

Loomis UK Limited**Registration number: 03200432****Directors' report
for the year ended 31 December 2020**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2020.

Future developments

These are included within the strategic report on page 2.

Business relationships

Business relationships are discussed within the section 172(1) statement of the directors' report.

Going concern

The company meets its day-to-day cash requirements through its available committed banking facilities. The company has net current liabilities of £18,322,000 (2019: net current liabilities of £4,094,000), net assets of £56,233,000 (2019: net assets of £77,857,000), distributable reserves of £14,025,000 (2019: £35,649,000) and it has cash of £6,334,000 (2019: £304,000) as at 31 December 2020.

During 2020, the COVID-19 pandemic has resulted in a short-term reduction in the UK cash market. The company implemented cost mitigation action plans to minimise the short-term cashflow impact of the pandemic and has obtained confirmation of continuing funding support from our ultimate parent company. Loomis UK Limited has taken advantage of some of the assistance programmes offered by the government. At the height of the pandemic the company had 960 members of staff furloughed. This number has since decreased as lockdown has been eased and our customers have begun trading again. The company deferred payment of its first quarter 2020 VAT balancing payment until the first quarter of 2021. It has now commenced repayment of this balance in monthly instalments. Loomis UK Limited has not needed to seek loan assistance and is currently operating within its agreed overdraft facility which is funded by its ultimate parent Loomis AB.

The long-term impact of the pandemic is not yet fully understood but we expect that there will be permanent reduction of cash usage in the UK. In light of this restructuring activities took place in the third and fourth quarter of 2020 to right size the business and ensure that we have a sustainable business model. These activities were fully supported and funded by our ultimate parent company Loomis AB. Following the removal of all lockdown restrictions we are expecting the market to stabilise at around 70% of the pre-covid level for revenue.

After making enquiries and taking into account the impact of the COVID-19 pandemic on the UK cash market, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. A letter of support has been signed by the parent company Loomis AB confirming their continuing support for a period of not less than 12 months from the date of approval to these financial statements. The directors have assessed and concluded that the parent company is in a position to be able to provide sufficient financial support to the company and for the accounts to be prepared on a going concern basis with no material uncertainty identified. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Streamlined Energy and Carbon Reporting

The total energy consumption for the period ended 31 December 2020 was

Category	Total kWh
Electricity consumption	3,887,200
Transport Fuel:	
Diesel	28,549,400
Biodiesel (HVO)	1,402,200
Total	33,838,900

The associated greenhouse gas emissions (GHG) is 8,522 tonnes CO₂e:

Emissions source	Tonnes CO ₂ e	% Share
Scope 1	7,242	85%
Scope 2	890	10%
Scope 3	390	5%
Total emissions (tCO₂e)	8,522	100%

Loomis UK Limited**Registration number: 03200432****Directors' report
for the year ended 31 December 2020 (continued)****Streamlined Energy and Carbon Reporting (continued)**

**Scope 1: Company operated transport. Scope 2: Electricity. Scope 3: Private vehicles used for business travel and procured plastic bags. This only includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.*

An intensity ratio of 113.9 tonnes of CO₂e per £m of revenue has been calculated to enable yearly performance comparison.

Methodology

Since 2018 the Loomis Group has used a third-party system (SaaS) to handle all ESG data. The system is tailored for reporting of data and KPIs, which facilitates and validates the process to systematically collect, confirm, calculate and report all sustainability data in the areas of health, the environment and safety. All climate reporting within Scope 1, 2 and 3 is based on the international Greenhouse Gas Protocol Initiative (GHG Protocol).

Calculation of carbon emissions for energy purchases are based on the location-based method, which in turn is based on each geographically distinct country's emissions from electricity production, regardless of whether they pay for renewable electricity or not. Calculations on changes in carbon emissions are made in relation to the Group's operational volume. A transparent indicator for operational volume in relation to transport operations is the number of kilometres driven.

Energy efficiency initiatives

Loomis has a long-term target to decarbonize and end dependence on fossil fuel and fossil energy sources. The short-term target is to reduce direct carbon emissions from operations by 30 percent from the base year 2017 to the end of 2021. This is a relative target, in other words emissions are to be reduced by 30 percent in relation to operating volume. It is an ambitious target given the short time to implement the change. Due to the secure nature of the work carried out by Loomis, there is a reliance on heavily armoured vehicles. The heavy nature of the armour has impacted efforts to move the fleet towards electric vehicles, however various pilots are underway across the group to address this problem.

Direct emissions from the company's own transport operations in 2020 were reduced by 32 percent in absolute numbers compared with 2019. This is in part explained by a decline in transport operations during the coronavirus pandemic. It has been challenging to achieve route efficiency because of the lower route density. The decline in emissions are also due to increased use of light skin vehicles and the use of telematics to route plan. The use of Biodiesel where possible has been introduced during 2020.

Results and dividends

The results for the year are set out on page 13.

During the year no dividend was paid (2019: £2,500,000). Due to the impact of COVID-19 on the business the company will not be required to pay a dividend during 2021.

Financial risk management

The company has both interest-bearing assets and interest-bearing liabilities. Interest bearing assets comprise only of cash balances. These assets and liabilities are subject to interest rate fluctuations. The amounts owed to group undertakings are unsecured and accrue interest at rates agreed by Loomis AB treasury function, which are aligned to prevailing market rates. The directors review interest rate policy on a regular basis.

The company is exposed to liquidity risk. The company has committed banking facilities through a cash pooling and loan agreement with other companies within the Loomis AB group. The directors regularly monitor available cash balances and available facilities to ensure that the company has sufficient funds to meet its obligations.

The company is exposed to credit risk as a result of its operations. Prior to sales being made appropriate checks are performed over the ability of the customer to pay. Regular reviews and monitoring of the aged debtors ledger are utilised to minimise the risk to the company on an ongoing basis.

The Company is financed via an overdraft facility (managed through a Group Treasury arrangement) and a loan provided by its ultimate parent company, Loomis AB. The Company therefore has interest and funding risk exposure but due to the nature of the facilities, provided by its ultimate parent company, the Directors assess that this risk is low given the ongoing support of Loomis AB.

The company is not exposed to any significant exchange rate risk.