

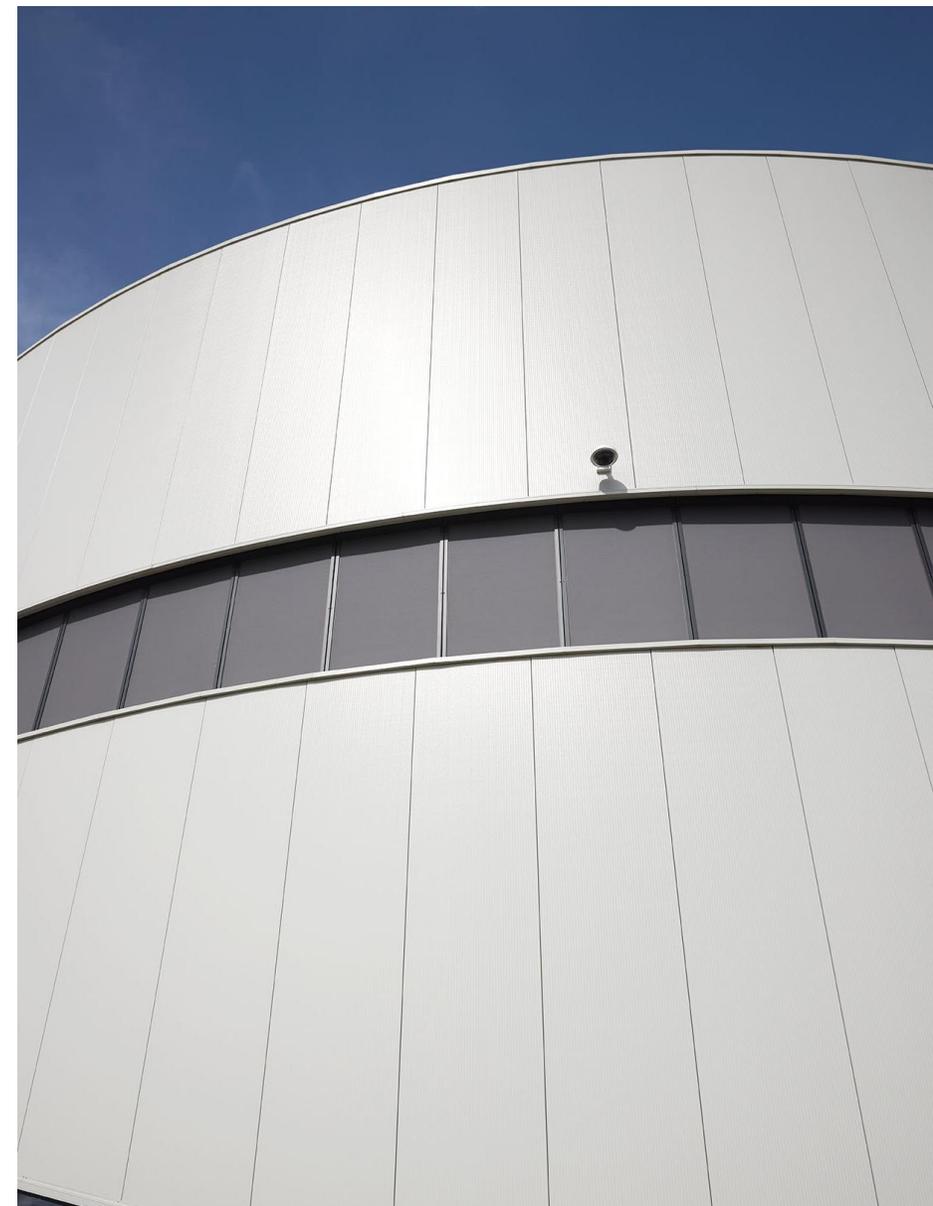
# Full Year Report Q4/FY 2022

Magnus Ahlqvist, President and CEO  
Andreas Lindback, CFO



# A year of strong performance and strategic achievements

- **9 percent (4) organic sales growth in Q4**
  - Continued good commercial traction in the Group
  - Organic sales growth supported by all business segments with overall good technology and solutions sales and high price increases
  - Organic sales growth 5 percent (0) in SSNA. The renewed significant global contract with expanded scope will impact as of Q1 2023
  - Higher sales of technology and security solutions across all segments, now representing 32 percent (23) of total sales in Q4
- **Operating result real change 39 percent (15), operating margin 6.5 percent (5.9) in Q4**
  - Operating margin driven by STANLEY Security and good development in legacy business
- **Positive price and wage balance**
  - Dynamic price increase approach key going forward
- **Cash flow at 83 percent of operating result in Q4, adjusted net debt/EBITDA at 3.7x at year-end**
- **Proposed dividend SEK 3.45 per share**





Security Services North America

# Strong commercial momentum with positive outlook

Organic sales growth



**Organic sales growth 5% (0) in Q4, 1% (3) in FY**

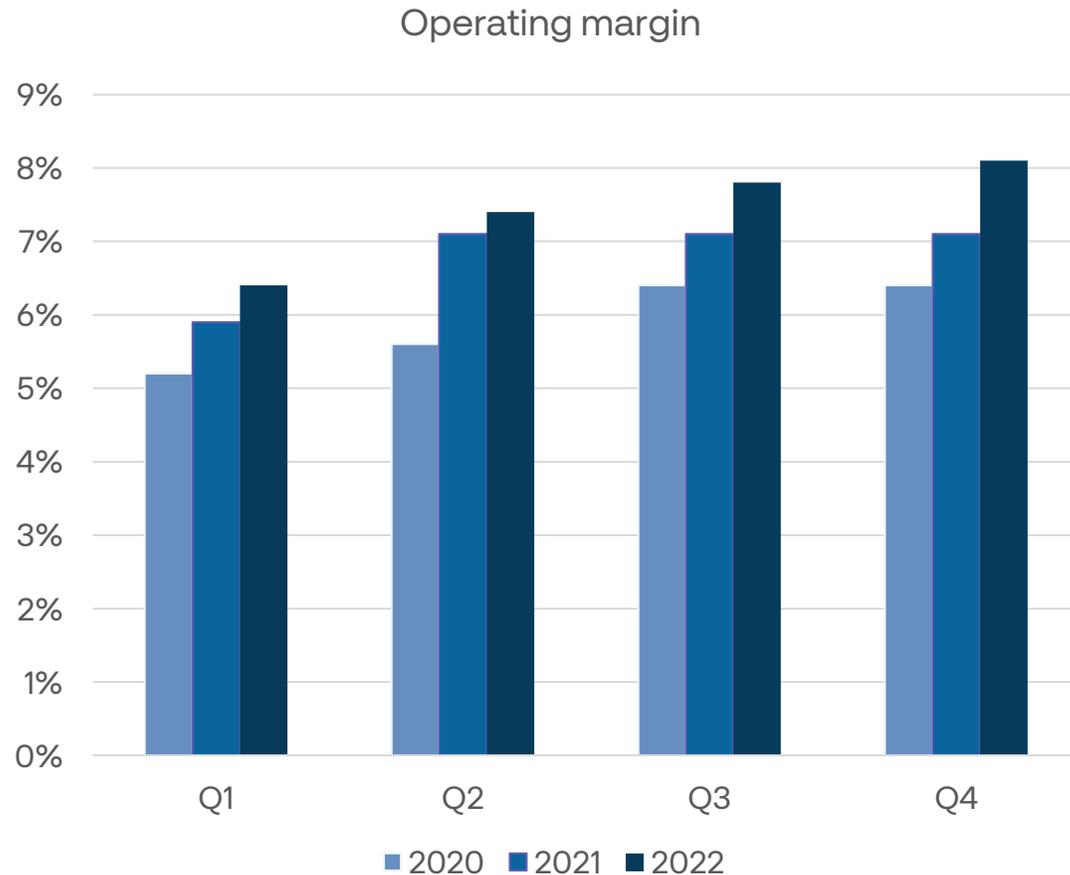
- Successful price increase campaigns and good commercial activity
- Installation business improved in Q4, still impacted by supply-chain issues and labor shortage
- Technology and solutions sales represented 31 percent (18) of total sales in Q4
- Client retention rate 85 percent (86)





## Security Services North America

# Strong operating margin of 8.1 percent in Q4



**Operating margin 8.1% (7.1)  
in Q4, 7.5% (6.8) in FY**

- The improvement was primarily driven by Technology including the STANLEY Security business
- Pinkerton contributed with strong demand for corporate risk management services
- Guarding was solid with positive impacts from active portfolio management and the transformation program, but slightly hampered by year-end reconciliations

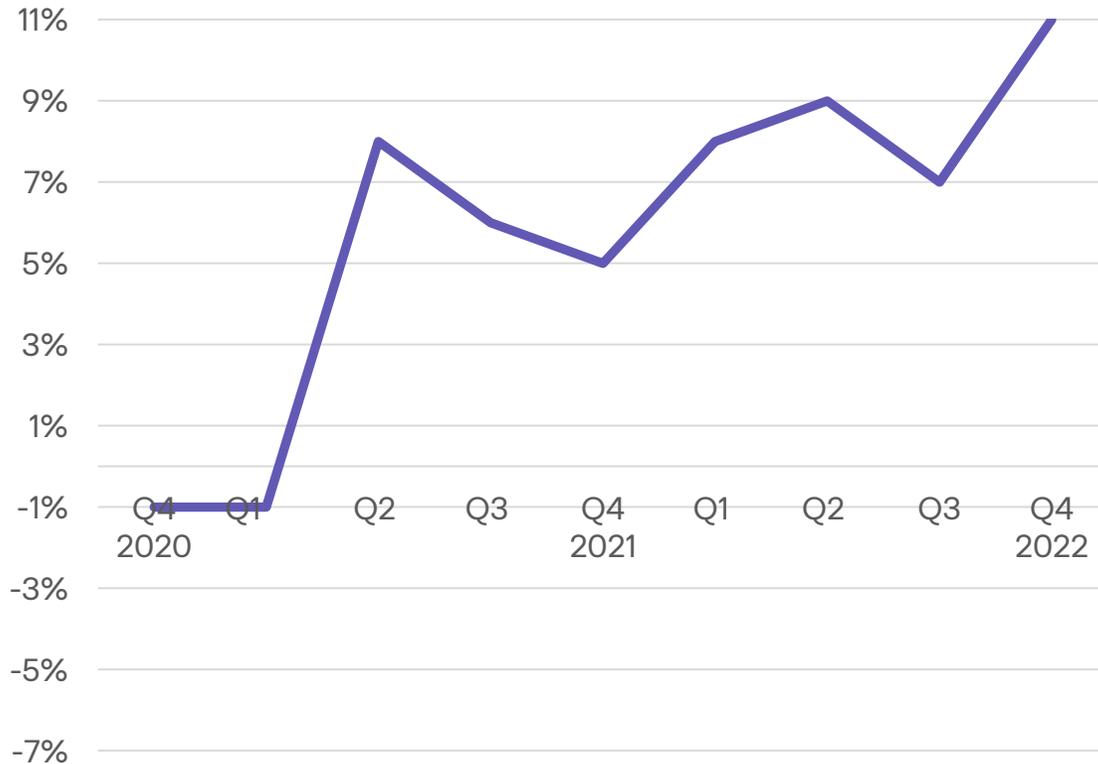




Security Services Europe

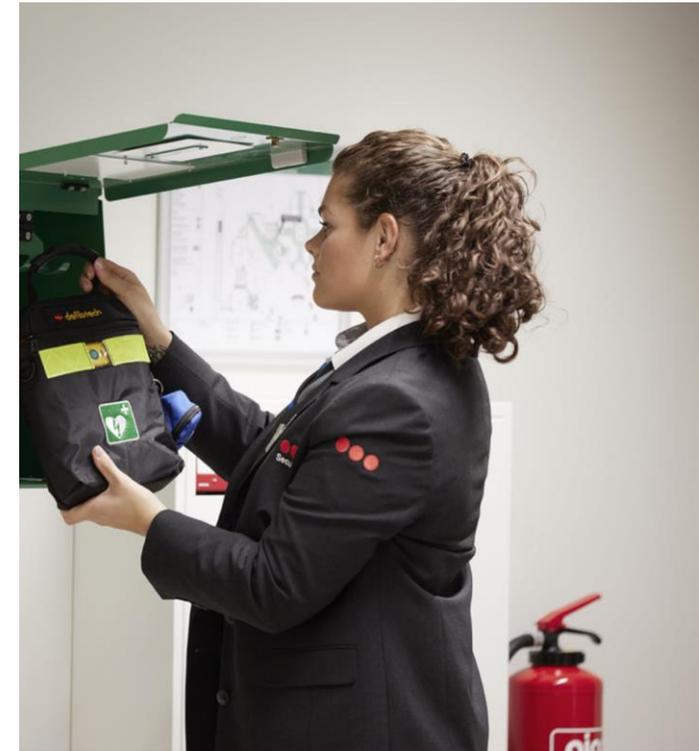
# Substantial price increases and positive momentum within technology and solutions drove the development

Organic sales growth



## Organic sales growth 11% (5) in Q4, 9% (5) in FY

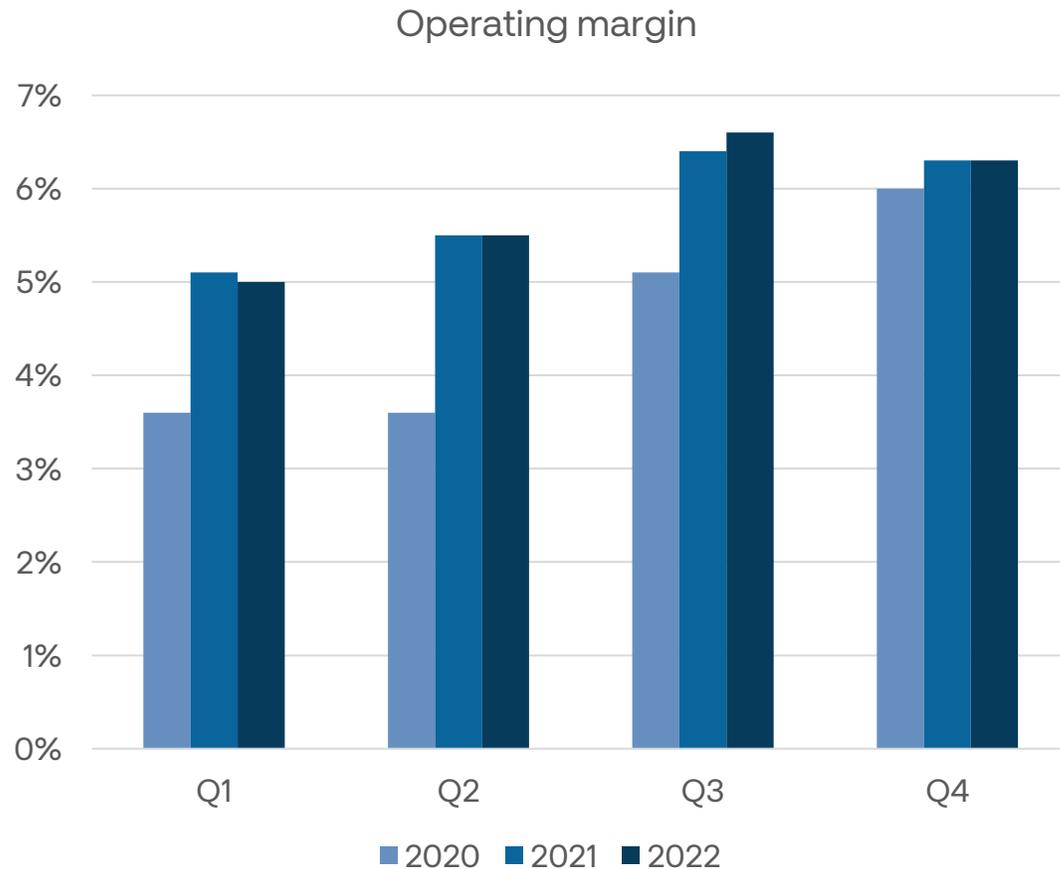
- High price increases supported organic sales growth including impacts from the hyperinflationary environment in Türkiye
- Good momentum within technology and solutions sales, represented 35 percent (26) of total sales in Q4
- Client retention rate 91 percent (92)





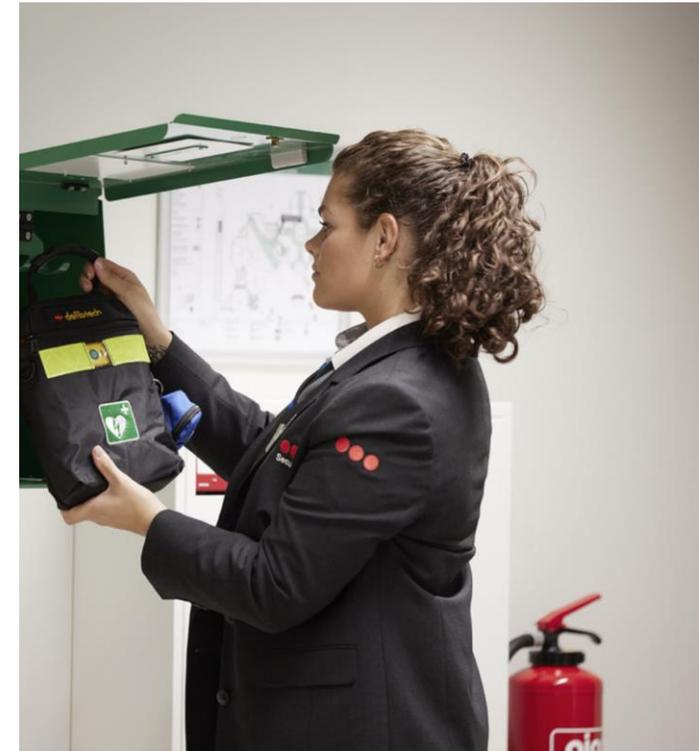
## Security Services Europe

# Operating margin supported by STANLEY



**Operating margin 6.3% (6.3) in Q4, 5.9% (5.8) in FY**

- Positive impact from STANLEY Security and active portfolio management
- Negative impact from various effects related to labor shortage, such as higher costs for subcontracting and reduced capacity for high-margin extra sales





## Security Services Ibero-America

# High organic sales growth driven by inflation in Argentina



## Organic sales growth 17% (11) in Q4, 16% (6) in FY

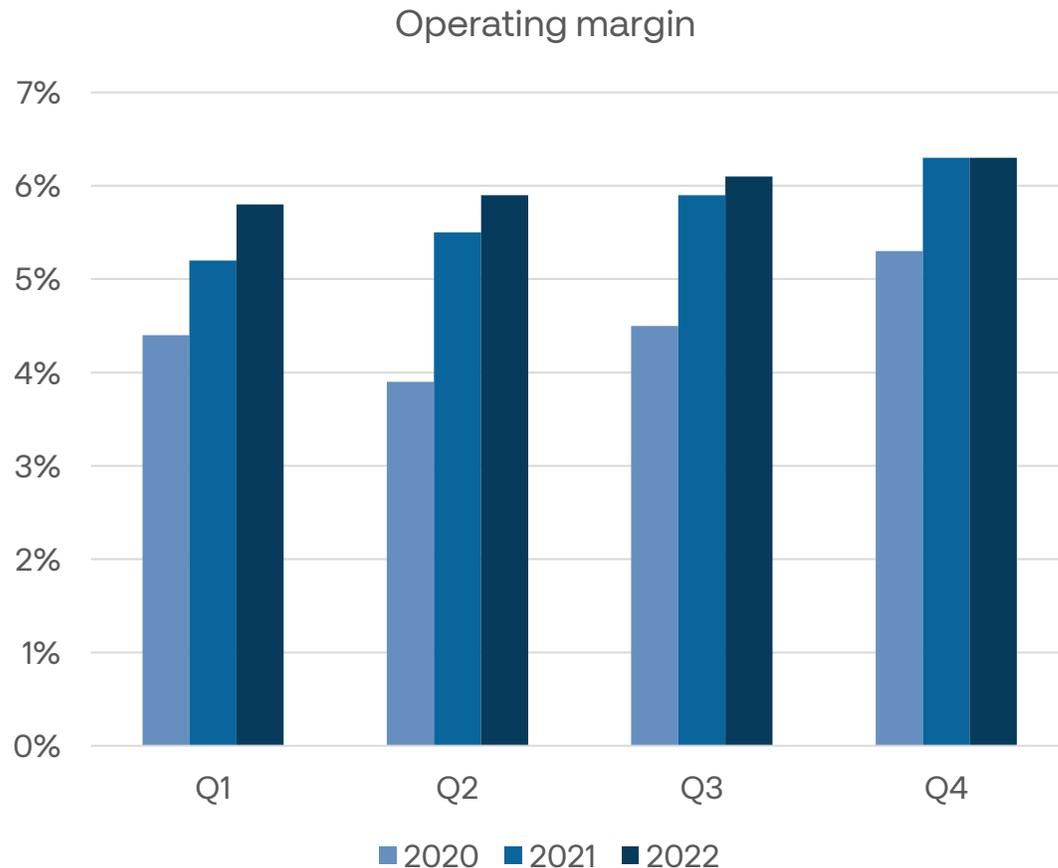
- Strong support from price increases, mainly in Argentina
- In Spain, organic sales growth was 4 percent (8) in Q4, a decline due to active portfolio management
- Good momentum of technology and solutions sales representing 31 percent (30) of total sales in Q4
- Client retention rate 92 percent (90)





## Security Services Ibero-America

# Strong performance in Spain and Portugal during the year



**Operating margin 6.3% (6.3) in Q4, 6.0% (5.7) in FY**

- The performance in Spain and Portugal was solid
- Latin America showed a mixed picture, with continued turn-around in Peru while market conditions in Argentina remained challenging





# Financials

Andreas Lindback  
CFO



## Strong performance supported by STANLEY and legacy business

MSEK	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Sales</b>	<b>38 091</b>	<b>28 049</b>	<b>133 237</b>	<b>107 700</b>
<i>Organic sales growth, %</i>	9	4	7	4
<b>Operating income before amort.</b>	<b>2 491</b>	<b>1 646</b>	<b>8 033</b>	<b>5 978</b>
<i>Operating margin, %</i>	6.5	5.9	6.0	5.6
Amort. of acquisition-related intangible assets	-155	-99	-414	-290
Acquisition-related costs	-4	-49	-49	-122
Items affecting comparability	-312	-356	-1 086	-871
<b>Operating income after amortization</b>	<b>2 020</b>	<b>1 142</b>	<b>6 484</b>	<b>4 695</b>
Financial income and expenses	-336	-83	-758	-364
<b>Income before taxes</b>	<b>1 684</b>	<b>1 059</b>	<b>5 726</b>	<b>4 331</b>
<i>Tax, %</i>	18.4	29.7	24.6	27.6
<b>Net income for the period</b>	<b>1 374</b>	<b>745</b>	<b>4 316</b>	<b>3 134</b>
<b>EPS, SEK*</b>	<b>2.47</b>	<b>1.70</b>	<b>9.20</b>	<b>7.14</b>
<b>EPS, SEK before IAC*</b>	<b>2.63</b>	<b>2.37</b>	<b>10.77</b>	<b>8.66</b>

- Amortization of acquisition-related intangible assets MSEK -155 (-99) in Q4
  - whereof MSEK -91 (0) related to STANLEY Security
- IAC of MSEK -312 (-356) in Q4
  - whereof MSEK -158 (-62) related to STANLEY Security
  - whereof MSEK -154 (-145) related to the transformation programs related to Europe and Ibero-America
- Financial income and expenses were MSEK -336 (-83) in Q4
  - whereof MSEK -243 (0) related to the financing of the STANLEY Security acquisition
    - MSEK -16 related to the bridge to equity facility
    - MSEK -227 related to the bridge to debt facility
  - Remaining MSEK -93 slightly higher than last year
    - Increased interest cost of approximately MSEK -47 compensated by positive impacts mainly from IAS 29
- Estimated financial net Q1 2023 approximately MSEK -400 to -450
- Tax 24.6 percent for the FY
  - +2.6% FY tax rate impact from reversal of tax provisions of MSEK 151 related to Spanish tax cases won in Q4

\* Before and after dilution. The number of shares have been adjusted for the rights issue completed on October 11, 2022



## Items affecting comparability

- Three programs closed in Q4 2021 with solid value realization ongoing
- Europe and Ibero-America programs in execution mode
- Transaction and integration-related STANLEY Security cost according to announced plan

### Full year 2022

#### IAC in Operating Income

Programs	MSEK	-632
STANLEY	MSEK	-454
<b>Total</b>	<b>MSEK</b>	<b>-1 086</b>

#### IAC in Financial Net

Bridge to equity	MSEK	-67
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#### IAC in Tax

Spanish tax	MSEK	+151
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### Transformation programs – Europe and Ibero-America, announced in Q4 2020

- Total program cost announced: MSEK -1 400 over the period 2021-2023
- Cloud computing: MSEK ~250 CAPEX to IAC transfer (non-cash) over 2022-2023
- IAC: Q4 2022 MSEK -154 / FY 2022 MSEK -632 / Since program start MSEK -1 012

Remaining IAC in program approximately MSEK -700

### STANLEY Security acquisition, announced in Q4 2021

- Total MUSD -135 (app. BSEK -1.4) acquisition-related cost, majority in 2022-2023
- IAC: Q4 2022 MSEK -158 / FY 2022 MSEK -454 / Since program start MSEK -516

FY 2023 IAC estimated to a range of MSEK -500 to -600



## Strong tailwind from FX

MSEK	Q4 2022	Q4 2021	Change	
			Total, %	Real*, %
Sales	38 091	28 049	36	25
Operating income	2 491	1 646	51	39
EPS, SEK**	2.47	1.70	45	28
EPS, SEK, before IAC**	2.63	2.37	11	-5
EPS, SEK, before IAC, constant shares***	2.56	1.81	41	20

MSEK	FY 2022	FY 2021	Change	
			Total, %	Real*, %
Sales	133 237	107 700	24	14
Operating income	8 033	5 978	34	22
EPS, SEK**	9.20	7.14	29	14
EPS, SEK, before IAC**	10.77	8.66	24	9
EPS, SEK, before IAC, constant shares***	8.80	6.63	33	17

FX SEK END-RATES			
	Q4 2022	Q4 2021	%
USD	10.48	9.05	16
EUR	11.14	10.24	9

\* Including acquisitions and adjusted FX

\*\* Before and after dilution. The number of shares have been adjusted for the rights issue completed on October 11, 2022

\*\*\* For illustrative purposes. Constant number of shares of 572 917 552



## Solid cash flow in the fourth quarter

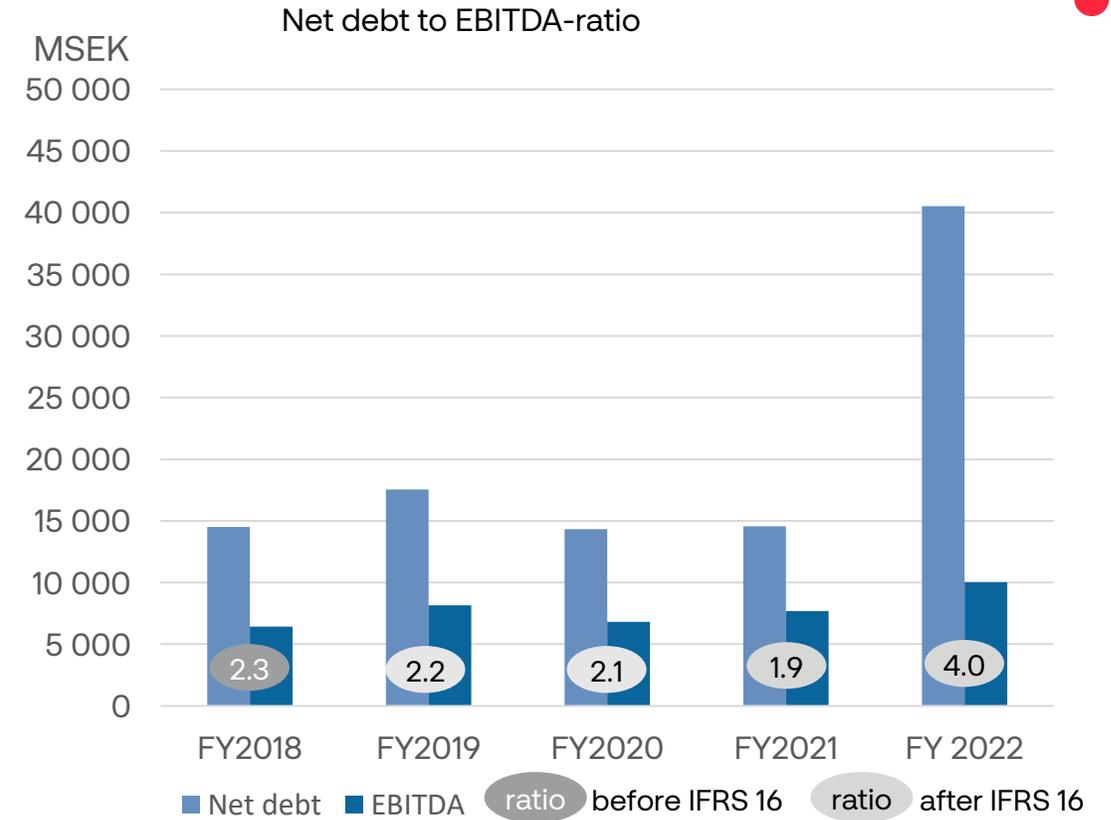
MSEK	Q4 2022	Q4 2021	FY 2022	FY 2021
<b>Operating income before amortization</b>	<b>2 491</b>	<b>1 646</b>	<b>8 033</b>	<b>5 978</b>
Net investments in non-current assets	-136	-90	-447	-120
Change in accounts receivable	-807	462	-1 943	117
Change in other operating capital employed	527	142	77	-399
<b>Cash flow from operating activities</b>	<b>2 075</b>	<b>2 160</b>	<b>5 720</b>	<b>5 576</b>
<i>Cash flow from operating activities, %</i>	<i>83</i>	<i>131</i>	<i>71</i>	<i>93</i>
Financial income and expenses paid	-243	-35	-657	-312
Current taxes paid	-657	-369	-1 641	-1 265
<b>Free cash flow</b>	<b>1 175</b>	<b>1 756</b>	<b>3 422</b>	<b>3 999</b>
<i>Free cash flow, %</i>	<i>59</i>	<i>152</i>	<i>57</i>	<i>95</i>

- Net investments of MSEK -136 (-90) in Q4
  - CAPEX of MSEK -1 011 and reversal of depreciation of MSEK 875
  - CAPEX <3% of Group sales annually
- Strong organic growth hampers account receivables in Q4 and FY, mitigated by good collections and working capital management across all segments in Q4
- Negative impact from payment of the corona-related government relief measures in North America of close to MSEK 700. No further payments remaining
- Full year operating cash flow MSEK 5 720 or 71 percent (80 percent excluding corona-related government relief payments)

# Adjusted net debt to EBITDA-ratio improved to 3.7x from 4.0x in Q3

## MSEK

<b>Net debt January 1, 2022</b>	<b>-14 551</b>
Free cash flow	3 422
Acquisitions/Divestitures	-32 274
IAC	-1 171
Rights issue, net	9 512
Dividend paid	-1 604
Lease liabilities	-1 274
<b>Change in net debt</b>	<b>-23 389</b>
Revaluation	-50
Translation	-2 544
<b>Net debt December 31, 2022</b>	<b>-40 534</b>

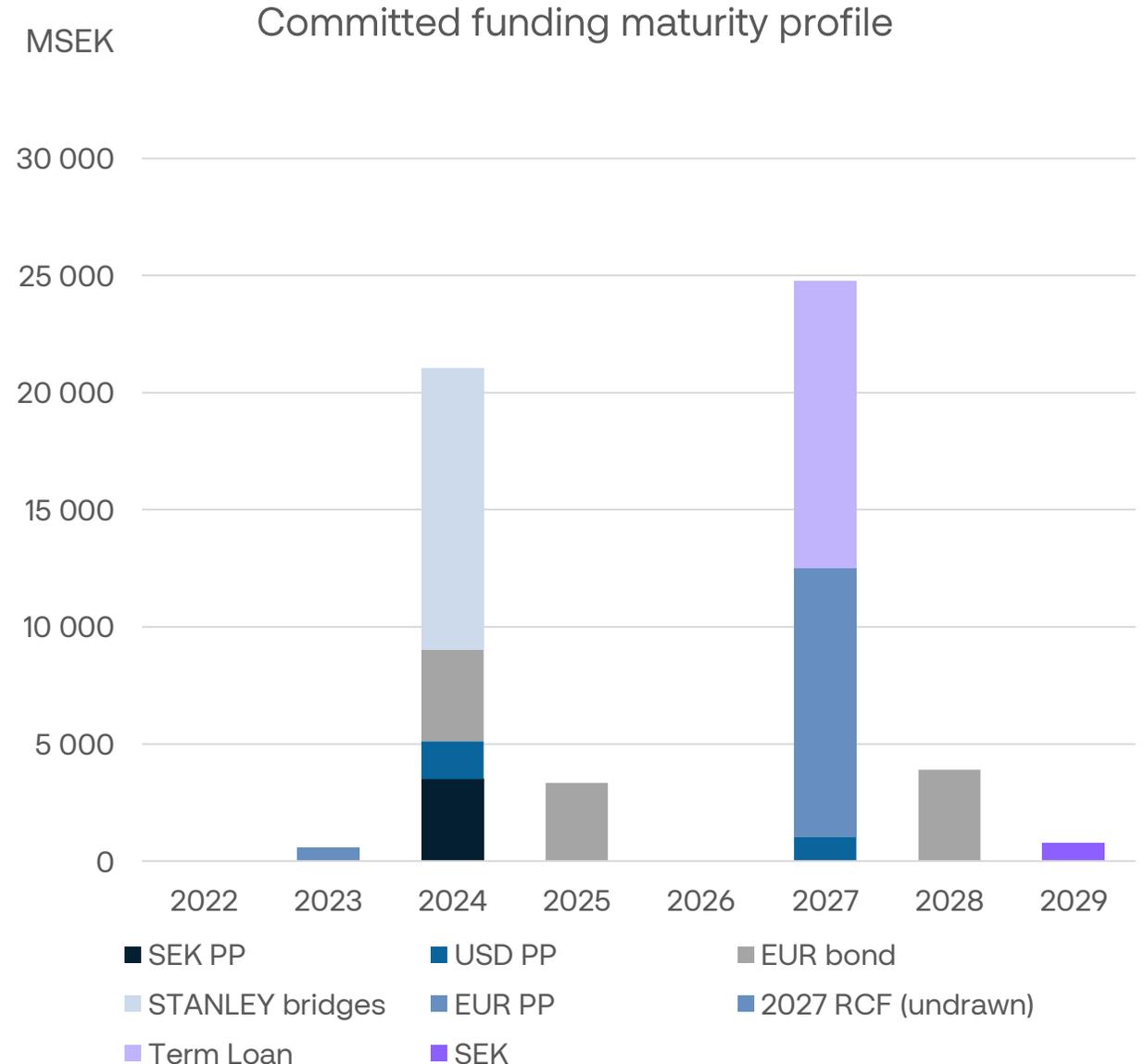


Q4 2022	Net debt to EBITDA-ratio
As reported	4.0
Adjusted net debt to EBITDA Including adjusted estimated STANLEY 12 months EBITDA	3.7
Adjusted net debt to EBITDA excluding IAC	3.3



# Financing overview

- No financial covenants
- Strong liquidity at end of Q4: BSEK 6.3
- MEUR 1 029 RCF matures in 2027 and is fully undrawn
- Bridge facilities related to BUSD 3.3 STANLEY Security acquisition
  - MUSD 915 bridge to equity facility fully repaid after successful completion of BSEK 9.6 rights issue in October
  - Bridge to debt facility with maturity in July 2024. Initial amount MUSD 2 385. As per February 1, 2023, remaining amount is MUSD 1 146
  - MUSD 75, 6-year Private Placement with SEK drawn on January 10, 2023
  - 4+1 years term loan of MEUR 1 100 completed on January 18, 2023, with 9 relationship banks
  - Remaining bridge to debt facility to be refinanced through a mix of long-term debt financing
- S&P credit rating BBB- with stable outlook, unchanged from Q3
- Remain committed to investment grade rating



*The debt maturity chart shows the position as per December 31, 2022, adjusted for the MUSD 75 private placement agreed December 8, 2022, and the MEUR 1 100 term loan agreement completed on January 18, 2023.*



# Building the new Securitas



# Securitas' financial targets

## Superior growth

**8-10%**

Technology & Solutions annual average real sales growth <sup>(1)</sup>

- A leading global Technology & Solutions provider with strong position in key geographical markets
- Compelling solutions and cross-selling opportunities
- Attractive M&A opportunities after deleveraging phase

## Higher margins

**8%**

Group EBITA margin by year-end 2025

**>10%**

Long-term EBITA margin ambition

- Increased exposure to high-margin Technology & Solutions market
- Strong cost synergies with STANLEY (MUSD 50)
- Margin enhancement through business transformation programs
- Active portfolio management and continuous review of non-performing contracts

### Operating cash flow

**70-80%**

of operating income before amortization

### Capital structure

**<3x**

Net debt to EBITDA-ratio

### Dividend policy

**50-60%**

of annual net income over time

## New additional disclosure from beginning of 2023:

Sales and operating income for **guarding, technology & solutions** and **other operations**

(1) For the 2022-26 period. Sales growth adjusted for changes in exchange rates





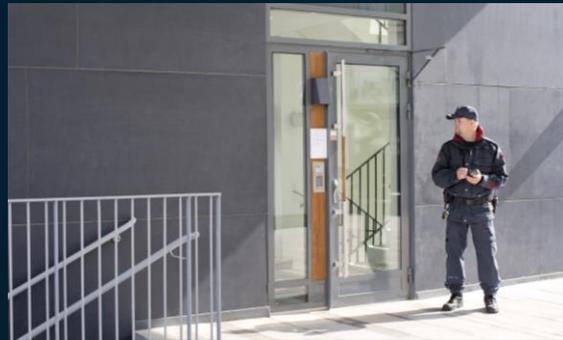
# Securitas is positioned to deliver superior growth and higher margins

Taking the lead within Technology...

...with quality guarding services focused on profitability...

...to become a global security solutions partner...

...leveraging our global platform to drive innovation



- Outstanding position in the technology market by teaming up with STANLEY Security to deliver superior growth
- High recurring revenue, with technology platform further driving shift to cloud and subscription-based business models and growing recurring revenue

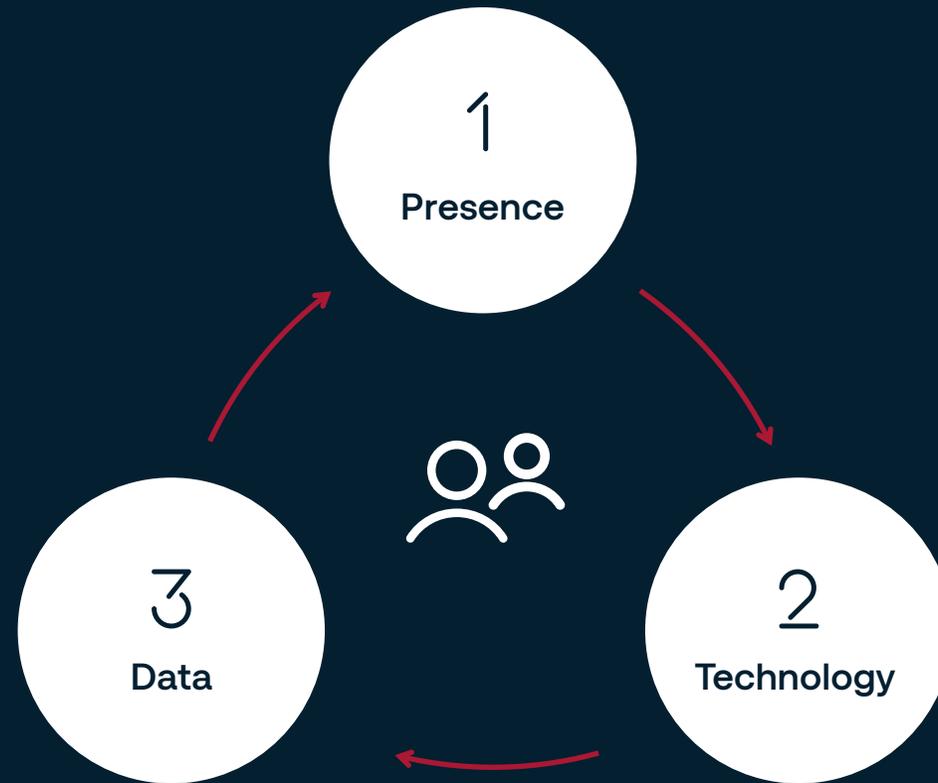
- Profitability focus in stable high recurring revenue guarding business
- Scale, transparency and efficiency gains with digital leadership and acceleration towards solutions

- A security solutions partner with leading technology and expertise
- Well positioned to serve the comprehensive and increasingly complex needs from global clients to SMEs, through client-specific combination of six protective services

- A strong global technology platform future proofing the business for next-generation solutions
- Strengthened proposition and profitability upside by scaling Technology & Solutions (>10%)



The future security solutions combines presence, technology and data





## The global client lens: Feedback last six months and commercial synergies

### *Client quotes:*

*“Excited to see the combined footprint of Stanley Security and Securitas come together in the new Securitas Technology – this gives a considerably enhanced footprint and technical capability to serve our business in locations across our Global footprint”*

*“Security and safety, and operational resilience, is becoming increasingly complex. Securitas is uniquely positioned today as a strategic partner in everything from corporate risk management, technology solutions to daily operation of our security program”*



# The global client lens: Feedback last six months and commercial synergies

## Commercial synergies

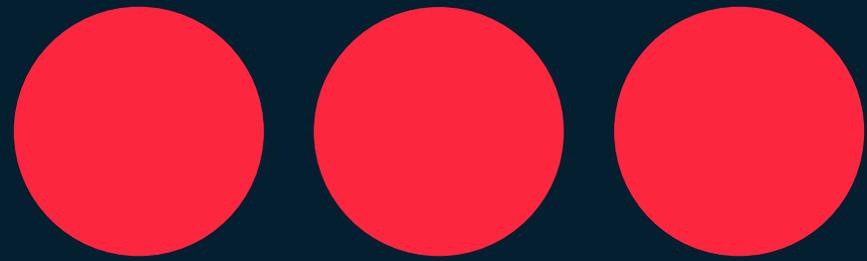
- Technology engagement has increased with all our major Global clients
- The new combined Securitas Technology business has won back previously lost Stanley clients
- Securitas clients expanding into new regions based on Stanley presence
- Global Technology pipeline has grown significantly in last 6 months
- 1st major Global tech client to contract across all Securitas' regions



## Executing on our strategy is generating results

- Increased operating result by 39 percent real change, and solid operating margin at 6.5 percent (5.9) in Q4
- Good momentum in technology and solutions sales across all segments
- Maintaining a positive price and wage balance in an inflationary environment
- **Strategic milestones in 2022:**
  - Transforming acquisition of STANLEY Security
  - First security company to commit to SBTi
  - Solid progress of digitization and modernization of our systems and applications
  - New financial targets





Securitas