in equity are reversed through the statement of income in the periods the hedged item affects the earnings. When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria for hedge accounting, any remaining gains/losses remain in equity and are recognized as profit or loss at the same time as the forecast transaction is finally recognized through the statement of income (if this is not expected to be the case, the cumulative gain or loss is recognized directly through statement of income). As of the balance sheet date the Group had no cash flow hedges.

(c) Hedging net investments
A hedge of a net investment in a foreign operation is recognized in a similar way as a cash flow hedge; effective hedges are recognized in other comprehensive income and ineffective portions are recognized through the statement of income. Cumulative gains or losses in equity are recognized through the statement of income when the foreign operation is disposed of wholly or in part.

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 unless the changes in the pension plan are conditional upon the employees remaining employed for a specified period (vesting period). In such cases, the expenses relating to earlier periods of service are distributed on a straight-line basis over the vesting period.

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 (IFRS2)
Incentive scheme
The Group has introduced an incentive scheme in which those taking part receive a bonus, of which two thirds of the total amount is paid out in cash during the year after the bonus was earned, and the remaining third being used to purchase shares at the market rate, which are, subsequently, allotted to the employees one year after their purchase, on condition that the employee in question remains 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 part of equity and not as a liability. At the conclusion of the program, 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. Refer to Note 11 for further information.

Share swaps relating to share-based remuneration
For the purpose of securing the share component in Loomis' share-based incentive scheme, Loomis AB has entered into a swap agreement with a third party. The swap agreement has been classified as an equity instrument and is recognized in equity as a reduction of retained earnings. For further information refer to 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,

Note 2 cont.

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 below. Key ratio calculations that cannot be checked against items in the statement of income and balance sheet can be found in Note 9.

Other

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

NOTE 3 Definitions, calculation of key ratios and exchange rates

Definitions, Statement of income

Production Expenses

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

Selling and administrative expenses

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

Operating income (EBITA)

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

Operating income (EBIT)

Earnings before interest and tax.

Definitions of key ratios

Real growth, %

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

Organic growth, %

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

Total growth, %

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

Operating margin (EBITA), %

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

Earnings per share, before dilution

Net income for the period in relation to the average number of outstanding shares at the end of the period.
Calculation 2016: 1,258 / 75,226,032 x 1,000,000 = 16.73
Calculation 2015: 1,069 / 75,226,032 x 1,000,000 = 14.21

Earnings per share, after dilution

Calculation 2016: 1,258 / 75,226,032 x 1,000,000 = 16.73
Calculation 2015: 1,069 / 75,226,032 x 1,000,000 = 14.21

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 2016	Dec. 31, 2016	Weighted average 2015	Dec. 31, 2015
Norway	NOK	1.02	1.05	1.04	0.96
Denmark	DKK	1.29	1.28	1.25	1.23
UK	GBP	11.53	11.17	12.90	12.52
Switzerland	CHF	8.65	8.90	8.77	8.49
USA	USD	8.59	9.06	8.46	8.44
Czech Republic	CZK	0.35	0.35	0.34	0.34
Turkey	TRY	2.83	2.57	3.07	2.89
Argentina	ARS	0.58	0.57	0.89	0.65
Hong Kong	HKD	1.11	1.17	1.09	1.09
United Arab Emirates	AED	2.35	2.47	2.30	2.30
Brazil	BRL	2.32	2.78	2.53	2.13
Canada	CAD	6.48	6.73	6.60	6.08
People's Republic of China	CNY	1.33	1.30	n/a	n/a
Singapore	SGD	6.28	6.27	n/a	n/a
EUR-countries	EUR	9.47	9.56	9.33	9.19

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, 2016, 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 2,001 million (1,878), 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 –52 million (–40) is subject to critical estimations and assessments. For additional information on credit risk in the accounts receivable refer to Note 6 and Note 22.

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

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

Impairment testing of goodwill and other acquisition-related intangible assets
In connection with the impairment testing of goodwill and other acquisition-related intangible assets, the carrying amount is compared with the recoverable amount. The recoverable amount is determined by the greater of either an asset's net realizable value or its value in use. As under normal circumstances, no listed market prices are available to assess an asset's net realizable value, the carrying amount is normally compared with the value in use. The calculation of the value in use is based on assumptions and assessments. The most important assumptions are organic growth, development of the operating margin, the utilization of operating capital employed and the relevant WACC rate used to discount future cash flows. All in all, this implies that the valuation of the balance sheet item Goodwill, which amounts to SEK 5,626 million (5,437), and of Acquisition related intangible assets, which amounts to SEK 261 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.

Note 4 cont.

At year-end, deferred tax assets were reported in the amount of SEK 426 million (481) and deferred tax liabilities in the amount of SEK 421 million (502).

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 799 million (679) and receivables relating to pensions of SEK 13 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 405 million (347), are subject to critical estimates and judgements. For further information on taxes, 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. A possible negative outcome is not expected to have a negative impact on either the Group's income or financial position.

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 27, 2017, it was announced that Loomis AB had entered into an agreement to acquire 100 percent of the shares in Cobelguard CIT NV. Cobelguard conducts national cash handling services and is based in Ghent, Belgium. The enterprise value, i.e. purchase price plus acquired net debt, is approximately EUR 12 million, corresponding to approximately SEK 114 million. There is also an agreed possible future earn-out of maximum EUR 5 million based on the future financial performance.

Cobelguard has approximately 170 employees and annual revenue in 2016 was approximately EUR 12 million.

The business will be reported in segment Europe and consolidated into Loomis as of closing date for the transaction, January, 30. The purchase price was paid on closing. Due to acquisition related costs and integration costs the acquisition is expected to have a marginal negative impact on earnings per share of Loomis in 2017.

A preliminary acquisition analysis will be reported in the interim report for the first quarter of 2017.

The Board of Directors has decided to propose that a resolution be passed at the 2017 Annual General Meeting on an incentive scheme (Incentive Scheme 2017). Similar to Incentive Scheme 2016, the proposed incentive scheme will involve two thirds of the variable remuneration being paid out in cash the year after it is earned. The remaining one third will be in the form of Class B shares in Loomis AB which will be allotted to the participants at the beginning of 2019. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2019, 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 shares in its own name and transfers them to the participants. The incentive scheme enables 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 of Directors' full incentive scheme proposal, see the notice of the Annual General Meeting.

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, 2016 was about 1 year. A permanent change in the interest rate of +1 percent as of December 31, 2016 would have an annual effect on net financial items of SEK –29 million (–36). Loomis' borrowing amounted to SEK 3,882 million (4,562). The average interest rate on the debt during the year was 2.32 percent (1.91), excluding arrangement costs for the existing credit facilities. For information regarding the assumptions relating to the defined benefit obligation, see Note 30.

Exchange rate risk – Translation risk

Translation risk is the risk that the SEK value of assets and liabilities in foreign currencies will fluctuate due to changes in foreign exchange rates.

As a large number of subsidiaries operate in other countries, the Group's balance sheet and statement of income are affected by the translation of foreign currencies to SEK. This exposure gives rise to a translation risk which means that unfavorable changes in exchange rates could have a negative impact on the Group's foreign net assets when translated into SEK. Loomis' capital employed as of December 31, 2016 amounted to SEK 10,576 million (10,266). 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 153 million (135). The corresponding figures for GBP would be SEK 23 million (30), for EUR SEK 50 million (46) and for CHF SEK 47 million (48). Loomis uses hedge accounting according to the principle of hedging net investments to limit translation risk . Loomis has two hedges, one amounting to USD 242 million (265) where the shares in subsidiaries are the hedged items. In connection with the acquisition of VIA MAT, Loomis entered into a hedge amounting to CHF 90 million (90) where the hedged item is the net investment. The ineffectiveness of the hedge during the year was SEK 0 million (0).

The table under the capital risk section shows the amounts of the exposure to various currencies hedged with loans and currency swaps. 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 income 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 the operating income is revalued. 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 2016. 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 below shows Loomis' liquidity reserve (cash and bank balances, short-term investments and the unused portion of granted credit facilities).

SEK m	Dec 31, 2016	Dec 31, 2015
Liquid funds	663	654
Credit facilities	3,156	2,326
Total	**3,819**	**2,980**

The table below presents an analysis of the Group's financial liabilities and net-settled derivative instruments comprising financial liabilities 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

Note 6 *cont.*

re-financing on closing date. The commercial papers issued are classified as long-term liabilities since the commercial paper program requires a long-term back-up facility.

SEK m **December 31, 2016**	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	553	2,333	801
Accounts payable and other liabilities	1,512	853	–
(of which derivatives)	(58)		–
Total	**2,065**	**3,186**	**801**
December 31, 2015			
External bank loans	7	3,625	764
Accounts payable and other liabilities	1,345	779	–
(of which derivatives)	(59)	–	–
Total	**1,352**	**4,404**	**764**

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.

Credit risks in accounts receivable
The value of the outstanding accounts receivable was SEK 2,056 million (1,917). Any provisions for losses are made following individual assessment and totaled SEK 52 million (40) as of December 31, 2016. Accounts receivable do not include any significant concentrations of credit risks. The Group's 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 has policies in place limiting the amount of credit exposure allowed to exist with any one financial institution or other counterparty. To limit credit risks, transactions take place primarily with financial institutions with a high official credit rating and with whom Loomis has a long-term customer relationship. The largest weighted exposure for all financial instruments to a single bank on the balance sheet date was SEK 99 million (98).

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

SEK m	Dec 31, 2016	Dec 31, 2015
A -1+	48	70
A -1	492	471
Other holdings	189	173
Total	**729**	**714**

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 2016 were handled by Loomis AB's treasury department.

In 2016 Loomis chose to exercise the option of a one-year extension of the five-year facility signed in June 2015. The facility amounts to USD 150 million, EUR 65 million and SEK 1 billion and funds can be withdrawn in USD, EUR, GDP and SEK. The facility will mature in 2021. In addition, Loomis has exercised the option to extend the syndicated loan that was signed in 2015 in the amount of SEK 500 million. The facility will mature in 2019. 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 2016.

On December 31, 2016, Loomis had issued commercial papers totaling SEK 500 million (649). The upper limit for the commercial paper program is SEK 1,500 million.

In 2014 Loomis launched an MTN program with an upper limit of SEK 3 billion. The total issued volume as of December 31, 2016 was SEK 1,550 million (1,550).

December 31, 2016	Currency	The facility amount (LOC m)	The facility amount (SEK m)	Utilized amount (SEK m)	Maturity structure[3] 2017	2018	2019	2020	2021	2022+
Syndicated loan facility 1[1]	SEK	1,000	1,000	–	–	–	–	–	1,000	–
Syndicated loan facility 1[1]	EUR	65	621	–	–	–	–	–	621	–
Syndicated loan facility1[1]	USD	150	1 359	544	–	–	–	–	1,359	–
Syndicated loan facility 2[1]	USD	100	906	290	–	–	906	–	–	–
Syndicated loan facility 3[1]	SEK	500	500	–	–	–	500	–	–	–
Bilateral loan	CHF	90	801	801	–	–	–	–	–	801
MTN program	SEK	1,550	1,550	1,550	550	–	1,000	–	–	–
Commercial papers[2]	SEK	500	500	500	500	–	–	–	–	–
Credit facility	SEK	210	210	107	210	–	–	–	–	–
Total			**7,447**	**3,792**	**1,260**	**–**	**2,406**	**–**	**2,980**	**801**

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, such as the proportion of net debt and shareholders' equity.

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, 2016:

SEK m	EUR	GBP	USD	CHF	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,991	925	5,265	1,674	451	10,307	269	10,576
Net debt	–991	–457	–2,199	–732	–224	–4,602	673	–3,929
Net exposure	**1,000**	**468**	**3,066**	**942**	**227**	**5,703**	**942**	**6,647**

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, 2015:

SEK m	EUR	GBP	USD	CHF	Other currencies	Total foreign currencies	SEK	Total
Capital employed	1,935	1,107	5,017	1,804	223	10,086	180	10,266
Net debt	–1,022	–516	–2,311	–846	–85	–4,780	357	–4,423
Net exposure	**913**	**591**	**2,707**	**958**	**138**	**5,307**	**536**	**5,843**

Price risk

The Group is exposed to price risks related to the purchase of certain raw materials (mainly diesel). 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 –1,634 million (–2,115) and SEK 14 million (22) respectively.

Financial instruments

Financial derivative instruments, such as forward exchange agreements and interest rate swaps, are aimed at minimizing the financial risks to which Loomis is exposed and are also used to facilitate the management of the liability portfolio. 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 IAS 39. The table below shows Loomis' financial assets and liabilities, categories of valuation and the fair value for each item. In 2017, 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:

SEK m	IAS 39 Category	December 31, 2016 Carrying amount	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	80	80
Accounts receivable	1	2,001	2,001
Interest-bearing financial current assets	2,4	54	54
Liquid funds	1	663	663
Financial liabilities			
Current loans payable	2,4	58	58
Current loans payable	3	696	696
Long-term loans payable	3	3,972	3,972
Accounts payable	3	580	580

SEK m	IAS 39 Category	December 31, 2015 Carrying amount	Fair value
Financial assets			
Interest-bearing financial fixed assets	1	78	78
Accounts receivable	1	1,878	1,878
Interest-bearing financial current assets	2,4	84	84
Liquid funds	1	654	654
Financial liabilities			
Current loans payable	2,4	59	59
Current loans payable	3	15	15
Long-term loans payable	3	5,168	5,168
Accounts payable	3	664	664

Categories

1: Loans receivable and other receivables, including accounts receivable

2: Financial assets valued at fair value via statement of income

3: Other financial liabilities

4: Financial assets and liabilities at fair value through other comprehensive income

Note 6 cont.

Loomis' financial instruments are valued in accordance with the following levels:

- Unadjusted listed prices on active markets for identical assets or liabilities (level1)
- 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)

SEK m				December 31, 2016
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at fair value through profit or loss				
– Derivative instruments held for trading	–	16	–	16
– Derivative instruments used for hedging	–	14	–	14
Financial assets at fair value in other comprehensive income				
– Derivative instruments used for hedging	–	–	–	–
Total assets	**–**	**30**	**–**	**30**
Financial liabilities				
Financial liabilities valued at fair value through profit or loss				
– Derivative instruments held for trading	–	12	–	12
– Derivative instruments used for hedging	–	–	–	–
Financial liabilities at fair value in other comprehensive income				
– Derivative instruments used for hedging[1]	–	11	–	11
Total liabilities	**–**	**23**	**–**	**23**

SEK m				December 31, 2015
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets at fair value through profit or loss				
– Derivative instruments held for trading	–	12	–	12
– Derivative instruments used for hedging	–	–	–	–
Financial assets at fair value in other comprehensive income				
– Derivative instruments used for hedging	–	22	–	22
Total assets		**34**		**34**
Financial liabilities				
Financial liabilities valued at fair value through profit or loss				
– Derivative instruments held for trading	–	4	–	4
– Derivative instruments used for hedging	–	–	–	–
Financial liabilities at fair value in other comprehensive income				
– Derivative instruments used for hedging[1]	–	5	–	5
Total liabilities	–	**9**	–	**9**

1) In the tables above the market value of the interest swaps are net.

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

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. Regional/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. This is because the International segment differs from the other segments as it includes cross-border transportation of cash and precious metals, storage of valuables and, up until June 30, 2016, general cargo operations, as well as the fact that the CEO separately monitors the segments' financial performance and allocates resources.

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 67 percent (68) of revenues and Cash Management Services for 33 percent (32). For Segment USA, Cash in Transit accounts for 67 percent (69) of total revenue and Cash Management Services for 33 percent (31). Up until June 30, 2016, the International segment included three distinct business areas: cross-border transportation of cash and precious metals, storage of valuables and general cargo operations. The general cargo operations were divested on July 1, 2016. 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 2016 and 2015 that is delivered to the executive managers of Europe, the USA and International, concerning those segments for which information is to be 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 884 million (904), in the USA to SEK 7,531 million (6,649), and total revenue from external customers in other countries amounts to SEK 8,385 million (8,544). No single customer represents more than 5 percent of the total revenue. Total fixed assets located in Sweden, apart from financial instruments and deferred tax assets, amount to SEK 240 million (178), in the USA to SEK 2,227 million (2,108), and the total for the fixed assets located in other countries amounts to SEK 2,242 million (2,019).

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

Note 8 *cont.*

SEK m	Europe 2016	USA 2016	International* 2016	Other 2016	Eliminations 2016	Total 2016
Revenue, continuing operations	8,151	7,243	1,149	–	–58	16,485
Revenue, acquisitions	233	82	–	–	–	315
Total revenue	**8,384**	**7,325**	**1,149**	**–**	**–58**	**16,800**
Production expenses	–6,150	–5,470	–970	–	98	–12,493
Gross income	**2,234**	**1,854**	**179**	**–**	**40**	**4,307**
Selling and administrative expenses	–1,114	–1,013	–102	–149	–40	–2,417
Operating income (EBITA)	**1,119**	**842**	**77**	**–149**	**–**	**1,890**
Amortization of acquisition-related intangible assets	–30	–14	–18	–	–	–62
Acquisition-related costs and revenue	–52	–2	–	–2	–	–56
Items affecting comparability	–	–	81	–	–	81
Operating income (EBIT)	**1,038**	**826**	**140**	**–151**	**–**	**1,852**
Financial income	–	–	–	12	–	12
Financial expenses	–	–	–	–129	–	–129
Income before taxes	**1,038**	**826**	**140**	**–269**	**–**	**1,735**
Income tax	–	–	–	–477	–	–477
Net income for the year	**1,038**	**826**	**140**	**–745**	**–**	**1,258**
Segment assets						
Goodwill	1,569	3,295	862	–99	–	5,626
Other intangible assets	187	61	124	4	–	375
Fixed assets	2,345	2,219	119	26	–	4,709
Accounts receivable	1,249	710	77	7	–42	2,001
Pension assets	–	–	–	13	–	13
Other segment assets	350	434	60	30	–180	695
Undistributed assets						
Deferred tax assets	–	–	–	426	–	426
Current tax assets	–	–	–	239	–	239
Interest-bearing financial fixed assets	–	–	–	66	–	66
Other financial assets valued at fair value via statement of income	–	–	–	717	–	717
Total assets	**5,701**	**6,719**	**1,241**	**1,430**	**–222**	**14,869**
Segment liabilities						
Accounts payable	317	212	59	36	–42	580
Accrued expenses and prepaid income	953	463	56	–9	–	1,463
Provision for pensions	702	–	55	43	–	799
Other current liabilities	394	59	46	187	–180	506
Undistributed liabilities						
Current loans payable	–	–	–	754	–	754
Long-term loans payable	–	–	–	3,173	–	3,173
Deferred tax liabilities	–	–	–	421	–	421
Current tax liabilities	–	–	–	122	–	122
Provisions for claims reserves	–	–	–	405	–	405
Shareholders' equity	–	–	–	6,647	–	6,647
Total liabilities and shareholders' equity	**2,365**	**733**	**216**	**11,777**	**–222**	**14,869**
Other information						
Investments, net	585	500	25	10	–	1,120
Depreciation and amortization	568	550	36	13	–	1,167

*The general cargo operations were divested as of July 1, 2016.

SEK m	Europe 2015	USA 2015	International* 2015	Other 2015	Eliminations 2015	Total 2015
Revenue, continuing operations	8,080	6,413	965	–	–66	15,391
Revenue, acquisitions	252	15	454	–	–15	706
Total revenue	**8,332**	**6,428**	**1,419**	**–**	**–82**	**16,097**
Production expenses	–6,229	–4,858	–1,199	–	123	–12,163
Gross income	**2,103**	**1,570**	**221**	**–**	**41**	**3,934**
Selling and administrative expenses	–1,048	–878	–133	–131	–41	–2,231
Operating income (EBITA)	**1,055**	**692**	**87**	**–131**	**–**	**1,703**
Amortization of acquisition-related intangible assets	–24	–15	–20	–1	–	–62
Acquisition-related costs and revenue	–72	–2	–	–4	–	–79
Items affecting comparability	12	–	–	–	–	12
Operating income (EBIT)	**970**	**675**	**67**	**–137**	**–**	**1,575**
Financial income	–	–	–	8	–	8
Financial expenses	–	–	–	–122	–	–122
Income before taxes	**970**	**675**	**67**	**251**	**–**	**1,461**
Income tax	–	–	–	–392	–	–392
Net income for the year	**970**	**675**	**67**	**–643**	**–**	**1,069**
Segment assets						
Goodwill	1,531	3,071	914	–78	–	5,437
Other intangible assets	204	71	189	4	–	468
Fixed assets	2,070	2,100	110	26	–	4,305
Accounts receivable	1,201	560	133	13	–29	1,878
Pension assets	–	–	–	18	–	18
Other segment assets	436	316	80	33	–88	776
Undistributed assets						
Deferred tax assets	–	–	–	481	–	481
Current tax assets	–	–	–	253	–	253
Interest-bearing financial fixed assets	–	–	–	60	–	60
Other financial assets valued at fair value via statement of income	–	–	–	738	–	738
Total assets	**5,441**	**6,117**	**1,424**	**1,549**	**–116**	**14,415**
Segment liabilities						
Accounts payable	329	234	107	23	–29	664
Accrued expenses and prepaid income	842	340	67	–6	–	1,243
Provision for pensions	533	–	107	39	–	679
Other current liabilities	352	51	30	89	–88	435
Undistributed liabilities						
Current loans payable	–	–	–	73	–	73
Long-term loans payable	–	–	–	4,489	–	4,489
Deferred tax liabilities	–	–	–	502	–	502
Current tax liabilities	–	–	–	141	–	141
Provisions for claims reserves	–	–	–	347	–	347
Shareholders' equity	–	–	–	5,843	–	5,843
Total liabilities and shareholders' equity	**2,055**	**626**	**311**	**11,539**	**–116**	**14,415**
Other information						
Investments, net	497	844	26	11	–	1,379
Depreciation and amortization	564	506	40	13	–	1,123

*The general cargo operations were divested as of July 1, 2016. The 2015 figures have not been adjusted for this divestment.

NOTE 9 Allocation of revenue

Revenue

The Group's revenue is generated from a range of cash handling services. These include Cash in Transit and Cash Management Services and cross border transportation of cash and precious metals and storage of valuables. Up until June 30, 2016, the Group's revenue also included revenue from general cargo operations. Revenue is reported in the period in which it is earned, as the service is executed on a straight-line basis over the contract period. For further details refer to 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.

Organic and real growth

SEK m	2016	2015
Previous year's revenue	16,097	13,510
Organic growth[1]	731	306
Acquired revenue	315	706
Divestments	–257	–
Real growth	789	1,012
Change in foreign currency	–86	1,575
Revenue for the period	**16,800**	**16,097**

1) For definition of organic growth, refer to page 66.

NOTE 10 Operating expenses

Distribution of operating expenses by type

SEK m	Note	2016	*as % of revenue*	2015	*as % of revenue*
Personnel costs	11	9,103	*54.2*	8,704	*54.1*
Risk, claims and insurance expenses		409	*2.4*	341	*2.1*
Vehicle expenses		1,447	*8.6*	1,456	*9.0*
Costs of premises		782	*4.7*	751	*4.7*
Costs of technical equipment		713	*4.2*	598	*3.7*
Items affecting comparability		–81	*–0.5*	–12	*–0.1*
Other expenses		2,574	*15.3*	2,686	*16.7*
Total expenses by type		**14,947**	***89.0***	**14,523**	***90.2***

Costs of employee benefits

SEK m	Note	2016	2015
Salaries and bonuses	11	7,354	7,007
Social security contributions	11	1,553	1,486
Pension costs – defined benefit plans	11, 30	70	66
Pension costs – defined contribution plans	11, 30	126	145
Total costs of employee benefits		**9,103**	**8,704**

Audit fees and other fees

SEK m	2016	2015
PwC		
– Audit assignments	13	11
– Auditing activities other than audit assignments	1	1
– Tax advice	0	2
– Other assignments	0	1
Total PwC	**15**	**15**
Other auditors		
– Audit assignments	**1**	**1**
Total	**16**	**16**

Audit assignments refers to fees for the statutory audit, that is, such work that has been necessary to undertake in order to issue the audit report, and the advisory services provided in conjunction with the audit assignment.

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 397 million (355). The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2016	2015
Maturity < 1 year	402	298
Maturity 1–5 years	1,107	778
Maturity > 5 years	940	639
Total	**2,448**	**1,715**

Operational lease agreements refer primarily to buildings and office premises. The total cost for these in 2016 amounted to SEK 338 million (292), of the total cost of SEK 397 million (355).

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 21 million (16). The statement of income has been charged with SEK 1 million (2) for interest expenses attributable to financial leases. The nominal value of contractual future minimum leasing fees is distributed as follows:

SEK m	2016	2015
Maturity < 1 year	20	11
Maturity 1–5 years	39	57
Maturity > 5 years	–	2
Total	**59**	**70**

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 2016 include amortization of acquisition-related intangible assets of SEK –62 million which is included in Production expenses, and acquisition-related costs totaling SEK –56 million which is included in Production expenses of SEK –43 million and Selling and administrative expenses of SEK –13 million respectively. Earnings for 2016 also include an item affecting comparability of SEK 81 million relating to a reported capital gain from the divestment of the general cargo operations. This item affecting comparability is included in Production expenses in 2016. Earnings for 2015 include amortization of acquisition-related intangible assets of SEK –62 million which is included in Production expenses, and acquisition-related costs totaling SEK –79 million which is included in Production expenses of SEK –75 million and Selling and administrative expenses of SEK –4 million respectively. Earnings for 2015 also include an item affecting comparability of SEK 12 million relating to the reversal of part of the provision of SEK 59 million made in 2007 pertaining to overtime compensation paid in Spain. This item affecting comparability is included in Production expenses in 2015.

SEK m	2016	2015
Revenue, continuing operations	16,485	15,391
Revenue, acquisitions	315	706
Total revenue	**16,800**	**16,097**
Production expenses	–12,517	–12,288
Gross income	**4,283**	**3,809**
Selling and administrative expenses	–2,430	–2,235
Operating income (EBIT)	**1,852**	**1,575**
Financial income	12	8
Financial expenses	–129	–122
Income before taxes	**1,735**	**1,461**
Income tax	–477	–392
Net income for the year	**1,258**	**1,069**

NOTE 11 Personnel

Average number of full-time equivalent employees by gender

	Women		Men		Total	
Number	2016	2015	2016	2015	2016	2015
Europe	3,777	3,844	8,658	8,830	12,435	12,674
USA	2,829	2,508	6,271	5,993	9,100	8,501
International	106	133	333	357	439	490
Total	**6,712**	**6,485**	**15,262**	**15,180**	**21,974**	**21,665**

In 2016, the total number of board members and Presidents was 51 (46), of which 3 (4) were women.

Personnel costs: Board of Directors and Presidents

	Salaries		Social security contributions		(of which pensions)		(of which bonuses)	
SEK m	2016	2015	2016	2015	2016	2015	2016	2015
Europe	76	67	13	10	(4)	(3)	(23)	(17)
USA	23	18	1	0	(0)	(3)	(12)	(8)
International	5	10	2	2	(1)	(1)	(1)	(2)
Total	**104**	**95**	**16**	**12**	**(5)**	**(7)**	**(36)**	**(27)**

Also see Note 41 regarding the Parent Company.

Personnel costs: Other employees

	Salaries		Social security contributions		(of which pensions)	
SEK m	2016	2015	2016	2015	2016	2015
Europe	3,662	3,647	1,075	1,080	(117)	(114)
USA	3,333	2,988	598	545	(48)	(38)
International	256	277	61	60	(26)	(52)
Total	**7,251**	**6,912**	**1,734**	**1,685**	**(191)**	**(204)**

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

	Salaries		Social security contributions		(of which pensions)	
SEK m	2016	2015	2016	2015	2016	2015
Europe	3,738	3,714	1,089	1,090	(121)	(117)
USA	3,356	3,006	598	545	(48)	(41)
International	260	287	63	62	(27)	(53)
Total	**7,354**	**7,007**	**1,749**	**1,697**	**(196)**	**(211)**

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 2, 2016. The board members were appointed for the period until the 2017 Annual General Meeting. The fees outlined on page 79 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 79. The President does not receive any board fees.

Principles of remuneration adopted at the Annual General Meeting for the President/CEO and other members of Group Management

The principles of remuneration described below for Group Management were adopted at the Annual General Meeting on May 2, 2016. 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.

Note 11 cont.

Remuneration and employment terms for the President and CEO

Remuneration for the President and CEO is outlined in the table on page 79. On May 4, 2016, Patrik Anderson took over as President and CEO of the Group. For the period September 1, 2015 – May 3, 2016, Lars Blecko, Regional President USA and Executive Vice President of Loomis AB, served as Acting CEO of the Group and Anders Haker, CFO, served as Acting President of Loomis AB. While serving as Acting CEO, Lars Blecko received a salary supplement of USD 16 thousand a month and variable remuneration maximized at 60 percent of the salary supplement. While serving as Acting President Anders Haker received a total salary supplement of SEK 533 thousand. The previous President and CEO Jarl Dahlfors left Loomis on August 31, 2015.

Patrik Andersson is entitled to a choice of defined contribution pension plans equivalent to 30 percent of fixed salary. 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

The principles established by the Annual General Meeting on remuneration for the President/CEO and other members of Group Management allow the Board to deviate from the guidelines if there are particular grounds for doing so in an individual case. In 2016 the Board determined that there were particular grounds for deviation from the principles in the case of the Regional President USA. The past Long-Term Incentive Plan (LTIP), where remuneration could be paid based on the country's accumulated operating income (EBITA) during the years 2014–2016, was revised in 2016 to cover the period 2014 –2017. With the maximum outcome, the variable remuneration (AIP and LTIP) for the Regional President USA would amount to 146 percent of fixed salary during the years 2014–2017.

The President of Loomis International has since 2015 a separate long-term agreement under which variable remuneration will be based on the segment's operating income (EBITA) during the 2017 financial year. With the maximum outcome, the variable remuneration (AIP and LTIP) would amount to 210 percent of fixed salary for 2017.

Six of the Swedish members of Group Management are entitled to pension benefits in accordance with the ITP plan, which includes alternative ITP for the portion of pensionable salary exceeding 7.5 base amounts. One of these members of Group Management is covered by ITP 2 and is therefore entitled to a defined contribution pension plan where the contribution amounts to 15 percent of the pensionable fixed salary exceeding 20 base amounts. While Swedish Group Management member Lars Blecko is 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 is entitled to a pension provision according to the local subsidiary's pension plans for salaried employees and 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 three and six months if the member resigns. Six of the members of Group Management are entitled to receive severance pay if notice is given by the Company equivalent to between 12 and (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 2, 2016, Loomis' Annual General Meeting resolved to introduce an incentive scheme (Incentive Scheme 2016), equivalent to the scheme adopted by the 2015 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, 2018. The allotment of shares is contingent upon the employee still being employed by the Loomis Group on the last day of February 2018. In order for the allotment of shares in Loomis AB to be made, the 2016 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 2016. 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 2016 the cost of the share-based portion of the incentive scheme – the portion for which shares will be acquired – amounted to SEK 34 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 46–49.

Remuneration for 2016:

SEK thousand	Fixed salary/ Remuneration for Board of Directors	Variable remuneration [1]	Other benefits	Pension costs	Total
Alf Göransson, Chairman [2]	767	–	–	–	767
Ulrik Svensson, board member [2]	517	–	–	–	517
Cecilia Daun Wennborg, board member [2]	417	–	–	–	417
Jan Svensson, board member [2]	367	–	–	–	367
Ingrid Bonde, board member [2]	317	–	–	–	317
Patrik Andersson, President [2] [3]	4,470	4,400	265	1,320	10,455
Anders Haker [2] [4] [6]	1,614	496	28	446	2,583
Lars Blecko, Vice President [2] [6]	6,943	12,475	1,201	2,707	23,325
Other members of Group Management, 8 in total [2] [5]	21,983	11,476	3,128	4,845	41,432
Total	**37,395**	**28,847**	**4,622**	**9,317**	**80,181**

1) Refers to variable remuneration and long-term bonus programs. In 2017 a total of SEK 14,296,000 is to be paid. The remaining amount will be paid in future years.

2) For holdings of shares in Loomis, refer to pages 46–49. For the Incentive Scheme 2015, Lars Blecko will receive 6,460 shares, Anders Haker 1,482 shares, Martti Ojanen 870 shares, Mårten Lundberg 798 shares, Johannes Bäckman 761 shares, Patrik Högberg 1,942 shares, Georges López Periago 3,724 shares and Urs Röösli 770 shares in 2017. Other members of Group Management will not receive any shares related to Incentive Scheme 2015.

3) For the period May 4 to December 31.

4) For the period January 1 to May 3.

5) Refers to Kenneth Högman, Anders Haker (for the period May 4 to December 31), Martti Ojanen, Mårten Lundberg, Johannes Bäckman, Patrik Högberg, Georges López Periago and Urs Röösli.

6) Until May 3, Lars Blecko and Anders Haker were serving as Acting CEO and Acting President respectively. During this period, Lars Blecko received a salary supplement of USD 16 thousand a month and a variable remuneration maximized at 60 percent of the salary supplement. Anders Haker received a total salary supplement of SEK 533 thousand during the period he served as Acting President.

Remuneration for 2015:

SEK thousand	Fixed salary/ Remuneration for Board of Directors	Variable remuneration [1]	Other benefits	Pension costs	Total
Alf Göransson, Chairman [2]	683	–	–	–	683
Ulrik Svensson, board member [2]	492	–	–	–	492
Cecilia Daun Wennborg, board member [2]	392	–	–	–	392
Jan Svensson, board member [2]	342	–	–	–	342
Ingrid Bonde, board member [2]	292	–	–	–	292
Jarl Dahlfors, President [2] [3] [6]	4,496	1,498	109	1,320	7,423
Anders Haker [2] [4] [6]	1,059	377	32	289	1,758
Lars Blecko, Executive Vice President [2] [6]	6,447	8,112	1,326	2,537	18,422
Other members of Group Management, 8 in total [2] [5]	21,108	8,454	3,106	3,618	36,286
Total	**35,311**	**18,442**	**4,573**	**7,764**	**66,090**

1) Refers to variable remuneration and long-term bonus programs. In 2016 a total of SEK 11,451,000 is to be paid. The remaining amount will be paid in future years.

2) For holdings of shares in Loomis, refer to pages 40–43 in Annual report 2015. For the Incentive Scheme 2014, Lars Blecko will receive 5,890 shares, Anders Haker 1,416 shares, Martti Ojanen 895 shares, Johannes Bäckman 455 shares, Kenneth Högman 368 shares, Patrik Högberg 812 shares and Georges López Periago 3,242 shares in 2016. Other members of Group Management will not receive any shares related to Incentive Scheme 2014.

3) For the period January 1 to August 31.

4) For the period September 1 to December 31.

5) Refers to Kenneth Högman, Anders Haker (for the period January 1 to August 31), Martti Ojanen, Mårten Lundberg, Johannes Bäckman, Patrik Högberg, Georges López Periago and Urs Röösli.

6) On August 31, 2015, Jarl Dahlfors, President and CEO, left his position at Loomis. Lars Blecko became Acting CEO and Anders Haker became Acting President of the Parent Company Loomis AB on September 1, 2015 and will remain in these positions until the new president and CEO takes over. During his tenure as Acting CEO, Lars Blecko is receiving a salary supplement of USD 16 thousand per month and variable remuneration maximized at 60 percent of the salary supplement. Anders Haker did during 2015 not receive any additional remuneration as Acting President.

NOTE 12 Depreciation, amortization and impairment

SEK m	2016	2015
Acquisition-related intangible assets	62	62
Other intangible assets	39	35
Buildings	30	28
Machinery and equipment	1,036	999
(of which for machinery and equipment attributable to financial leasing)	(28)	(20)
Total depreciation, amortization and impairment	**1,167**	**1,123**

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

SEK m	2016	2015
Production expenses	977	946
Selling and administrative expenses	128	116
Acquisition-related intangible assets	62	62
Total depreciation, amortization and impairment	**1,167**	**1,123**

Impairment testing on Goodwill is reported in Note 15.

NOTE 13 Financial income and expenses, net

SEK m	2016	2015
Interest income	12	8
Translation differences, net[1]	–	–
Other financial income	–	–
Financial income	**12**	**8**
Interest expenses	–111	–102
(of which interest expenses for financial leasing)	(–1)	(–2)
Translation differences, net [1]	–3	–4
Bank charges	–13	–14
Other financial expenses	–2	–2
Financial expenses	**–129**	**–122**
Financial income and expenses, net	**–117**	**–114**

1) Translation differences included in operating income are reported in Note 10.

NOTE 14 Income tax

Statement of income

Tax expense

SEK m	2016	%	2015	%
Tax on income before taxes				
– current taxes	–459	*–26.5*	–385	*–26.4*
– deferred taxes	–18	*–1.0*	–7	*–0.5*
Total tax expense	**–477**	***–27.5***	**–392**	***–26.8***

Total tax rate on income before taxes amounted to –27.5 percent (–26.8). Further details regarding tax expense are shown in the table below.

SEK m	2016	%	2015	%
Tax based on Swedish tax rate	–382	*–22.0*	–321	*–22.0*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	73	*4.2*	–26	*–1.8*
Non-deductible expenses/non-taxable income, net	–168	*–9.7*	–45	*–3.1*
Total tax expense	**–477**	***–27.5***	**–392**	***–26.8***

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”.

In 2016, other than in Spain, there was no major change in corporate income tax rates in the countries in which Loomis conducts the majority of its operations. The corporate income tax rate in Spain was lowered by 3 percentage points and was set at 25 percent as of January 1, 2016. In France a supplementary charge (la contribution exceptionnelle à l’impôt sur les sociétiés) of 10.7 percent of corporate income tax was removed as of January 1, 2016.

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

%	2016	2015
USA [1]	*40*	*40*
Spain	*25*	*28*
France	*33*	*33*
Sweden	*22*	*22*
UK	*20*	*20*
Switzerland [2]	*20–22*	*20–22,5*

1) The corporate income tax rate includes federal as well as state tax. The federal tax rate is 35 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, 2016	Dec. 31, 2015
Machinery and equipment	114	101
Pension provisions and employee-related liabilities	312	285
Liability insurance related claims reserves	55	42
Provisions for restructuring	26	20
Loss carryforwards	35	29
Other temporary differences	147	224
Total deferred tax assets	**689**	**701**
Netting	–263	–220
Deferred tax assets, net	**426**	**481**

Deferred tax liabilities, SEK m	Dec. 31, 2016	Dec. 31, 2015
Machinery and equipment	329	331
Pension provisions and employee-related liabilities	3	4
Liability insurance related claims reserves	–	5
Intangible fixed assets	209	190
Other temporary differences	143	192
Total deferred income tax liabilities	**683**	**722**
Netting	–263	–220
Deferred tax liabilities, net	**421**	**502**
Deferred tax assets/tax liabilities, net	**5**	**–21**

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								2016	2015
Opening balance	**101**	**285**	**42**	**20**	**–**	**29**	**223**	**701**	**584**
Change reported in statement of income	–19	8	9	4	–	4	19	26	75
Change due to new-tax rates	–7	–20	–	–	–	0	0	–27	1
Change due to reclassification	–12	1	–	–	–	–	4	–7	9
Change due to foreign currency effects	–6	15	3	1	–	1	3	17	19
Change reported in shareholders' equity	–	46	–	–	–	–	–106	–60	13
Change due to acquisitions	57	–	–	–	–	1	5	62	–
Change due to divestments	–	–24	–	–	–	–	–	–24	–
Closing balance	**114**	**312**	**55**	**26**	**–**	**35**	**147**	**689**	**701**
Change during the year	**13**	**27**	**12**	**6**	**–**	**6**	**–76**	**–12**	**117**
Deferred tax liabilities									
Opening balance	**331**	**4**	**5**	**–**	**190**	**–**	**192**	**722**	**612**
Change reported in statement of income	–24	0	–5	–	19	–	24	13	83
Change due to new tax rates	–1	–	–	–	0	–	0	–2	0
Change due to reclassification	–14	–	–	–	–	–	–56	–71	13
Change due to foreign currency effects	21	0	0	–	10	–	6	37	36
Change reported in shareholders' equity	2	0	–	–	2	–	–22	–18	–23
Change due to acquisitions	15	–	–	–	–	–	–	15	–
Change due to divestments	–1	–1	–	–	–11	–	0	–14	–
Closing balance	**329**	**3**	**–**	**–**	**209**	**–**	**143**	**683**	**722**
Change during the year	**–2**	**–1**	**–5**	**–**	**19**	**–**	**–50**	**–39**	**110**

Of deferred tax assets of SEK 689 million, a total of SEK 187 million is expected to be realized within 12 months. Of deferred tax liabilities of SEK 683 million, a total of SEK 7 million is expected to be realized within 12 months.

Current tax assets/tax liabilities	Dec. 31, 2016	Dec. 31, 2015
Current tax assets	239	253
Current tax liabilities	–122	–141
Current tax assets/tax liabilities, net	**118**	**113**

Loss carryforwards

The total tax loss carryforwards as of December 31, 2016, were SEK 397 million, of which SEK 51 million has time limits. The Loomis companies with large loss carryforwards are mainly found in Austria, Denmark, UK and USA. The total tax loss carryforwards as of December 31, 2015 amounted to SEK 196 million.

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, 2016, tax loss carryforwards, for which deferred tax assets have been recognized, amounted to SEK 140 million and deferred tax assets relating to these loss carryforwards amounted to SEK 35 million.

NOTE 15 Acquisition and divestment of subsidiaries and impairment testing

Acquisitions and divestments undertaken in 2016:

	Conso-lidated/divested as of	Segment	Acquired/divested share[1] %	Annual revenue SEK m	Number of employees	Purchase price SEK m	Goodwill SEK m	Acquisition-related intangible assets SEK m	Other acquired/divested net assets SEK m
Opening balance, January 1, 2016							**5,437**	**349**	
Acquisition of Bankernes Kontantservice A/S [4]	August 22	Europe	100	434[2]	358	181	14[5]	6	161
Divestment of general cargo operations	July 1	International	–100	499[3]	149	–194	–93	–41	–60
Total acquisitions and divestments January–December 2016							**–79**	**–35**	**101**
Amortization of acquisition-related intangible assets							–	–62	
Translation differences							268	9	
Closing balance December 31, 2016							**5,626**	**261**	

1) Refers to share of votes. In acquisitions of assets and liabilities, no share of votes is indicated.
2) Annual revenue in 2015 translated to SEK million at the acquisition date. Excluding a non-recurring security fee paid by the former owners of BKS.
3) Annual revenue in 2015.
4) The acquisition analyses are subject to final adjustment no later than one year from the acquisition date.
5) Goodwill arising in connection with the acquisition is primarily attributable to synergy effects. Any impairment is not tax deductible.

Acquisition of Bankernes Kontantservice A/S (BKS)

Loomis' Danish subsidiary has acquired all of the shares in Bankernes Kontantservice A/S (BKS). The purchase price amounted to SEK 181 million (DKK 142 million). The acquired operations were consolidated by Loomis on August 22, 2016.

Summarized balance sheet as of the acquisition date, August 22, 2016.

SEK m	Fair value acquisition balance
Operating fixed assets	248
Accounts receivable	58
Other assets	46
Other liabilities	–86
Total operating capital employed	**266**
Goodwill	14
Other acquisition-related intangible assets	6
Other capital employed	41
Total capital employed	**327**
Net debt, acquired	–146
Total acquired net assets	**181**
Purchase price paid	181
Total purchase price paid	**181**
Purchase price paid	–181
Liquid funds in accordance with acquisition analysis	–
Total negative impact on the Group's liquid funds	**–181**

The acquisition of Bankernes Kontantservice A/S enabled Loomis in Denmark to expand its customer portfolio and to provide services to banks, retailers and other customers. The acquisition has contributed approximately SEK 159 million to total revenue and had a marginally negative impact to net income for the year. If consolidated as of January 1, 2016, the acquisition would have contributed approximately SEK 431 million to total revenue and approximately SEK 30 million to net income for the year (excluding acquisition related costs).

Total transaction costs for the acquisition amount to SEK 10 million and are recognized on the line Acquisitionrelated costs.

Divestment of business area general cargo operations

Loomis has divested the business area general cargo operations. Purchase price received amounted to SEK 194 million (CHF 22 million). The divested operations were transferred on July 1, 2016.

Summarized balance sheet as of the divestment date, July 1, 2016.

SEK m	Fair value acquisition balance
Operating fixed assets	16
Accounts receivable	42
Other assets	23
Other liabilities	–72
Total operating capital employed	**9**
Goodwill	93
Other acquisition-related intangible assets	41
Other capital employed	31
Total capital employed	**174**
Net debt, divested	–60
Total divested net assets	**113**
Profit on sale	81
Purchase price received	194
Total purchase price received	**194**
Purchase price received	194
Liquid funds in accordance with acquisition analysis	–49
Total positive impact on the Group's liquid funds	**146**

The general cargo operations were acquired as a part of the VIA MAT acquisition in 2014. The divested operations offered international cargo services by air, sea, road and rail and was deemed non-core for Loomis. The divested operations contributed approximately SEK 239 million to total revenue and approximately SEK 4 million to operating result (EBITA), in 2016.

Other

As of December 31, 2016, the Group as a whole had deferred considerations totaling SEK 31 million, whereof SEK 5 million is due for payment in 2017.

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, 2016	Dec. 31, 2015
France	*7.2 (7.6)*	354	341
UK	*6.7 (7.4)*	292	327
Portugal	*10.9 (9.2)*	1	1
Switzerland	*6.2 (6.6)*	315	301
Slovakia	*9.5 (8.9)*	2	2
Spain	*8.3 (8.7)*	414	399
Sweden	*6.0 (6.4)*	12	12
Czech Republic	*8.9 (8.6)*	16	15
Turkey	*17.4 (17.8)*	25	28
Argentina	*22.7 (33.0)*	23	27
Denmark	*n/a (n/a)*	14	–
USA	*7.1 (7.8)*	3,295	3,071
International	*8.4 (8.4)*	862[1)]	914
Total		**5,626**	**5,437**

1) The change is mainly attributable to divestment of the general cargo operations.

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)*	*6.0–22.7*
USA	*2.0 (2.0)*	*7.1*
International	*2.0 (2.0)*	*8.4*

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. As in previous year, a rate of 0 percent was used for the Nordic countries and a rate of 5 percent was used and for Turkey and Argentina.

Impairment testing of all cash-generating units was carried out in the third quarter of 2016, with the exception of Loomis Denmark since the acquisition of BKS took place on August 22, 2016. The results of the impairment testing showed that there were no goodwill impairment losses to be recognized.

As of the balance sheet date, a sensitivity analysis of the estimated value in use was carried out in the form of a general reduction of 0.5 percentage points of the organic growth and operating margin for the forecast period, and a general increase in the WACC of 0.5 percentage points. 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, 2016	Dec. 31, 2015
Opening balance	5,437	4,897
Acquisitions	14	163
Divestments	–93	–
Reclassifications	–	4
Translation differences	268	373
Closing accumulated balance	**5,626**	**5,437**
Opening impairment losses	–	–
Impairment losses for the year	–	–
Closing accumulated impairment losses	**–**	**–**
Closing residual value	**5,626**	**5,437**

SEK m	Dec. 31, 2016	Dec. 31, 2015
Goodwill distributed by operating segment:		
USA	3,295	3,071
Europe	1,569	1,531
International	862	914
Other	–99	–78
Total	**5,626**	**5,437**

NOTE 17 Acquisition-related intangible assets

SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	672	611
Acquisitions	6	67
Divestments	–53	–
Translation differences	29	–6
Closing accumulated balance	**654**	**672**
Opening amortization	–323	–248
Amortization for the year	–62	–62
Disposal	12	–
Translation differences	–20	–13
Closing accumulated amortization	**–393**	**–323**
Closing residual value	**261**	**349**

Acquisition-related intangible assets primarily consist of contract portfolios.

NOTE 18 Other intangible assets

SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	325	311
Acquisitions	15	–
Capital expenditures	27	23
Disposals/write-offs	–27	–10
Reclassifications	43	1
Translation differences	6	0
Closing accumulated balance	**388**	**325**
Opening amortization	–206	–184
Disposals/write-offs	11	9
Amortization for the year	–39	–35
Reclassifications	–37	–
Translation differences	–3	4
Closing accumulated amortization	**–274**	**–206**
Closing residual value	**114**	**118**

Other intangible assets regards mainly to software licenses.

NOTE 19 Tangible fixed assets

	Buildings and land	
SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	855	786
Acquisitions	121	–
Capital expenditure	25	53
Disposals/write-offs	–4	–11
Reclassifications	0	–4
Translation differences	44	30
Closing accumulated balance	**1,041**	**855**
Opening depreciation	–266	–233
Disposals/write-offs	0	5
Reclassifications	–	–3
Depreciation for the year	–30	–28
Translation differences	–15	–6
Closing accumulated depreciation	**–310**	**–266**
Closing residual value	**731**	**589**

	Machinery and equipment	
SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	11,868	10,293
Acquisitions	112	46
Capital expenditure	1,081	1,323
Disposals/write-offs	–190	–183
Reclassifications	–5	6
Translation differences	482	384
Closing accumulated balance	**13,348**	**11,868**
Opening depreciation	–8,152	–7,033
Disposals/write-offs	160	126
Reclassifications	0	–4
Depreciation for the year	–1,036	–999
Translation differences	–343	–243
Closing accumulated depreciation	**–9,370**	**–8,152**
Closing residual value	**3,978**	**3,716**

The closing residual value of land included in Buildings and land above amounted to SEK 181 million (111).

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, 2016	Dec. 31, 2015
Opening balance	46	47
Translation differences	2	–1
Closing accumulated balance	**48**	**46**
Opening depreciation	–27	–25
Depreciation for the year	–2	–2
Translation differences	–1	1
Closing accumulated depreciation	**–30**	**–27**
Closing residual value	**18**	**19**

Financial lease agreements	Machinery and equipment	
SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	222	286
Acquisitions	7	–
Capital expenditure	7	21
Disposals/write-offs	–3	–83
Translation differences	7	–1
Closing accumulated balance	**241**	**222**
Opening depreciation	–126	–146
Disposals/write-offs	–	–
Reclassifications	–5	48
Depreciation for the year	–28	–28
Translation differences	–4	0
Closing accumulated depreciation	**–163**	**–126**
Closing residual value	**78**	**96**

NOTE 20 Interest-bearing financial fixed assets

SEK m	Dec. 31, 2016	Dec. 31, 2015
Long-term external investments	66	60
Defined benefit plans[1)]	13	18
Total interest-bearing financial fixed assets	**80**	**78**

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 39 million (38). The amount also consists of pension commitments for which bonds have been provided as security in a total of SEK 8 million (7). For additional information regarding financial instruments, refer to Note 6.

SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	78	67
New investments/disposals	1	9
Translation differences	0	2
Closing balance	**80**	**78**

NOTE 21 Other long-term receivables

SEK m	Dec. 31, 2016	Dec. 31, 2015
Long-term rent deposits	17	19
Other long-term receivables	12	73
Total other long-term receivables	**28**	**92**

SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	92	95
Reclassifications	–64	–
Other changes	–3	–2
Translation differences	4	–2
Closing balance	**28**	**92**

NOTE 22 Accounts receivable

SEK m	Dec. 31, 2016	Dec. 31, 2015
Accounts receivable before deduction of provisions for bad debt losses	2,053	1,917
Provision for bad debt losses, net	–52	–40
Total accounts receivable	**2,001**	**1,878**

Bad debt losses for the year amounted to SEK 25 million (7), net.

Ageing analysis for overdue accounts receivable

SEK m	Dec. 31, 2016	Dec. 31, 2015
Maturity date <30 days	455	356
Maturity date 30–90 days	103	113
Maturity date >90 days	78	72
Total overdue accounts receivable	**636**	**541**

NOTE 23 Other current receivables

SEK m	Dec. 31, 2016	Dec. 31, 2015
Funds within cash processing operations (net)[1]	93	92
Other current receivables	68	81
Total other current receivables	**161**	**172**

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 24 million (13) and are recognized as production expenses.

Funds within cash processing operations

SEK m	Dec. 31, 2016	Dec. 31, 2015
Stocks of money	1,638	1,197
Prepayments from customers and receivables on customers	–77	504
Liabilities related to prepayments from customers and liabilities to customers	–806	–882
Overdraft facility related to cash processing operations	–662	–727
Funds within cash processing operations (net)	**93**	**92**

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, 2016	Dec. 31, 2015
Prepaid expenses for insurance and risk management	60	63
Prepaid rent	41	40
Prepaid leasing fees	1	0
Prepaid suppliers' invoices	8	5
Other prepaid expenses	333	348
Other accrued income	63	55
Total prepaid expenses and accrued income	**506**	**512**

NOTE 25 Interest-bearing financial current assets

SEK m	Dec. 31, 2016	Dec. 31, 2015
External investments	54	84
Total interest-bearing financial current assets	**54**	**84**

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, 2016	Dec. 31, 2015
Cash and bank balances	663	654
Short-term bank investments	–	–
Total liquid funds[1]	**663**	**654**

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

NOTE 27 Shareholder's equity and comprehensive income

SEK m	Shareholders' equity attributable to the owners of the Parent Company				
	Share capital	Other capital contributed	Other reserves[1)]	Retained earnings including net income for the year	Total
Opening balance, January 1, 2015	**376**	**4,594**	**604**	**–666**	**4,907**
Comprehensive income					
Net income for the year	–	–	–	1,069	1,069
Other comprehensive income					
Actuarial gains and losses	–	–	–	58	58
Tax effect on actuarial gains and losses	–	–	–	–12	–12
Translation differences	–	–	507	–	507
Hedging of net investments, net of tax	–	–	–198	–	–198
Total other comprehensive income	**–**	**–**	**309**	**46**	**355**
Total comprehensive income	**–**	**–**	**309**	**1,115**	**1,424**
Transactions with shareholders					
Dividend	–	–	–	–451	–451
Share-based remuneration[2)]	–	–	16	–	16
Share swap agreement[3)]	–	–	–15	–	–15
Revaluation of option liability with non-controlling interests[4)]	–	–	–37	–	–37
Total transactions with shareholders	**–**	**–**	**–37**	**–451**	**–488**
Opening balance, January 1, 2016	**376**	**4,594**	**876**	**–2**	**5,843**
Comprehensive income					
Net income for the year	–	–	–	1,258	1,258
Other comprehensive income					
Actuarial gains and losses	–	–	–	–240	–237
Tax effect on actuarial gains and losses	–	–	–	57	54
Translation differences	–	–	402	–	402
Hedging of net investments, net of tax	–	–	–159	–	–159
Total other comprehensive income	**–**	**–**	**244**	**–183**	**61**
Total comprehensive income	**–**	**–**	**244**	**1,074**	**1,319**
Transactions with shareholders					
Dividend	–	–	–	–527	–527
Share-based remuneration[2)]	–	–	35	–	35
Share swap agreement[3)]	–	–	–24	–	–24
Total transactions with shareholders	**–**	**–**	**11**	**–527**	**–516**
Closing balance, December 31, 2016	**376**	**4,594**	**1,131**	**546**	**6,647**

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 2015 the expensed portion was SEK 25 million and for 2016 the expensed portion was SEK 34 million.

3) Refers to swap agreement attributable to the Group's share-based incentive scheme, as described on page 65.

4) Refers to Loomis Turkey.

The number of shares issued as of December 31, 2016 was 75,279,829 with a quotient value of 5. For more information on changes in the number of issued shares and distribution between Class A and Class B shares, refer to Note 51.

NOTE 28 Loans payable and financial leases

SEK m	Dec. 31, 2016	Dec. 31, 2015
Long-term loans payable		
Liabilities, financial leases	54	65
Bank loans	1,619	2,190
MTN program	1,000	1,550
Commercial papers	500	649
Subtotal long-term loans payable	**3,173**	**4,454**
Derivatives and other items	–	34
Total long-term loans payable	**3,173**	**4,489**
Current loans payable		
Liabilities, financial leases	5	5
MTN program	550	–
Bank loans	110	7
Subtotal current loans payable	**665**	**12**
Derivatives and other items	89	61
Total current loans payable	**754**	**73**
Total loans payable	**3,927**	**4,562**

Liabilities, financial leases – minimum lease payments	Dec. 31, 2016	Dec. 31, 2015
Maturity < 1 year	5	5
Maturity 1–5 years	57	71
Maturity >5 years	–	–
Total	**62**	**76**
Future financial expenses for financial leases	–3	–7
Total present value of liabilities for financial leases	**59**	**69**

Present value of liabilities for financial leases	Dec. 31, 2016	Dec. 31, 2015
Maturity < 1 year	20	11
Maturity 1–5 years	39	56
Maturity >5 years	–	–
Total present value of liabilities for financial leases	**59**	**67**

NOTE 29 Provisions for claims reserves

SEK m	Dec. 31, 2016	Dec. 31, 2015
Long-term provisions for claims reserves	209	198
Short-term provision for claims reserves	195	148
Total provisions for claims reserves	**405**	**347**

SEK m	Dec. 31, 2016	Dec. 31, 2015
Opening balance	347	329
New provisions	248	177
Utilized amount and unutilized provisions	–210	–184
Translation difference	20	25
Closing balance	**405**	**347**

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 2016 the cost for defined contribution plans amounted to SEK 126 million (145).

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, 2016				
	France	Switzer-land	UK	Other countries	Total
Funded plans					
Present value of funded defined benefit obligations	–	897	1,846	90	2,833
Fair value of plan assets	–	–612	–1,745	–69	–2,428
Funded plans, net	**–**	**285**	**101**	**20**	**406**
Unfunded plans					
Present value of unfunded benefit obligations	363	–	–	17	380
Total funded and unfunded benefit obligations	**363**	**285**	**101**	**37**	**786**

	Dec. 31, 2015				
	France	Switzer-land	UK	Other countries	Total
Funded plans					
Present value of funded defined benefit obligations	–	1,047	1,663	91	2,800
Fair value of plan assets	–	–753	–1,650	–61	–2,464
Funded plans, net	**–**	**294**	**12**	**30**	**336**
Unfunded plans					
Present value of unfunded benefit obligations	307	–	–	18	325
Total funded and unfunded benefit obligations	**307**	**294**	**12**	**48**	**661**

Note 30 cont.

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

UK

The Loomis UK Pension scheme represents approximately 57 percent (53) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2016. 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 50 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 28 percent (33) of the Group's total commitments as of December 31, 2016. As a result of the divestment of the general cargo operations, the total commitments and the total assets were reduced be SEK 274 million and SEK 164 million respectively. 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 11 percent (9) of the Group's total commitments in respect of Defined benefit obligations as of December 31, 2016 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, 2016. 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, 2016.

Sweden

Blue-collar employees of the Group in Sweden are covered by the SAF-LO collective pension plan, which was negotiated by the parties in the labor market for persons employed in the private sector under collective agreements. The plan is a multi-employer defined contribution arrangement. Professional employees of the Group are instead covered by the ITP plan, which is a collectively agreed plan for professional employees within the private sector. A number of years back ITP was split into ITP1 and ITP2. ITP1 is a multi-employer defined contribution plan. ITP2 is a defined benefit plan which, according to a statement (UFR 10) issued by the Swedish Financial Reporting Board, is a multi-employer defined benefit plan. Alecta, a mutual insurance company that manages the pension plan's benefits, is unable to provide Loomis, or other Swedish companies, with sufficient information with which to determine an individual company's share of the total commitment and its plan assets. Consequently, the ITP pension plan that is secured by insurance with Alecta is reported as a defined contribution plan. The cost for 2016 amounted to SEK 18 million (14). The cost for 2017 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 2016, Alecta's surplus in the form of the collective consolidation level amounted to 149 percent (153). 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 IAS 19.

Membership Summary

As of December 31, 2016 the present value of the defined benefit obligation was comprised as follows:

	Dec.31, 2016			
	France	Switzer-land	UK	Other countries
Liability Active members *(% of total obligation)*	*100*	*69*	–	*93*
Liability Deferred members *(% of total obligation)*	–	–	*54*	–
Liability Pensioner members *(% of total obligation)*	–	*31*	*46*	*7*
Total	***100***	***100***	***100***	***100***
Pension plan duration (years)	14	17	19	16

Financial disclosures

The amounts recognized in the balance sheet are as follows:

Provisions for pensions and similar commitments, net

SEK m	Dec.31, 2016	Dec.31, 2015
Plans included in Interest-bearing financial fixed assets	–13	–18
Plans included in Provisions for pensions and similar commitments	799	679
Total provisions for pensions and similar commitments, net	**786**	**661**

The table below shows the total cost for defined benefit plans in 2016 and 2015.

Pension costs

SEK m	2016	2015
Current service costs	56	60
Administration costs (excluding investment related expenses for funded plans)	7	7
Net interest cost/gain (–)	8	12
Recognized actuarial gains (–)/ losses	3	–
Past service costs/credits (–) & settle-ments	–5	–
Total pension costs	**70**	**78**

Note 30 cont.

The movement in the net defined benefit obligation during 2014–2016 is as follows:

Change in provisions for pensions and similar commitments, net

	Obliga-tions	Plan assets	Net	Obliga-tions	Plan assets	Net	Obliga-tions	Plan assets	Net
SEK m		2016			2015			2014	
Opening balance	**3,125**	**–2,464**	**661**	**3,087**	**–2,371**	**717**	**1,658**	**–1,383**	**275**
Current service costs	56	–	56	60		60	38	–	38
Administration costs (excluding investment related expenses for funded plans)	7	–	7	7	–	7	6	–	6
Net interest cost/gain (–)	70	–62	8	81	–70	12	86	–77	10
Recognized actuarial gains (–)/losses	3	–	3	–	–	–	3	–	3
Past service costs/credits (–) & settlements	–10	5	–5	–	–	–	–	–	–
Total pension costs	**127**	**–57**	**70**	**148**	**–70**	**78**	**134**	**–77**	**57**
Actuarial gains (–) and losses due to experience	51	–	51	–38	–	–38	47	–	47
Actuarial gains (–) and losses from changes in financial assumptions	468	–	468	–30	–	–30	330	–	330
Actuarial gains (–) and losses from changes in demographic assumptions	–30	–	–30	–40	–	–40	10	–	10
Changes in the asset ceiling, excluding amounts included in interest expense/interest income	–	–22	–22	–	5	5	–	4	4
Return on plan assets, excluding amounts included in Net interest cost / gain (–)	–	–227	–227	–	44	44	–	–27	–27
Total actuarial gains (–) and losses before tax	**490**	**–249**	**240**	**–107**	**49**	**–58**	**387**	**–23**	**364**
Employer contributions	–	–89	–89	–	–92	–92	–	–68	–68
Employee contributions	24	–24	–	25	–25	–	16	–16	–
Benefits paid to participants	–148	148	–	–161	161	–	–95	95	–
Administration costs paid over the year	–7	7	–	–7	7	–	–6	–	–6
Reclassifications	–	–	–	–	–	–	–	–	–
Acquisitions/Divestments	–274	164	–110	–	–	–	775	–697	78
Translation differences	–123	137	14	140	–123	17	218	–201	17
Closing balance	**3,214**	**–2,428**	**786**	**3,125**	**–2,464**	**661**	**3,087**	**–2,371**	**717**

The contribution for 2017 is expected to be approximately SEK –85 million.

Assumptions and sensitives

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

Main actuarial assumptions as per December 31, 2016 (%)	UK	Switzer-land	France	Other
Discount rate	*2.70*	*0.45–0.60*	*1.30*	*1.50–2.00*
Salary increases	*n/a*	*1.00*	*2.30*	*1.80–2.25*
Inflation	*2.45–3.45*	*0.75*	*2.00*	*0.00–1.50*
Pension increases	*3.35*	*0.00*	*n/a*	*0.00–1.50*

Main actuarial assumptions as per December 31, 2015 (%)	UK	Switzer-land	France	Other
Discount rate	*3.90*	*0.40–0.80*	*2.00*	*1.90–2.10*
Salary increases	*n/a*	*1.00–2.00*	*2.30*	*2.50–3.00*
Inflation	*2.20–3.20*	*1.00*	*2.00*	*0.00–1.50*
Pension increases	*3.10*	*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 2016 and 2015 and to determine the pension costs for 2017 and 2016. 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

	2016	2015
France	INSEE 2012–2014	INSEE 2011–2013
Switzerland	LPP 2015	LPP 2010
UK	Club Vita 2014, CMI Core 2015 projections, 1.0% long term improvement rate	Club Vita 2014, CMI Core 2015 projections, 1.0% long term improvement rate

For Switzerland and the UK, the above assumptions mean the following average remaining life expectancy for a person retiring at the age of 65:

UK	Dec. 31, 2016
Life expectancy at 65 for a pensioner currently aged 65:	
Men	20.9
Women	23.4
Life expectancy at 65 for a pensioner currently aged 45:	
Men	22.4
Women	25.6

Switzerland	Dec. 31, 2016
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, 2016
0.1% increase in discount rate	–57
0.1% decrease in discount rate	57
0.1% increase in inflation rate	31
0.1% decrease in inflation rate	–31
1 year increase in life expectancy	59

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, 2016					Dec. 31, 2015				
	Quoted	Unquoted	Info. not available	Total	%	Quoted	Unquoted	Info. not available	Total	%
Equities										
UK	23	–	–	23	*1.0*	33	–	–	33	*1.3*
Other European countries	85	–	–	85	*3.5*	89	3	–	92	*3.8*
North America	167	–	–	167	*6.9*	177	–	–	177	*7.2*
Asia	71	–	–	71	*2.9*	79	–	–	79	*3.2*
Emerging markets	8	–	–	8	0.3	–	–	–	–	–
Total equities	**354**	**–**	**–**	**354**	***14.6***	**379**	**3**	**–**	**382**	***15.5***
Fixed index government bonds										
UK	165	–	–	165	*6.8*	164	–	–	164	*6.7*
Other European countries	106	–	–	106	*4.4*	120	–	–	120	*4.9*
North America	204	–	–	204	*8.4*	161	–	–	161	*6.5*
Other	219	–	–	219	*9.0*	139	–	–	139	*5.6*
Total fixed index government bonds	**694**	**–**	**–**	**694**	***28.6***	**584**	**–**	**–**	**584**	***23.7***
Corporate bonds										
UK	341	–	–	341	*14.1*	330	–	–	330	*13.4*
Other European countries	49	–	–	49	*2.0*	33	–	–	33	*1.3*
Total corporate bonds	**390**	**–**	**–**	**390**	***16.1***	**363**	**–**	**–**	**363**	***14.7***
Properties										
Other European countries	–	5	–	5	*0.2*	–	7	–	7	*0.3*
Properties, total	**–**	**5**	**–**	**5**	***0.2***	**–**	**7**	**–**	**7**	***0.3***
Cash	**–**	**67**	**–**	**67**	***2.8***	**–**	**17**	**–**	**17**	***0.7***
Other[1]	**304**	**–**	**–**	**304**	***12.5***	**359**	**–**	**–**	**359**	***14.6***
Other[2]	**–**	**–**	**612[3]**	**612**	***25.2***	**–**	**–**	**753[3]**	**753**	***30.5***
Total plan assets	**1,743**	**72**	**612**	**2,428**	***100.0***	**1,685**	**27**	**753**	**2,464**	***100.0***

1) 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.

Note 30 cont.

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, 2016	Dec. 31, 2015
Other long-term provisions	99	106
Other short-term provisions	46	14
Total other provisions	**145**	**120**

SEK m	Dec. 31, 2016	Dec. 31, 2015
Other long-term provisions		
Opening balance	106	133
New provisions	3	30
Provisions utilized	–12	–60
Translation differences	2	3
Closing balance	**99**	**106**
Other short-term provisions		
Opening balance	14	19
New provisions	36	9
Provisions utilized	–3	–14
Translation differences	0	0
Closing balance	**46**	**14**
Total other provisions	**145**	**120**

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, 2016	Dec. 31, 2015
Accrued personnel costs	1,117	970
Accrued interest expenses	6	6
Accrued rent charges	27	15
Accrued consulting fees	2	3
Other accrued expenses	311	248
Total accrued expenses and prepaid income	**1,463**	**1,243**

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, 2016	Dec. 31, 2015
Advanced payment from customers	69	26
Current liabilities attributable to VAT	191	192
Other current liabilities	101	98
Total other current liabilities	**360**	**316**

NOTE 34 Contingent liabilities

SEK m	Dec. 31, 2016	Dec. 31, 2015
Securities and guarantees	3,262	2,617
Other contingent liabilities	14	13
Total contingent liabilities	**3,276**	**2,630**

The guarantees in 2016 refer to, amongst other things to a guarantee of SEK 558 million (626) related to the defined benefit pension plan in the UK and guarantees for insurance commitments for Loomis in the USA amounting to SEK 419 million (390). 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. A possible negative outcome is not expected to have a significant negative impact on either the Group's income or financial position.

NOTE 35 Items not affecting cash flow

SEK m	2016	2015
Depreciation of tangible fixed assets and amortization of intangible assets	1,105	1,061
Amortization of acquisition-related intangible assets	62	62
Items affecting comparability	58	–26
Acquisition-related costs and revenue	–108	27
Financial income	0	0
Financial expenses	0	–4
Total items not affecting cash flow, items affecting comparability and acquisition-related costs and revenue	**1,117**	**1,119**

Parent Company statement of income

SEK m	Note	2016	2015
Other revenue	38	443	367
Gross income		**443**	**367**
Administrative expenses	40, 41	–164	–168
Operating income (EBIT)		**279**	**199**
Result from financial investments			
Result from participations in Group companies	42	450	670
Financial income	43	643	956
Financial expenses	43	–930	–1 260[1)]
Total result from financial investments		**164**	**366**
Income after financial items		**443**	**565**
Appropriations	44	114	177
Income tax	45	–20	–99
Deferred tax	45	–23	56[1)]
Net income for the year		**513**	**699**[1)]

Parent Company statement of comprehensive income

SEK m	2016	2015
Net income for the year	513	699[1)]
Other comprehensive income		
Items that may be reclassified to the statement of income		
Hedging of net investments, net of tax	–	–[1)]
Other comprehensive income for the year, net after taxes	–	**–**
Total comprehensive income for the year	**513**	**699**

1) Comparative figures have been restated due to an effect of a changed accounting principle, RFR 2 IAS 21. The effect of this on net income for the full year 2015 is SEK – 198 million. Total shareholders' equity was not affected by the changed accounting principle as it only involved a reclassification within non-restricted equity.

Parent Company balance sheet

SEK m	Note	Dec. 31, 2016	Dec. 31, 2015
ASSETS			
Fixed assets			
Intangible fixed assets		1	–
Machinery and equipment	46	5	4
Shares in subsidiaries	47	8,379	8,157
Interest-bearing long-term receivables from subsidiaries	38	1,180	1,198
Deferred tax assets	45	–	50
Total fixed assets		**9,564**	**9,409**
Current assets			
Current receivables from subsidiaries	38, 48	207	117
Interest-bearing current receivables from subsidiaries	38	353	646
Other current receivables	49	12	6
Current tax assets		58	26
Prepaid expenses and accrued income	50	75	102
Liquid funds		110	140
Total current assets		**814**	**1,037**
TOTAL ASSETS		**10,378**	**10,446**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	51		
Restricted equity			
Share capital		376	376
Total restricted shareholders' equity		**376**	**376**
Non-restricted equity			
Other capital contributed		5,673	5,673
Retained earnings		–1,674	–1,847
Net income for the year		513	699
Total non-restricted shareholders' equity		**4,512**	**4,526**
Total shareholders' equity		**4,889**	**4,902**
Untaxed reserves	52	**–**	**114**
Long-term liabilities			
Loans payable, external	39	3,119	4,389
Deferred tax liabilities	45	3	–
Current liabilities			
Current liabilities to subsidiaries	38	47	34
Loans payable to subsidiaries	38	1,675	910
Interest-bearing current liabilities, external	39	550	–
Accounts payable	39	4	4
Other current liabilities	39	58	59
Accrued expenses and prepaid income	53	34	34
Total liabilities		**5,490**	**5,430**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**10,378**	**10,446**

Parent Company statement of cash flows

SEK m	Note	2016	2015
Operations			
Income after financial items		443	565
Items not affecting cash flow	54	–163	–422
Financial items received		8	6
Financial items paid		–92	–100
Income tax paid		–15	–22
Dividends received		376	554
Change in other operating capital employed		3	–34
Cash flow from operations		**558**	**614**
Investing activities			
Investments in fixed assets	46	–3	–3
Shares in subsidiaries		–145	–267
Cash flow from investing activities		**–148**	**–270**
Financing activities			
Other changes in financial fixed assets		18	57
Decrease/increase in current financial investments		48	–61
Decrease/increase in liabilities		170	–354
Change in issued commercial papers		–150	451
Group contributions received		–	107
Dividend paid		–527	–451
Share swap agreement		0	–10
Cash flow from financing activities		**–439**	**–262**
Cash flow for the year		**–30**	**82**
Liquid funds at beginning of year		**140**	**57**
Liquid funds at end of year[1)]		**110**	**140**

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, 2015	**376**	**5,673**	**–1,385**	**4,664**
Comprehensive income				
Net income for the year	–	–	699[7]	699
Other comprehensive income				
Hedging of net investments, net of tax	–	–	–[7]	–
Total other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income	**–**	**–**	**699**	**699**
Transactions with shareholders				
Dividend	–	–	–451	–451
Share swap agreement[8]	–	–	–10	–10
Total transactions with shareholders	**–**	**–**	**–461**	**–461**
Opening balance, January 1, 2016	**376**	**5,673**	**–1,147**	**4,902**
Comprehensive income				
Net income for the year	–	–	513	513
Total comprehensive income			**513**	**513**
Total transactions with shareholders				
Dividend	–	–	–527	–527
Share swap agreement[9]	–	–	0	0
Total transactions with shareholders	**–**	**–**	**–526**	**–526**
Closing balance, December 31, 2016	**376**	**5,673**	**–1,160**	**4,889**

1) For information on the number of issued shares refer to Note 51.
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 51. Includes statutory reserves amounting to SEK 20 thousand.
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, 2015, the Company held 53,797 Class B treasury shares.
6) As of December 31, 2016, the Company held 53,797 Class B treasury shares.
7) Comparative figures have been restated due to an effect of a changed accounting principle, RFR 2 IAS 21. The effect of this on net income for the full year 2015 is SEK –198 million. Total shareholders' equity was not affected by the changed accounting principle as it only involved a reclassification within non-restricted equity.
8) Refers to the Group's share-related Incentive Scheme 2014 and the closure of 2013 Incentive Scheme. A total of 91,650 shares have during 2015 been hedged under this swap agreement and they will be allotted to the employees during the period March–June 2016 provided that the criteria under the scheme have been met, including still being employed by the end of February, 2016.
9) Refers to the Group's share-related Incentive Scheme 2015 and the closure of 2014 Incentive Scheme. A total of 99,400 shares have been hedged under this swap agreement and they will be allotted to the employees during the period March–June 2017 provided that the criteria under the scheme have been met, including still being employed by the end of February, 2017.

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.

The Swedish Financial Reporting Board has amended the standard RFR 2 Accounting for Legal Entities. The amendment is related to IAS 21 and states that exchange rate differences arising on a monetary item that forms part of the Parent Company's net investment in a foreign subsidiary should be accounted for in the Parent Company's statement of income. Before the amendment came into force, RFR 2 stated that these exchange rate differences should be accounted for in other comprehensive income, which was not in line with IAS 21 paragraph 32. The amendment applies to financial years beginning on or after January 1, 2016. The amendment affects financial income and expenses in the Parent Company's statement of income. It also affects translation reserve in the Parent Company's equity, as the exchange rate differences no longer will be accounted for on this line. The comparative year 2015 in the Parent Company's financial statements has been restated to reflect this amendment.

The amendment has no effect on the Group's financial statements since these exchange rate differences, as previously, are recorded in the translation reserve in equity.

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 licence 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	2016	2015
License fees	443	367
Interest income	40	45
Group contributions	91	116
Dividend	376	554

Receivables from other companies within the Loomis Group

SEK m	2016	2015
Interest expenses	11	2

Receivables from other companies within the Loomis Group

SEK m	Dec.31, 2016	Dec.31, 2015
Interest-bearing long-term receivables from subsidiaries	1,180	1,198
Current receivables from subsidiaries	207	117
Interest-bearing current receivables from subsidiaries	353	646

Liabilities to other companies within the Loomis Group

SEK m	Dec.31, 2016	Dec.31, 2015
Current liabilities to subsidiaries	47	34
Interest-bearing current liabilities to subsidiaries	1,675	910

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

Contingent liabilities regarding related parties

SEK m	Dec.31, 2016	Dec.31, 2015
Guarantee commitments banking facilities	1,802	1,196
Other contingent liabilities	1,298	1,173
Total contingent liabilities	**3,100**	**2,369**

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 –1,634 million (–2,115) and SEK 14 million (–22) 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 242 (265) 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 90 (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, 2016	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	550	2,318	801
Accounts payable and other liabilities	62	–	–
Total	**612**	**2,318**	**801**

December 31, 2015	Less than 1 year	Between 1 and 5 years	More than 5 years
External bank loans	–	3,625	764
Accounts payable and other liabilities	63	–	–
Total	**63**	**3,625**	**764**

NOTE 40 Administrative expenses

Distribution of expenses by type

SEK m	Note	2016	2015
Depreciation, amortization and impairment	46	2	1
Personnel expenses	41	58	57
Vehicle expenses		1	1
Costs of premises		4	3
Costs of technical equipment		6	9
Consulting expenses		21	24
Administrative expenses		12	13
Other expenses		62	62
Total expenses by type		**164**	**168**

Personnel expenses

SEK m	Note	2016	2015
Salaries and bonuses	41	37	34
Social security expenses	41	10	11
Pension costs – defined contribution plans	41	11	11
Total personnel expenses		**58**	**57**

Audit fees and other fees

SEK m	2016	2015
PwC		
– Audit assignment	3	3
– Auditing activities other than audit assignment	1	1
– Tax advice	0	0
– Other assignments	0	1
Total PwC	**4**	**5**

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

	2016	2015
Number of employees	19	22
(of whom men)	(11)	(13)

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

2016	Salaries	Social security contributions	(of which pension)
SEK m		2016	
Board and President[1)]	13	6	(2)
Other employees	23	15	(9)
Total	**37**	**21**	**11**

1) The remuneration to President refers to Anders Haker (for the period January 1 to May 3) and Patrik Andersson (for the period May 4 to December 31). For further information refer to Note 11.

2015	Salaries	Social security contributions	(of which pension)
SEK m		2015	
Board and President[2)]	10	4	(2)
Other employees	24	18	(9)
Total	**34**	**22**	**(11)**

2) The remuneration to President refers to Jarl Dahlfors (for the period January 1 to August 31) and Anders Haker (for the period September 1 to December 31). For further information refer to Note 11.

In 2016 the President/CEO Patrik Andersson received variable remuneration amounting to SEK 4 million (6). During 2015 the received variable remuneration to former President/CEO, Jarl Dahlfors amounted to SEK 1 million.

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. Anders Haker was serving as acting CEO from the period September 1, 2015 to May 3, 2016 and received a salary supplement of SEK 533 thousand for the total period.

Further information on remuneration to members of Group Management is shown in Note 11.

NOTE 42 Result from participations in Group companies

SEK m	2016	2015
Dividends	376	554
Impairment losses, shares in subsidiaries	–17	–
Group contributions	91	116
Total result from participations in Group companies	**450**	**670**

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	2016	2015
Interest income	49	52
Translation differences	595	904
Total financial income	**643**	**956**

Financial expenses

SEK m	2016	2015
Interest expenses	–107	–87
Translation differences	–805	–1 160
Other financial expense	–18	–13
Total financial expenses	**–930**	**–1 260**
Financial income and expenses, net	**–287**	**–304**

NOTE 44 Appropriations

SEK m	2016	2015
Reversal of tax allocation reserve, 2009	–	57
Reversal of tax allocation reserve, 2010	–	50
Reversal of tax allocation reserve, 2011	–	64
Reversal of tax allocation reserve, 2012	41	5
Reversal of tax allocation reserve, 2013	73	–
Total appropriations	**114**	**177**

NOTE 45 Tax on income for the year

Statement of income
Tax expense

SEK m	2016	2015
Tax on income before taxes		
– current tax expense	–20	–99
– deferred tax expense	–23	56
Total tax expense	**–43**	**–43**

The Swedish corporate income tax rate was 22 percent in 2016 and 2015.

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

SEK m	2016	2015
Tax based on Swedish tax rate	–122	–163
Taxes attributable to previous periods	1	0
Tax attributable to non-taxable income	85	122
Tax attributable to non-deductible expenses	–7	– 2
Actual tax expense	**–43**	**–43**

Tax attributable to non-taxable income relates mainly to dividends from subsidiaries. Tax attributable to non-deductible expenses for 2016 relates mainly to the write-down of shares in subsidiaries.

Balance sheet

Deferred tax assets/tax liabilities relate primarily to temporary differences in tax allocation reserves as well as differences between the carrying amount and tax value of financial instruments.

NOTE 46 Machinery and equipment

SEK m	Dec.31, 2016	Dec.31, 2015
Opening balance	5	2
Investments	2	3
Disposals	–1	–0
Closing accumulated balance	**7**	**5**
Opening depreciation	–2	–1
Depreciation for the year	–2	–0
Disposals	1	–0
Closing accumulated depreciation	**–3**	**–2**
Closing residual value balance	**5**	**4**

NOTE 47 Shares in subsidiaries[1)]

Subsidiary	Corporate Identification number	Countries where Loomis is registered and has operations	Operations	*Share of capital directly owned by the Parent Company (%)*	Carrying amount (SEK m)	*Share of capital owned by the Group (%)*
Loomis Holder Spain SL	B83379685	Spain	Holding company	*100*	870	*100*
Loomis Spain SA	A79493219	Spain	CIT and CMS company	–	–	*100*
Loomis Portugal SA	506632768	Portugal	CIT and CMS company	–	–	*100*
Transportadora de Caudales Vigencia Duque SA	30-68901181-7	Argentina	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 Sverige AB	556191-0679	Sweden	CIT and CMS company	*100*	69	*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*	123	*100*
Loomis Holding France SASU	498543222	France	Holding company	*100*	558	*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*	3,060	*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					**8,379**	

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

All subsidiaries are consolidated into the Group. The percentage of voting rights in the subsidiaries owned directly by the Parent Company is the same as the percentage of shares held. There is no subsidiary that has a holder of non-controlling interests and that is of significance to the Group.

Due to local rules on currency control in Argentina, there are limitations on taking capital out of the country. Other than this there are no limitations on the Group's ability to access or use assets and settle the Group's liabilities.

Shares in subsidiaries

SEK m	2016	2015
Opening balance, January 1	8,157	7,900
Acquisition of shares	–	3
Disposal of shares	–	–
Capital contributions	239	253
Impairment losses	–17	–
Closing balance, December 31	**8,379**	**8,157**

Changes in shares in subsidiaries in 2016 are mainly due to capital contributions provided to Loomis Danmark A/S and Loomis Güvenlik Hizmetleri A.S., as well as a write-down of shares in Loomis Czech Republic a.s. Change in participation in subsidiaries during 2015 is mainly due to capital contribution to Loomis Holding UK Ltd.

NOTE 48 Current receivables from subsidiaries

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

NOTE 49 Other current receivables

SEK m	Dec.31, 2016	Dec.31, 2015
Other current receivables	12	6
Total other current receivables	**12**	**6**

NOTE 50 Prepaid expenses and accrued income

SEK m	Dec.31, 2016	Dec.31, 2015
Prepaid insurance premiums	16	12
Accrued interest income	56	87
Other items	3	3
Total prepaid expenses and accrued income	**75**	**102**

NOTE 51 Changes in shareholders' equity

Year	Event	Number of shares	Increase in share capital
2004	Number of shares , January 1, 2004	100,000	100,000
2006	Bonus issue	364,958,897	364,958,897
2008	Bonus issue	3	3
2008	Reverse split 1:5	–292,047,120	–
2013	New share issue	2,268,049	11,340,245
Total		**75,279,829**	**376,399,145**

The following funds are at the disposals of the AGM (SEK):

Retained earnings	3,998,684,709
Share-based remuneration	427,919[1)]
Net Income for the year	513,177,333
Total	**4,512,289,961**

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

Dividend to shareholders (8,00 SEK/share)	601,808,256[2)]
To be carried forward	3,910,481,705
Total	**4,512,289,961**

1) The changes relates to the swap in accordance with Loomis´s share-based Incentive Schemes 2014 and 2015.

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, 2016 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, 2016.

Principle shareholders in terms of voting rights

Loomis' principle shareholders in terms of voting rights were as of December 31, 2016, 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.

These two shareholders have entered into a shareholders´ agreement, according to which the parties aim to coordinate their actions with respect to the composition of the Board of Directors, the dividend policy, resolutions concerning changes in the articles of association or share capital, significant acquisitions or transfers, and the appointment of the CEO, and which also contains an agreement concerning pre-emptive rights should either party dispose of Class A shares. Apart from this, the Board of Loomis is not aware of any other shareholders' agreements, or any other agreements between shareholders in the company aimed at exercising collective influence over the Company.

NOTE 52 Untaxed reserves

SEK m	Dec.31, 2016	Dec.31, 2015
Tax allocation reserve, 2012	–	41
Tax allocation reserve, 2013	–	73
Total untaxed reserves	–	**114**

NOTE 53 Accrued expenses and prepaid income

SEK m	Dec.31, 2016	Dec.31, 2015
Accrued personnel costs	20	20
Accrued consultancy fees	1	2
Accrued interest expenses	6	6
Other accrued expenses	7	6
Total accrued expenses and prepaid income	**34**	**34**

NOTE 54 Items not affecting cash-flow

SEK m	2016	2015
Financial income	–643	–956
Financial expenses	932	1 204
Result from participations in Group companies	–450	–670
Amortization and depreciation	–2	0
Total items not affecting cash-flow	**–163**	**–422**

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 4, 2017.

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, March 24, 2017

Alf Göransson
Chairman

Ingrid Bonde
Board member

Cecilia Daun Wennborg
Board member

Jan Svensson
Board member

Patrik Andersson
Board member,
President and CEO

Jonas Karlsson
Deputy employee representative

Our audit report was presented on March 24, 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Auditor's report (Translation of the Swedish original, for interpretation the Swedish version shall prevail)

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 year 2016. The annual accounts and consolidated accounts of the company are included on pages 51–104 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Our audit approach

Audit scope

Loomis transport valuables and provide cash management services, both locally in the countries and internationally in the Segment International. Value transportation is called CIT (Cash In Transit) and the cash management services is called CMS (Cash Management Services). Within the CIT operation and International Loomis transport values and within International storage services are also part of the service. Based on revenue CIT comprise about 62% of Loomis operations and International about 7%. CMS comprise about 31% and in this part of the business Loomis manages cash stock in their cash processing centers, were the stock is in all material aspects held in consignment. Loomis has about 400 branches, operations in 21 countries and about 22.000 full time employees.

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

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

Main focus areas and risks identified are further detailed in the "Key Audit Matters" included below. Our activities in the audit of Loomis mainly consist of:

- Planning procedures and related activities.
- Follow up and assessment of current events and the financial reporting in connection to the second quarter closing.
- Procedures relating to internal control over financial reporting, routines procedures based on assessed risk and Loomis Internal Control Requirements ("ICR"), Loomis framework for internal control over financial reporting.
- Limited review procedures to issue a limited review report for the third and fourth quarter closing 2016.
- Final audit procedures required to issue this auditors report for the parent company and the group. In connection to this procedures needed to issue our statement on adherence to the guidelines for remuneration to group management.

The audit are primarily performed by audit teams which are part of the PwC network. Work is conducted in accordance with local audit requirements and specific instructions and work programs. The auditor in charge and members of the group audit team have performed 7 country visits outside of Sweden during the year. During these visits activities relating to the local balance sheets and income statements, participation in cash processing center cash stock count, discussions on internal control, routines and procedures and follow up to compliance to Loomis ICR, Loomis framework for internal control over financial reporting, are performed.

The scope and extent of our audit procedures for Loomis cover all material units within the group which together represent a significant part of revenues, earnings and assets.

Materiality

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

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

Key audit matters

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

Key audit matter	How our audit addressed the Key audit matter
Routines and procedures related to the Cash Management Services and valuation of cash stock *The cash management services/cash processing business (CMS) is described on page 51 in the Administration report. Risk management further described in the Corporate Governance report on pages 43–45. Disclosure and specification of funds within the cash processing operations are specified in Note 23.* Cash as such is liable to be stolen. If a difference exist between amounts deposited and amount which can be physically identified, Loomis may be forced to reimburse the difference regardless if it is Loomis stock or consignment stock. Loomis has detailed routines and procedures to reduce the risk of differences. Among other things the routines stipulate that all value should be subject to a physical count on a daily basis and that the count should be performed "blind" by two people. The risk manager in each respective country is responsible for the compliance in this area. The risk organization in the respective country includes so called "cash auditors" who audit compliance to routines and procedures and who performs a full cash stock count at least twice per year per each cash processing center. The compliance to routines and procedures is monitored and thereby also the risk for differences/valuation errors in cash processing operations. The main risk is operational; a risk for financial reporting impact however exists should routines and controls fail. Cash stock differences can lead to significant costs for Loomis. Due to this it is of importance that routines and procedures are followed and that all significant differences are identified and accounting for correctly in each closing. Loomis follow up as per December 31 2016 show that no significant differences remain unaccounted for.	We have in our audit performed for example the following key audit activities: • On a sample basis visited a number of cash processing centers. During these visits we have participated in cash stock inventory counts, tested compliance to routines and processes, examined cash stock reconciliations and followed up on the reporting of identified cash stock differences. • Performed walkthroughs and discussions with the risk manager and Loomis cash stock auditors in the respective country regarding the compliance to routines and procedures, observations made in connection to cash counts and their action plans to handle observations made. • Followed up on the central reporting of cash stock balances and identified differences. • On a sample basis reconciled cash stock owned by Loomis versus an external confirmation (for example a bank statement) • Collected and analysed documentation from Loomis central follow up through the system Stars which include information about differences as per the closing date. • Examined the accounting treatment applied with regards to identified cash stock differences. Loomis implements remedial measures to strengthen routines and procedures when this is deemed needed. No observations of significance has been reported to the Audit Committee as a result of our audit in this area.

Key audit matter	How our audit addressed the Key audit matter
Purchase price accounting and takeover of cash stock in connection to the acquisition of Bankernes Kontantservice A/S ("BKS") in Denmark *Information and disclosures relating to acquisitions can be found in Note 4 and in Note 15.* Valuation of acquired assets and liabilities should be made at fair value. The methods applied to achieve this require that assumptions are made. A risk therefore exists that the assumptions made are incorrect and the acquisition analysis thereby is not prepare in accordance with IFRS 3. Significant assumptions made in connection the acquisition analysis of BKS is for example valuation of buildings and premises, contract portfolio and deferred tax assets referring to tax losses carry forward. In the acquisition process it is also required that the cash stock taken over per the acquisition date is physically counted to ensure that no significant differences exists in the cash stock in the CMS business. This process require extensive efforts which Loomis have performed with the assistance of external consultants. Furthermore, routines and procedures needs to be in place to manage the takeover of the operations which in this case is about three times (based on revenue) the size of Loomis existing business in Denmark. Incorrect acquisition accounting can have significant impact on Loomis financial statements. In particular there is a risk that the accounting is significantly impacted if unidentified cash stock differences would exist.	We have in our audit performed for example the following key audit activities: • We have formulated our own view on the acquisition accounting and the fair value adjustments to be made. • We have assessed the model used is in line with IFRS and we have audited the more significant elements in the acquisition analysis versus supporting documentation and assessed their reasonability. This includes primarily the assessments of future revenue, discount rate, customer churn and the acquisition balance sheet as per the takeover day. • We have taken part of the documentation and support from the physical counts of cash stock performed by Loomis to ensure existence as per the acquisition date. • We have on a sample basis performed our own physical counts of cash stock after the acquisition date. • We have performed the same procedures on the BKS financial reporting as per the third quarter and full year closing as we have for the significant entities in the group. We have in connection to these activities assess whether sufficient routines and procedures relating to internal control over financial reporting is deemed to exists. Assumptions which are the base for the purchase price accounting of BKS are deemed to be within a reasonable range.
Accounting and assessments relating to investigations from authorities *Loomis description and disclosure regarding the above mentioned matter are included in Note 4, Note 14 and Note 34.* Subsidiaries within the group are at times involved in different types of disputes. Significant disputes are for example the ongoing tax process in Spain and the investigation by the Spanish competition authority who decided to impose a fine of EUR 7 million on Loomis. The Company has in these cases consulted external legal advisors and tax advisors. Matters of this nature is often complex and may take time before being solved. The future development is by nature not possible to foresee. As a consequence the accounting is to a larger extent based on estimates. Risks in these areas are mainly refer to valuation, as the amounts accounted for is inherently uncertain since the future outcome may deviate from the current assessments if the company.	We have in our audit performed for example the following key audit activities: • Audited Loomis model for impairment testing in order to conclude on the mathematical accuracy and reasonability in assumptions applied. Valuation specialists within the PwC network has been involved in this part of the work. • On a sample basis verified data used in the impairment test calculation versus the Company's long term plans per country, focusing on assessed revenue growth rates, operating margin and discount rate • On a sample basis verified data included in the impairment test model versus external sources. • Performed sensitivity analysis were the effects of changes in assumptions and assessments are analysed to identify such variables which are particularly sensitive. • Examined that disclosure requirements according to IAS 36 Impairment has been included in the annual report. No observations of significance has been reported to the Audit Committee as a result of our audit in this area.

Key audit matter	How our audit addressed the Key audit matter
Valuation of goodwill *The Company's description and disclosure regarding the above mentioned matter are included in Note 4 and Note 15. In Note 15, information regarding the sensitivity analysis performed with regards to which adjustment of assumptions made would trigger an impairment of goodwill.* Loomis growth has historically been partly driven by acquisitions. Acquisitions leads to goodwill. Loomis goodwill amounts to MSEK 5.626. The amount is a significant part (38%) of total assets. The valuation of goodwill is based on management estimates. The Company annually prepares an impairment test of goodwill. The test will show if an impairment need (if book value of the asset tested exceeds its recoverable amount) of goodwill exists or not. The calculation of the impairment test is based on assumptions and assessments considering for example revenue growth, margin development and discount (WACC) rate. The test is performed for each Cash Generating Unit (defined by Loomis as a country). Although a unit may pass the test, a development which deviates negatively from the assumptions included in the test can trigger a need for impairment. Loomis impairment test shows that the goodwill valuation can be defended and that no need for impairment exists.	We have in our audit performed for example the following key audit activities: • Audited Loomis model for impairment testing in order to conclude on the mathematical accuracy and reasonability in assumptions applied. Valuation specialists within the PwC network has been involved in this part of the work. • On a sample basis verified data used in the impairment test calculation versus the Company's long term plans per country, focusing on assessed revenue growth rates, operating margin and discount rate • On a sample basis verified data included in the impairment test model versus external sources. • Performed sensitivity analysis were the effects of changes in assumptions and assessments are analysed to identify such variables which are particularly sensitive. • Examined that disclosure requirements according to IAS 36 Impairment has been included in the annual report. Assumptions which form the basis for Loomis impairment test is deemed to be within a reasonable range.

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 1–37 and pages 110–113. The Board of Directors and the President are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the President

The Board of Directors and the President 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 President 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 President 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 President intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

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

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the President

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

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

Auditor's responsibility

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

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

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

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

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

Stockholm 24 March 2017
PricewaterhouseCoopers AB

Patrik Adolfson
Authorized Public Accountant

Five year overview

Revenue and income, summary

SEK m	2016	2015	2014	2013	2012
Revenue, continuing operations	16,485	15,391	12,345	11,321	10,983
Revenue, acquisitions	315	706	1,166	43	376
Total revenue	**16,800**	**16,097**	**13,510**	**11,364**	**11,360**
Real growth, %	*5*	*7*	*14*	*2*	*3*
Organic growth, %	*5*	*2*	*3*	*2*	*0*
Operating income (EBITA)	**1,890**	**1,703**	**1,370**	**1,099**	**1,019**
Operating margin (EBITA), %	*11.2*	*10.6*	*10.1*	*9.7*	*9.0*
Operating income (EBIT)	**1,852**	**1,575**	**1,306**	**1,085**	**988**
Operating margin (EBIT), %	*11,0*	*9.8*	*9.7*	*9.5*	*8.7*
Financial income	12	8	12	13	16
Financial expenses	–129	–122	–79	–60	–73
Income before taxes	**1,735**	**1,461**	**1,240**	**1,038**	**932**
Income tax	–477	–392	–330	–302	–282
Net income for the year	**1,258**	**1,069**	**910**	**736**	**650**

Statement of cash flows, additional information

SEK m	2016	2015	2014	2013	2012
Operating income (EBITA)	**1,890**	**1,703**	**1,370**	**1,099**	**1,019**
Depreciation	1,105	1,061	875	758	717
Change in accounts receivable	–53	–170	–40	6	54
Change in other operating capital employed and other items	192	48	–12	–186	–182
Cash flow from operating activities before investments	**3,134**	**2,642**	**2,194**	**1,677**	**1,607**
Investments in fixed assets, net	–1,120	–1,379	–1,033	–720	–747
Cash flow from operating activities	**2,013**	**1,264**	**1,161**	**957**	**860**
Cash flow from operating activities as % of operating income (EBITA)	*107*	*74*	*85*	*87*	*84*
Financial items paid and received	–117	–118	–61	–49	–63
Income tax paid	–326	–341	–298	–319	–252
Free cash flow	**1,570**	**805**	**803**	**590**	**545**
Cash flow effect of items affecting comparability	138	–14	–8	–7	–10
Acquisition of operations	–201	–279	–1,536	–29	–289
Acquisition-related costs and revenue, paid and received	–17	–52	–8	40	–10
Dividend paid	–527	–451	–376	–338	–273
Change in interest-bearing net debt excluding liquid funds	–168	–258	–333	–552	13
Issuance of bonds	–	549	997	–	–
Change in commercial papers issued and other long-term borrowing	–816	–225	658	248	–
Cash flow for the year	**–20**	**74**	**196**	**–48**	**–24**

Financial position and return, summary

SEK m	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Goodwill	5,626	5,437	4,897	3,346	3,317
Tangible fixed assets	4,709	4,305	3,813	2,972	2,865
Interest-bearing fixed assets[1)]	80	78	67	61	66
Other fixed assets[1)]	829	1,039	1,091	666	660
Interest-bearing current assets	54	84	25	10	10
Other current assets	3,570	3,470	3,134	2,212	2,069
TOTAL ASSETS	**14,869**	**14,415**	**13,027**	**9,267**	**8,986**
Shareholders' equity	6,647	5,843	4,907	4,165	3,595
Interest-bearing long-term liabilities[1)]	3,972	5,168	4,140	1,849	2,883
Other long-term liabilities[1)]	729	806	852	674	663
Interest-bearing current liabilities	754	73	738	680	48
Other current liabilities	2,767	2,525	2,390	1,899	1,796
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES	**14,869**	**14,415**	**13,027**	**9,267**	**8,986**
Equity ratio, %	*45*	*41*	*38*	*45*	*40*
Interest-bearing net debt, SEK m	3,929	4,425	4,219	2,125	2,475
Capital employed, SEK m	10,576	10,268	9,127	6,290	6,070
Return on capital employed, %	*18*	*17*	*15*	*17*	*17*
Return on shareholders' equity, %	*19*	*18*	*19*	*18*	*18*

1) As of the beginning of the 2013 financial year the defined benefit pension obligation is included in net debt. To reflect this change the comparative figures have been adjusted.

Share Data

	2016	2015	2014	2013	2012
Number of outstanding shares, million	75.2[1)]	75.2[1)]	75.2[2)]	75.3[3)]	73.0[4)]
Earnings per share before dilution, SEK	16.73[1)]	14.21[1)]	12.10[2)]	9.83[3)]	8.90[4)]
Earnings per share after dilution, SEK	16.73	14.21	12.10	9.78	8.60
Shareholders' equity per share, SEK	88.36	77.67	65.24	55.32	49.24

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.

3) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 74,838,476, which includes 121,863 shares which, as a result of Loomis' Incentive Scheme 2012, were held as treasury shares as of December 31, 2013.

4) The average number of outstanding shares, which constitutes the basis for calculation of earnings per share before dilution, is 73,011,780, which includes 132,318 shares which, as a result of Loomis' Incentive Scheme 2011, were held as treasury shares as of December 31, 2012.

Notice of Annual General Meeting

Stockholm Concert Hall

The shareholders of Loomis AB (publ) are hereby invited to attend the Annual General Meeting (AGM) to be held at 5 p.m. CET on Thursday, May 4, 2017 in Grünewaldsalen, at Stockholm Concert Hall, entrance at Kungsgatan 43, Stockholm. Registration for the AGM begins at 4 p.m. CET.

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 (previously VPC AB), no later than Thursday April 27, 2017, and must notify the Company of their intention to participate in the AGM by means of one of the following:

By mail: Loomis AB, "Årsstämma", Box 7839, 103 98 Stockholm, Sweden
By telephone: +46 (0)8-402 90 72
On Loomis' website: www.loomis.com

The registration deadline is Thursday, April 27, 2017 preferably before 4 p.m. CET.

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's own name with Euroclear Sweden AB. Such registration must be made of Thursday, April 27, 2017 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 2017:

Interim Report Jan – Mar: ***May 4***
Interim Report Jan – Jun: ***July 27*** *(new date)*
Interim Report Jan – Sep: ***Nov 8***

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