Securitas

Interim Report

Q1 2023 | January–March 2023

January–March 2023

37 751
Total sales, MSEK

5.8%
Operating margin

1.66
Earnings per share, SEK

- Total sales MSEK 37 751 (28 598)
- Organic sales growth 12 percent (4)
- Operating income before amortization MSEK 2 180 (1 452)
- Operating margin 5.8 percent (5.1)
- Items affecting comparability (IAC) MSEK –281 (–134), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share before and after dilution SEK 1.66 (1.91)*
- Earnings per share before and after dilution, before IAC, SEK 2.03 (2.14)*
- Reported net debt/EBITDA 3.8 (2.0), adjusted net debt/EBITDA ratio 3.6 **
- Cash flow from operating activities 9 percent (–9)

* Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 19.
** Includes STANLEY Security's 12 months adjusted estimated EBITDA.

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Comments from the President and CEO

"Strong momentum in technology and solutions"

We are in the process of shaping a security solutions company at the forefront with world-leading technology and expertise, and began the year with 12 percent (4) organic sales growth and continued strong margin momentum together with STANLEY Security. Our high-margin technology and solutions business grew strongly at 13 percent, excluding STANLEY Security, demonstrating that we are on track to become the most attractive security solutions partner for our clients.

North America recorded accelerated growth in the business unit Guarding as a significant client contract has been renewed and expanded with the effect impacting the first quarter of 2023. For the Group, organic sales growth in the security services business line was primarily supported by Aviation and solid price increases, keeping the price and wage balance intact in the first quarter.

Our operating margin improved to 5.8 percent (5.1), which is the strongest operating margin so far in a first quarter. The development was driven by the technology and solutions business supported by healthy margins in the STANLEY Security acquisition. Our integration and value creation processes with STANLEY Security are progressing well. We have realized strong cost benefits and results in our Technology business primarily in North America. We see significant client interest in our strengthened offering leading to good commercial opportunities ahead.

Within our security services business we maintain our sharp focus on quality and actively managing lower profitability contracts and we continue to realize operating margin benefits from the transformation program in North America. In Europe, our performance is below expectations due to increased costs related to labor shortage, contract start-up costs in Aviation and negative cost leverage.

The Group's operating cash flow improved to 9 percent (–9) of the operating result. The first quarter is normally weaker from a cash flow perspective, but we remain confident regarding our cash generation ability.

EXECUTING ON OUR STRATEGY

Leadership in technology and solutions and digital capabilities are top priorities in our strategic execution. Together with STANLEY Security we are now number two in the global security technology market and we have a unique solutions offering. The transformation programs we have implemented in North America and are implementing in Europe and Ibero-America fundamentally shift our digital capabilities as a company, digitalizing our client, people, operational and financial processes end-to-end. This creates major opportunities to develop and commercialize innovative solutions to our clients, supporting our ambition to become a 10 percent operating margin company over time.

The transformation program in North America has now become an integral part of the day-to-day operations with good margin improvements as a result. In Europe we continue to execute the corresponding program although with some delay as mentioned earlier as we calibrate our efforts with the STANLEY Security integration program to optimize costs and benefits. The parallel program in Ibero-America is on track.

The macroeconomic environment remains uncertain, but I am confident that we are well prepared to continue delivering high-value services even during more challenging times. Our unique offering and client value proposition have strengthened, enabling higher growth within technology and solutions as well as significant operating margin enhancement opportunities going forward. As part of our strategy, we will continue to assess our business mix and presence to further sharpen our performance and position as the leading technology and solutions company in the market.

Magnus Ahlqvist
President and CEO

January–March summary

ACQUISITION OF STANLEY SECURITY
The acquisition of STANLEY Security has a significant impact on Securitas' reporting that should be considered when reading this report.

STANLEY Security was consolidated as of July 22, 2022, and is consequently included in the first quarter 2023 income statement. There are no income items relating to STANLEY Security in the first quarter comparatives except for transaction costs incurred by the Group prior to the date of acquisition. In the January–December 2022 income statement STANLEY Security is included from the date of consolidation.

STANLEY Security is according to Securitas' definition of organic sales growth excluded from the calculation of this key ratio during the first 12 months from July 22, 2022. When organic sales growth for STANLEY Security is referred to, this is an estimate of how the acquired business is growing organically but this contribution is excluded from Securitas' organic sales growth. Real sales growth includes the contribution from STANLEY Security as acquired sales are included in the determination of this key ratio.

In the balance sheet STANLEY Security is included as of March 31, 2023, but not in the first quarter 2022 comparative. STANLEY Security is included in the balance sheet as of December 31, 2022.

STANLEY Security is included in the operating and free cash flow in the first quarter 2023, but not in the first quarter 2022 comparative. In the full year 2022 operating and free cash flow the contribution from STANLEY Security is attributable to the period July 22 to December 31, 2022.

In our segment reporting STANLEY Security is included in Securitas North America and Securitas Europe.

FINANCIAL SUMMARY

	Q1		Change, %		Full year	Change, %
MSEK	2023	2022	Total	Real	2022	Total
Sales	**37 751**	**28 598**	**32**	**26**	**133 237**	**24**
Organic sales growth, %	*12*	*4*			*7*	
Operating income before amortization	**2 180**	**1 452**	**50**	**42**	**8 033**	**34**
Operating margin, %	*5.8*	*5.1*			*6.0*	
Amortization of acquisition-related intangible assets	–154	–61			–414	
Acquisition-related costs	–1	–10			–49	
Items affecting comparability[1]	–281	–134			–1 086	
Operating income after amortization	**1 744**	**1 247**	**40**	**31**	**6 484**	**38**
Financial income and expenses	–428	–95			–758	
Income before taxes	**1 316**	**1 152**	**14**	**5**	**5 726**	**32**
Net income for the period	**963**	**841**	**15**	**5**	**4 316**	**38**
Earnings per share before and after dilution, SEK[2]	1.66	1.91	–13	–20	9.20	29
EPS before and after dilution, before items affecting comparability, SEK[2]	2.03	2.14	–5	–12	10.77	24
Cash flow from operating activities, %	*9*	*–9*			*71*	
Free cash flow	–627	–687			3 422	
Net debt to EBITDA ratio	*3.8*	*2.0*			*4.0*	

[1] Refer to note 7 on page 25 for further information.
[2] Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 19.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT*

	Organic sales growth		Operating margin	
	Q1		Q1	
%	2023	2022	2023	2022
Securitas North America	7	−2	7.6	6.4
Securitas Europe	13	8	5.1	5.0
Securitas Ibero-America	23	12	5.8	5.8
Group	**12**	**4**	**5.8**	**5.1**

* The business segments have been renamed as of May 3, 2023.

FINANCIAL SUMMARY PER BUSINESS LINE

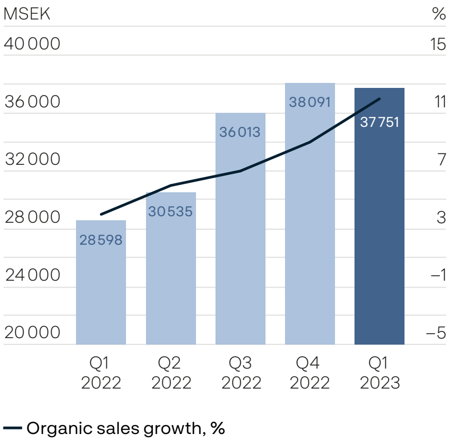
	Sales, MSEK	Real sales growth, %	Operating income before amortization, MSEK	Operating margin, %	% of Group sales	% of Group operating income before amortization
Business line	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2023	Q1 2023
Security services	24 944	*11*	1 077	*4.3*	*66*	*49*
Technology and solutions	12 021	*77***	1 216	*10.1*	*32*	*56*
Risk management services and costs for Group functions	786	–	−113	–	*2*	*−5*
Group	**37 751**	***26***	**2 180**	***5.8***	***100***	***100***

* Excluding STANLEY Security real sales growth was 13 percent in the first quarter.

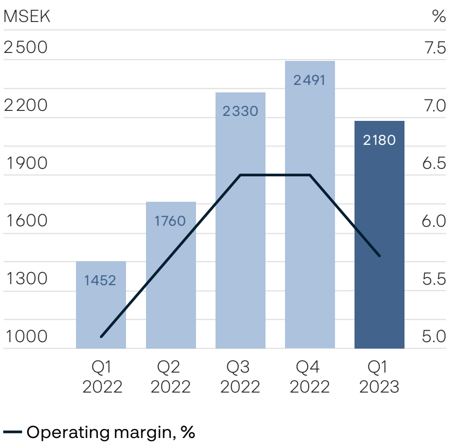
For further information regarding the revenue from the Group's business lines, refer to note 3.

Group development

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JANUARY–MARCH 2023

SALES DEVELOPMENT

Sales amounted to MSEK 37 751 (28 598) and organic sales growth to 12 percent (4).

Securitas North America had 7 percent (–2) organic sales growth driven by the Guarding and Technology business units. Securitas Europe showed 13 percent (8), coming from strong price increases across the business and good growth within technology and solutions, and Aviation. Securitas Ibero-America reported 23 percent (12), driven by price increases in the hyperinflationary environment in Argentina. Extra sales in the Group amounted to 12 percent (13) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 26 percent (5).

Technology and solutions sales amounted to MSEK 12 021 (6 565) or 32 percent (23) of total sales in the quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 77 percent (9) with the acquired STANLEY Security as the main contributor. Excluding STANLEY Security, real sales growth was 13 percent (9).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 2 180 (1 452) which, adjusted for changes in exchange rates, represented a real change of 42 percent (8).

The Group's operating margin was 5.8 percent (5.1), an improvement driven by Securitas North America's business units Technology, including the acquired STANLEY Security, and Guarding. The operating margin in Securitas Europe improved slightly, supported by the STANLEY Security acquisition and in Securitas Ibero-America the operating margin was on par with last year. Price increases in the Group were on par with wage cost increases in the first quarter.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –154 (–61), whereof MSEK –90 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –1 (–10). For further information refer to Acquisitions and divestitures on page 12 and note 6.

Items affecting comparability were MSEK –281 (–134), whereof MSEK –115 (–13) related to the acquisition of STANLEY Security and MSEK –166 (–121) were related to the transformation programs in Europe and Ibero-America. For further information refer to note 7.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –428 (–95), whereof MSEK –310 (0) related to financing of the STANLEY Security acquisition. The impact from IAS 29 hyperinflation was MSEK 51 (12) relating to the net monetary gain. For further information refer to note 8. Financial income and expense also include foreign currency gains, net, of MSEK 13 (4). Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 1 316 (1 152).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 26.8 percent (27.0). The tax rate before tax on items affecting comparability was 26.6 percent (27.0).

Net income was MSEK 963 (841).

Earnings per share before and after dilution amounted to SEK 1.66 (1.91). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 2.03 (2.14).

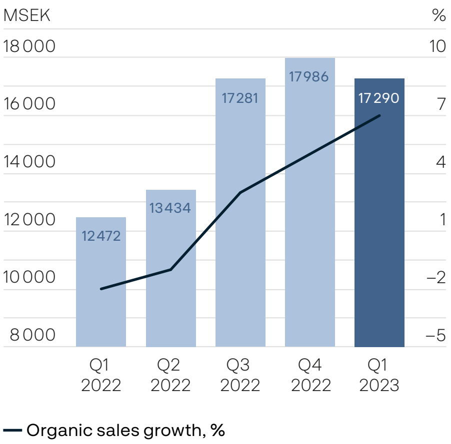
Development in the Group's business segments

Securitas North America

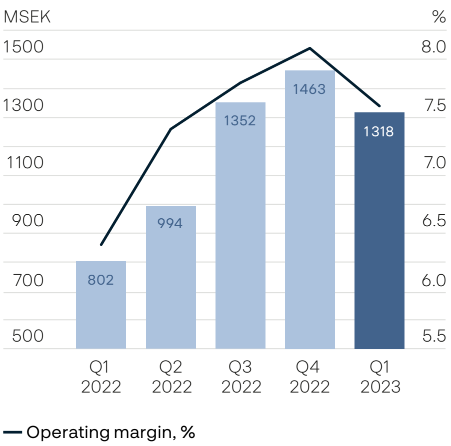
Securitas North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units – Guarding, Technology, Pinkerton Corporate Risk Management and Critical Infrastructure Services. There is a unit for global and national clients as well as specialized client segment units, such as aviation, healthcare, manufacturing, and oil and gas.

	Q1		Change, %		Full year
MSEK	2023	2022	Total	Real	2022
Total sales	**17 290**	**12 472**	**39**	**28**	**61 173**
Organic sales growth, %	*7*	*–2*			*1*
Share of Group sales, %	*46*	*44*			*46*
Operating income before amortization	**1 318**	**802**	**64**	**53**	**4 611**
Operating margin, %	*7.6*	*6.4*			*7.5*
Share of Group operating income, %	*60*	*55*			*57*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JANUARY–MARCH 2023

Organic sales growth was 7 percent (–2), driven by the business unit Guarding with support from successful price increase campaigns, good commercial activity and a significant guarding contract renewed and expanded, as previously communicated. By comparison, the first quarter last year was hampered by the termination of two significant security contracts. Organic sales growth was also supported by the Technology business unit from improved installation sales and a continued healthy backlog. The client retention rate was 85 percent (87).

Technology and solutions sales accounted for MSEK 5 415 (2 289) or 31 percent (18) of total sales in the business segment, with real sales growth of 125 percent (1) in the first quarter. The acquired STANLEY Security business in North America was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 7.6 percent (6.4), driven by Technology including the acquired STANLEY Security business. The operating margin in Guarding improved supported by active portfolio management and leverage from the strong topline growth. The operating margin in Pinkerton also improved in the first quarter.

The Swedish krona exchange rate weakened against the US dollar, which had a positive impact on operating income in Swedish kronor. The real change was 53 percent (7) in the first quarter.

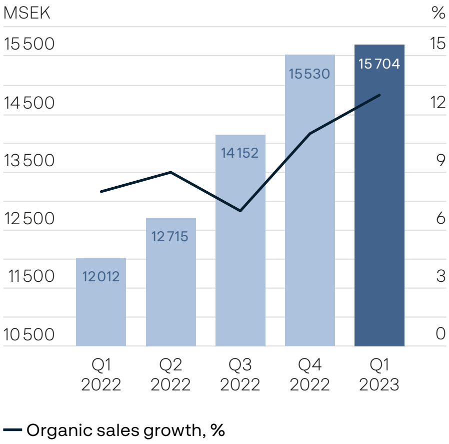
Securitas Europe

Securitas Europe provides protective services in 21 countries. The full range of protective services includes on-site, mobile and remote guarding, technology, fire and safety services and corporate risk management. In addition, there are three specialized units for global clients, technology and security solutions.

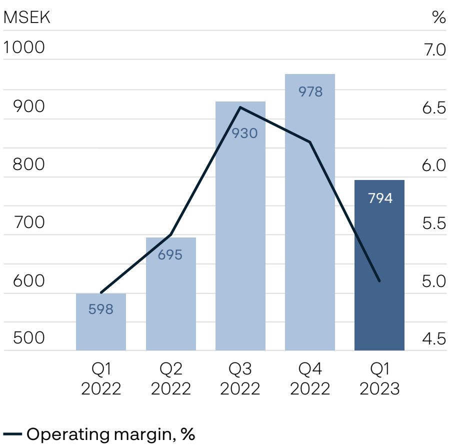
	Q1		Change, %		Full year
MSEK	2023*	2022	Total	Real	2022
Total sales	**15 704**	**12 012**	**31**	**27**	**54 409**
Organic sales growth, %	*13*	*8*			*9*
Share of Group sales, %	*42*	*42*			*41*
Operating income before amortization	**794**	**598**	**33**	**30**	**3 201**
Operating margin, %	*5.1*	*5.0*			*5.9*
Share of Group operating income, %	*36*	*41*			*40*

* As of April 1, 2022, Securitas has adopted IAS 29 Financial reporting in hyperinflationary economies for our operations in Türkiye. When calculating the key ratios for organic sales growth percentage and real change percentage, the impact from the remeasurement is treated similarly to currency change. The calculated key ratio percentages are thus comparable as to how these were calculated before the adoption of IAS 29. The impact from IAS 29 is a remeasurement of sales with MSEK 11 (0) in the first quarter 2023, and a remeasurement of operating income before amortization of MSEK 0 (0) for the first quarter 2023.

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JANUARY–MARCH 2023

Organic sales growth was 13 percent (8) in the quarter, driven by strong price increases, including the impact of the hyperinflationary environment in Türkiye, and Aviation. A positive portfolio development within solutions also contributed, as did increased installation sales. The client retention rate was 91 percent (92).

Technology and solutions sales accounted for MSEK 5 213 (3 059) or 33 percent (25) of total sales in the business segment, with real sales growth of 67 percent (15) in the first quarter. The acquired STANLEY Security business in Europe was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 5.1 percent (5.0), supported by the acquired STANLEY Security business and active portfolio management, but hampered by start-up costs in an Aviation contract, increased costs related to the labor shortage, such as higher costs for subcontracting, and negative leverage.

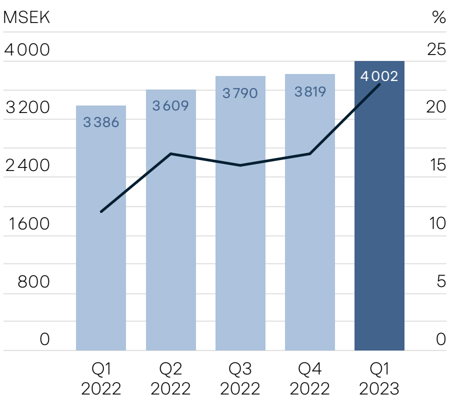
The Swedish krona exchange rate weakened primarily against the euro but was partly offset by the development of the Turkish lira, which had a positive impact on operating income in Swedish kronor. The real change in operating income was 30 percent (7) in the first quarter.

Securitas Ibero-America

Securitas Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. The offered services include on-site, mobile and remote guarding, technology, fire and safety services, and corporate risk management.

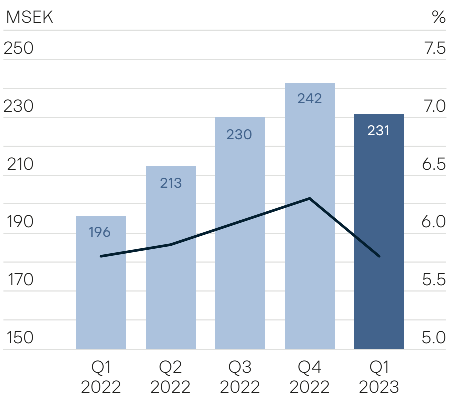
	Q1		Change, %		Full year
MSEK	2023	2022	Total	Real	2022
Total sales	**4 002**	**3 386**	**18**	**23**	**14 604**
Organic sales growth, %	*23*	*12*			*16*
Share of Group sales, %	*11*	*12*			*11*
Operating income before amortization	**231**	**196**	**18**	**13**	**881**
Operating margin, %	*5.8*	*5.8*			*6.0*
Share of Group operating income, %	*11*	*13*			*11*

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

JANUARY–MARCH 2023

Organic sales growth was 23 percent (12), driven by price increases primarily in the hyperinflationary environment in Argentina. Organic sales growth in Spain was 6 percent (10), supported by price increases and improved installation sales, but held back by active portfolio management and a stronger comparative figure. In Latin America, organic sales growth continued on a high level primarily driven by price increases. The client retention rate was 91 percent (92).

Technology and solutions sales accounted for MSEK 1 224 (1 010) or 31 percent (30) of total sales in the business segment, with real sales growth of 17 percent (10) in the first quarter.

The operating margin was 5.8 percent (5.8), supported by higher margin technology and solutions sales and portfolio management, but hampered by wage pressure in the beginning of the year in Spain which is expected to improve throughout 2023.

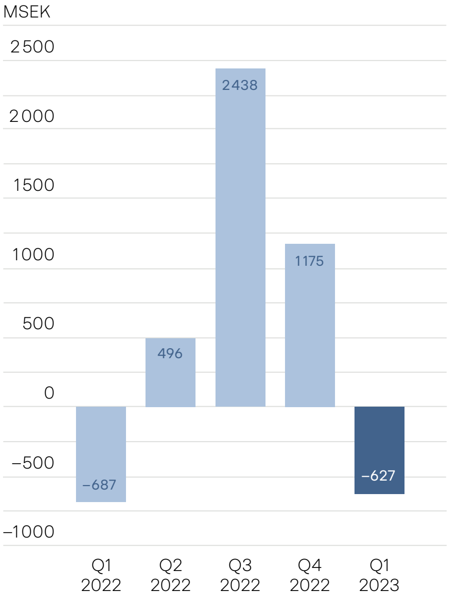
The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor. The real change in the segment was 13 percent (23) in the first quarter.

Cash flow

FREE CASH FLOW

MSEK	Jan–Mar 2023
Operating income before amortization	**2 180**
Net investments	–69
Change in accounts receivable	–609
Change in other operating capital employed	–1 315
Cash flow from operating activities	**187**
Financial income and expenses paid	–518
Current taxes paid	–296
Free cash flow	**–627**

QUARTERLY FREE CASH FLOW



JANUARY–MARCH 2023

Cash flow from operating activities amounted to MSEK 187 (–129), equivalent to 9 percent (–9) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –609 (–448). Changes in other operating capital employed were MSEK –1 315 (–1 090).

Financial income and expenses paid was MSEK –518 (–236) and current taxes paid was MSEK –296 (–322).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –69 (–43), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –947 (–727) and reversal of depreciation of MSEK 878 (684).

Free cash flow was MSEK –627 (–687), equivalent to –46 percent (–65) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –5 (–7). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –336 (–267). Refer to note 7 for further information.

Cash flow from financing activities was MSEK 22 (–197) due to a net increase in borrowings.

Cash flow for the period was MSEK –946 (–1 158). The closing balance for liquid funds after translation differences of MSEK –18 was MSEK 5 359 (6 323 as of December 31, 2022).

Capital employed and financing

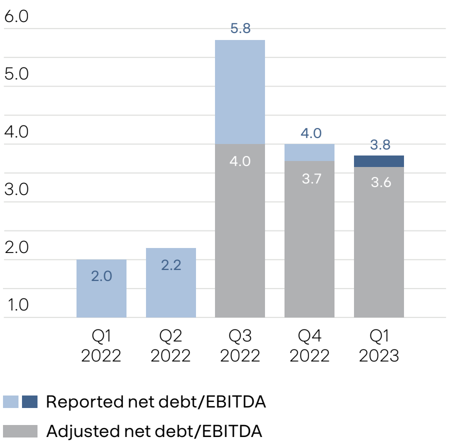
CAPITAL EMPLOYED AND FINANCING

MSEK	Mar 31, 2023
Operating capital employed	20 316
Goodwill	51 062
Acquisition-related intangible assets	7 008
Shares in associated companies	400
Capital employed	**78 786**
Net debt	41 308
Shareholders' equity	37 478
Financing	**78 786**

NET DEBT DEVELOPMENT

MSEK	Jan–Mar 2023
Jan 1, 2023	**–40 534**
Free cash flow	–627
Acquisitions/divestitures	–5
Items affecting comparability	–336
Lease liabilities	40
Change in net debt	**–928**
Revaluation	8
Translation	146
Mar 31, 2023	**–41 308**

REPORTED NET DEBT/EBITDA



CAPITAL EMPLOYED AS OF MARCH 31, 2023

The Group's operating capital employed was MSEK 20 316 (18 377 as of December 31, 2022), corresponding to 13 percent of sales (13 as of December 31, 2022) adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 62.

The Group's total capital employed was MSEK 78 786 (76 972 as of December 31, 2022). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 211. The return on capital employed was 10 percent (9 as of December 31, 2022).

FINANCING AS OF MARCH 31, 2023

The Group's net debt amounted to MSEK 41 308 (40 534 as of December 31, 2022). The net debt was impacted mainly by the free cash flow of MSEK –627, translation differences of MSEK 146 and payments for items affecting comparability of MSEK –336.

The net debt to EBITDA ratio was 3.8 (2.0). The adjusted net debt EBITDA ratio was 3.6*. The free cash flow to net debt ratio amounted to 0.08 (0.16). The interest coverage ratio amounted to 6.7 (14.2).

On March 31, 2023, Securitas had a Revolving Credit Facility with its eleven key relationship banks. The size of the facility amounted to MEUR 1 029 maturing 2027. The facility was undrawn on March 31, 2023.

A Swedish Commercial Paper Program amounts to MSEK 5 000. MSEK 500 was outstanding as of March 31, 2023.

A debt bridge facility was used to partly fund the acquisition of STANLEY Security. The original debt bridge facility amounted to MUSD 2 385 and has a final maturity date of July 22, 2024. Of this facility MEUR 75 was repaid on January 10, 2023, with the proceeds of a new 6-year Private Placement of MUSD 75. A further MEUR 1 100 equivalent was repaid on February 1, 2023, with the proceeds of a new 4+1 year term loan from Securitas' core relationship banks. A further MEUR 300 equivalent was repaid on March 2, 2023, with the proceeds of a Schuldschein multi tranche loan which matures mostly in 2028. This left a balance of MUSD 809 equivalent on March 31, 2023. A further MEUR 600 was repaid on April 4, 2023, from the proceeds of a 4-year Eurobond issue, reducing the bridge facility balance to MUSD 159 equivalent.

Standard & Poor's rating of Securitas is BBB- with stable outlook. Standard and Poor's confirmed the rating in the first quarter.

Further information regarding financial instruments and credit facilities is provided in note 9.

Shareholders' equity amounted to MSEK 37 478 (36 438 as of December 31, 2022). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 65. Refer to the statement of comprehensive income on page 16 for further information.

The total adjusted number of shares amounted to 572 917 552 (438 441 802) as of March 31, 2023. Refer to page 19 for further information.

* Includes STANLEY Security's 12 months adjusted estimated EBITDA.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–MARCH 2023 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enterprise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**51 021**	**7 180**
Other acquisitions and divestitures [5, 6]		–	–	–	5	23	–
Total acquisitions and divestitures January–March 2023				**–**	**5**	**23**	**–**
Amortization of acquisition-related intangible assets						–	–154
Translation differences and remeasurement for hyperinflation						18	–18
Closing balance						**51 062**	**7 008**

1) Refers to business segment with main responsibility for the acquisition.
2) Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3) Estimated annual sales.
4) Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.
5) Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: STANLEY Security, related to adjustments for several countries within North America and Europe and Complete Security Integration, Australia. Related also to an additional payment received for the divestiture of Securitas Egypt as well as to deferred considerations paid in Spain and Australia.
6) Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK –6. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 124.
7) Cash flow from acquisitions and divestitures amounts to MSEK –5, which is the sum of enterprise value of MSEK –5 and acquisition-related costs paid of MSEK 0.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity on page 19. Transaction costs and revaluation of deferred considerations can be found in note 6. Additional information regarding the acquisition of STANLEY Security can be found in note 13.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2022 Annual Report and to note 12 on page 27. If no significant events have occurred relating to the information in the Annual Report no further comments are made in the Interim Report for the respective case.

BRIDGE TO DEBT REFINANCING

A 4+1 year term loan agreement of MEUR 1 100 was entered on January 18, 2023, to refinance a major part of the remaining bridge facility of MUSD 2 315 for the STANLEY Security acquisition. The terms create flexibility in the future funding strategy as the facility can be repaid in advance.

On March 2, 2023, a Schuldschein loan transaction of MEUR 300 equivalent was concluded on the international Schuldschein market. The majority of the funding is for five years and consist of Euro and US dollar tranches.

On April 4, 2023, Securitas closed a 4-year MEUR 600 bond in the Eurobond market. The proceeds were used to refinance almost the entirety of the remaining bridge facility related to the acquisition of STANLEY Security which was closed on July 22, 2022.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

Changes in Group Management

Jan Lindström, SVP Finance, has decided to step down from his role as of June 7, 2023, and will no longer be a member of Group Management. Jan will continue within Securitas full-time, supporting the finance team.

The SVP Finance role will be discontinued. All other Group Management members continue in their current roles.

Risks and uncertainties

Risk management is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories: operational risks, financial risks and strategic risks and opportunities. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2022.

In the preparation of financial reports, the Board of Directors and Group Management make estimates and judgments. These impact the statement of income and balance sheet as well as disclosures such as contingent liabilities. The actual outcome may differ from these estimates and judgments under different circumstances and conditions.

Risks related to the general macro-economic environment with the increase in inflation, interest rates, deteriorating insurance market, labor shortages and supply chain issues together with the changed geo-political situation in the world and lingering effects from the corona pandemic makes it difficult to predict the economic development of the different markets and geographies in which we operate.

On July 22, 2022, Securitas completed the acquisition of STANLEY Security. The acquisition and integration of new companies always carries certain risks. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

Our transformation program in Europe is being executed, although with a delay into 2024, as we are currently calibrating the program with the STANLEY Security integration plan to ensure we are maximising the cost and benefit realization. The corresponding program in Ibero-America is progressing according to plan. The implementation and rollout of new systems and platforms to support this transformation naturally carries a risk in terms of potential disruptions to our operations that could result in a negative impact on our result, cash flow and financial position. This is mitigated by solid change management and a phased rollout on a country by country basis over a longer period.

The geopolitical situation in the world has changed radically with Russia's invasion of Ukraine at the end of February 2022. We have no operations either in Russia or in Ukraine but we follow the development closely and contribute to a safer society where we can.

For the forthcoming nine-month period, the financial impact of the general macro-economic environment described above, the acquisition and integration of STANLEY Security including increased interest rates for the acquisition-funding, the implementation of new platforms as part of our transformation programs, as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2022 and, where applicable, under the heading Other significant events above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB consists of Group Management and support functions for the Group.

JANUARY–MARCH 2023

The Parent Company's income amounted to MSEK 488 (434) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 213 (293). Income before taxes amounted to MSEK 211 (500).

AS OF MARCH 31, 2023

The Parent Company's non-current assets amounted to MSEK 66 414 (66 354 as of December 31, 2022) and mainly comprise shares in subsidiaries of MSEK 64 029 (64 040 as of December 31, 2022). Current assets amounted to MSEK 14 808 (11 813 as of December 31, 2022) of which liquid funds accounted for MSEK 2 841 (2 376 as of December 31, 2022).

Shareholders' equity amounted to MSEK 48 636 (48 282 as of December 31, 2022).

The Parent Company's liabilities and untaxed reserves amounted to MSEK 32 586 (29 885 as of December 31, 2022) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 29.

Stockholm, May 3, 2023

Magnus Ahlqvist
President and Chief Executive Officer

This report has not been reviewed by the company's auditors.

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Sales		33 519	28 453	124 944
Sales, acquired business		4 232	145	8 293
Total sales	**3**	**37 751**	**28 598**	**133 237**
Organic sales growth, %	*4*	*12*	*4*	*7*
Production expenses		–30 166	–23 445	–107 124
Gross income		**7 585**	**5 153**	**26 113**
Selling and administrative expenses		–5 430	–3 722	–18 182
Other operating income	3	14	12	52
Share in income of associated companies		11	9	50
Operating income before amortization		**2 180**	**1 452**	**8 033**
Operating margin, %		*5.8*	*5.1*	*6.0*
Amortization of acquisition-related intangible assets		–154	–61	–414
Acquisition-related costs	6	–1	–10	–49
Items affecting comparability	7	–281	–134	–1 086
Operating income after amortization		**1 744**	**1 247**	**6 484**
Financial income and expenses	8, 9	–428	–95	–758
Income before taxes		**1 316**	**1 152**	**5 726**
Net margin, %		*3.5*	*4.0*	*4.3*
Current taxes		–378	–302	–1 298
Deferred taxes		25	–9	–112
Net income for the period		**963**	**841**	**4 316**
Whereof attributable to:				
Equity holders of the Parent Company		953	839	4 310
Non-controlling interests		10	2	6
Earnings per share before and after dilution (SEK)[1]		1.66	1.91	9.20
Earnings per share before and after dilution and before items affecting comparability (SEK)[1]		2.03	2.14	10.77

[1] Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 19.

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Net income for the period		**963**	**841**	**4 316**
Other comprehensive income for the period				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit pension plans net of tax		–1	94	70
Total items that will not be reclassified to the statement of income	**10**	**–1**	**94**	**70**
Items that subsequently may be reclassified to the statement of income				
Remeasurement for hyperinflation net of tax	8	138	40	837
Cash flow hedges net of tax		6	–2	–32
Cost of hedging net of tax		0	–3	–6
Net investment hedges net of tax		36	–131	–954
Other comprehensive income from associated companies, translation differences		–1	5	22
Translation differences		–100	547	3 582
Total items that subsequently may be reclassified to the statement of income	**10**	**79**	**456**	**3 449**
Other comprehensive income for the period	**10**	**78**	**550**	**3 519**
Total comprehensive income for the period		**1 041**	**1 391**	**7 835**
Whereof attributable to:				
Equity holders of the Parent Company		1 030	1 389	7 827
Non-controlling interests		11	2	8

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Operating income before amortization		**2 180**	**1 452**	**8 033**
Investments in non-current tangible and intangible assets		–947	–727	–3 567
Reversal of depreciation		878	684	3 120
Change in accounts receivable		–609	–448	–1 943
Change in other operating capital employed		–1 315	–1 090	77
Cash flow from operating activities		**187**	**–129**	**5 720**
Cash flow from operating activities, %		*9*	*–9*	*71*
Financial income and expenses paid		–518	–236	–657
Current taxes paid		–296	–322	–1 641
Free cash flow		**–627**	**–687**	**3 422**
Free cash flow, %		*–46*	*–65*	*57*
Cash flow from investing activities, acquisitions and divestitures	6	–5	–7	–32 274
Cash flow from items affecting comparability	7	–336	–267	–1 171
Cash flow from financing activities		22	–197	31 393
Cash flow for the period		**–946**	**–1 158**	**1 370**

Change in net debt MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Opening balance		**–40 534**	**–14 551**	**–14 551**
Cash flow for the period		–946	–1 158	1 370
Change in lease liabilities		40	–202	–1 274
Change in loans		–22	197	–23 485
Change in net debt before revaluation and translation differences		**–928**	**–1 163**	**–23 389**
Revaluation of financial instruments	9	8	–7	–50
Translation differences		146	–338	–2 544
Change in net debt		**–774**	**–1 508**	**–25 983**
Closing balance		**–41 308**	**–16 059**	**–40 534**

Cash flow MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Cash flow from operations		–57	–271	5 615
Cash flow from investing activities		–567	–456	–34 487
Cash flow from financing activities		–322	–431	30 242
Cash flow for the period		**–946**	**–1 158**	**1 370**

Change in liquid funds MSEK	Note	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Opening balance		6 323	4 809	4 809
Cash flow for the period		–946	–1 158	1 370
Translation differences		–18	36	144
Closing balance		**5 359**	**3 687**	**6 323**

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Operating capital employed		**20 316**	**12 177**	**18 377**
Operating capital employed as % of sales		*13*	*11*	*13*
Return on operating capital employed, %		*39*	*48*	*49*
Goodwill		51 062	23 877	51 021
Acquisition-related intangible assets		7 008	1 708	7 180
Shares in associated companies		400	351	394
Capital employed		**78 786**	**38 113**	**76 972**
Return on capital employed, %		*10*	*14*	*9*
Net debt		**–41 308**	**–16 059**	**–40 534**
Shareholders' equity		**37 478**	**22 054**	**36 438**
Net debt equity ratio, multiple		*1.10*	*0.73*	*1.11*

BALANCE SHEET

MSEK	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Goodwill		51 062	23 877	51 021
Acquisition-related intangible assets		7 008	1 708	7 180
Other intangible assets		2 581	1 895	2 556
Right-of-use assets		4 854	3 608	4 903
Other tangible non-current assets		4 169	3 510	4 160
Shares in associated companies		400	351	394
Non-interest-bearing financial non-current assets		4 095	1 916	4 136
Interest-bearing financial non-current assets		1 191	664	1 285
Total non-current assets		**75 360**	**37 529**	**75 635**
Current assets				
Non-interest-bearing current assets		35 907	23 786	33 371
Other interest-bearing current assets		188	175	177
Liquid funds		5 359	3 687	6 323
Total current assets		**41 454**	**27 648**	**39 871**
TOTAL ASSETS		**116 814**	**65 177**	**115 506**

MSEK	Note	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company		37 456	22 044	36 424
Non-controlling interests		22	10	14
Total shareholders' equity		**37 478**	**22 054**	**36 438**
Equity ratio, %		*32*	*34*	*32*
Long-term liabilities				
Non-interest-bearing long-term liabilities		324	282	321
Long-term lease liabilities		3 497	2 765	3 558
Other interest-bearing long-term liabilities		37 018	16 322	41 784
Non-interest-bearing provisions		3 643	2 246	3 675
Total long-term liabilities		**44 482**	**21 615**	**49 338**
Current liabilities				
Non-interest-bearing current liabilities and provisions		27 323	20 010	26 753
Current lease liabilities		1 519	971	1 496
Other interest-bearing current liabilities		6 012	527	1 481
Total current liabilities		**34 854**	**21 508**	**29 730**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**116 814**	**65 177**	**115 506**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Mar 31, 2023			Mar 31, 2022			Dec 31, 2022		
	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
Opening balance January 1, 2023/2022	**36 424**	**14**	**36 438**	**20 792**	**8**	**20 800**	**20 792**	**8**	**20 800**
Total comprehensive income for the period	1 030	11	1 041	1 389	2	1 391	7 827	8	7 835
Transactions with non-controlling interests	–	–3	–3	–	–	–	1	–2	–1
Share-based incentive schemes	2	–	2[1]	–137	–	–137	–104	–	–104
Rights issue	–	–	–	–	–	–	9 512	–	9 512
Dividend paid to the shareholders of the Parent Company	–	–	–	–	–	–	–1 604	–	–1 604
Closing balance March 31/December 31, 2023/2022	**37 456**	**22**	**37 478**	**22 044**	**10**	**22 054**	**36 424**	**14**	**36 438**

[1] Refers to an adjustment of non-vested shares of MSEK 2 related to Securitas short-term share-based incentive scheme 2021.

DATA PER SHARE

SEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Share price, end of period[1]	92.28	88.51	86.96
Earnings per share before and after dilution[1,2,3]	1.66	1.91	9.20
Earnings per share before and after dilution and before items affecting comparability[1,2,3]	2.03	2.14	10.77
Dividend	–	–	3.45[5]
P/E-ratio after dilution and before items affecting comparability	–	–	8
Share capital (SEK)	573 392 552	365 058 897	573 392 552
Number of shares outstanding[1,2]	572 917 552	438 441 802	572 917 552
Average number of shares outstanding[1,2,4]	572 917 552	438 441 802	468 284 366
Treasury shares	475 000	475 000	475 000

[1] Share price, number of shares outstanding and the average number of shares outstanding have been adjusted for the rights issue completed on October 11, 2022. The bonus element of the rights issue has in accordance with IAS 33 §64 been calculated and the number of shares are represented based on the fair value per share immediately before the exercise of the rights divided by the theorethical ex-rights fair value per share (SEK 85.72/SEK 71.28). The number of shares outstanding on October 11, 2022, increased by 208 333 655 shares in total and the total number of outstanding shares on that date was 572 917 552 shares. Total number of shares, including treasury shares, as per the same date was 573 392 552 shares with a share capital of SEK 573 392 552.

[2] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.

[3] Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.

[4] Used for calculation of earnings per share.

[5] Proposed dividend, distributed to the shareholders in two payments of SEK 1.75 per share and SEK 1.70 per share, respectively.

Segment overview January–March 2023 and 2022

JANUARY–MARCH 2023

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Eliminations	Group
Sales, external	17 233	15 703	4 002	813	–	37 751
Sales, intra-group	57	1	0	0	–58	–
Total sales	**17 290**	**15 704**	**4 002**	**813**	**–58**	**37 751**
Organic sales growth, %	*7*	*13*	*23*	–	–	*12*
Operating income before amortization	**1 318**	**794**	**231**	**–163**	**–**	**2 180**
of which share in income of associated companies	*1*	–	–	*10*	–	*11*
Operating margin, %	*7.6*	*5.1*	*5.8*	–	–	*5.8*
Amortization of acquisition-related intangible assets	–73	–71	–2	–8	–	–154
Acquisition-related costs	–	–1	–	0	–	–1
Items affecting comparability	–66	–171	–20	–24	–	–281
Operating income after amortization	**1 179**	**551**	**209**	**–195**	**–**	**1 744**
Financial income and expenses	–	–	–	–	–	–428
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 316**

JANUARY–MARCH 2022

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Eliminations	Group
Sales, external	12 471	12 012	3 386	729	–	28 598
Sales, intra-group	1	0	0	1	–2	–
Total sales	**12 472**	**12 012**	**3 386**	**730**	**–2**	**28 598**
Organic sales growth, %	*–2*	*8*	*12*	–	–	*4*
Operating income before amortization	**802**	**598**	**196**	**–144**	**–**	**1 452**
of which share in income of associated companies	*1*	–	–	*8*	–	*9*
Operating margin, %	*6.4*	*5.0*	*5.8*	–	–	*5.1*
Amortization of acquisition-related intangible assets	–25	–26	–2	–8	–	–61
Acquisition-related costs	–7	–3	–	0	–	–10
Items affecting comparability	–7	–96	–12	–19	–	–134
Operating income after amortization	**763**	**473**	**182**	**–171**	**–**	**1 247**
Financial income and expenses	–	–	–	–	–	–95
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 152**

Notes

NOTE 1
Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 67 to 73 in the Annual Report for 2022. The accounting principles are also available on the Group's website www.securitas.com under the section Investors – Financial data – 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 most important accounting principles used by the Parent Company can be found in note 41 on page 122 in the Annual Report for 2022.

Introduction and effect of new and revised IFRS 2023

None of the published standards and interpretations that are mandatory for the Group's financial year 2023 are assessed to have any significant impact on the Group's financial statements.

Introduction and effect of new and revised IFRS 2024 or later

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2024 or later remain to be assessed.

Usage of key ratios not defined in IFRS

For definitions and calculations of key ratios not defined in IFRS, refer to notes 4 and 5 in this interim report as well as to note 3 in the Annual Report 2022.

NOTE 2
Events after the balance sheet date

On April 4, 2023, Securitas closed a 4-year MEUR 600 bond in the Eurobond market. The proceeds were used to refinance almost the entirety of the remaining bridge facility related to the acquisition of STANLEY Security which was closed on July 22, 2022.

There have been no other significant events with effect on the financial reporting after the balance sheet date.

NOTE 3
Revenue

MSEK	Jan–Mar 2023	%	Jan–Mar 2022	%	Jan–Dec 2022	%
Security services[1]	24 944	66	21 326	75	93 032	70
Technology and solutions	12 021	32	6 565	23	36 983	28
Risk management services[1]	786	2	707	2	3 222	2
Total sales	**37 751**	**100**	**28 598**	**100**	**133 237**	**100**
Other operating income	14	0	12	0	52	0
Total revenue	**37 765**	**100**	**28 610**	**100**	**133 289**	**100**

[1] Comparatives have been restated for a move of certain ancillary business from Risk management services to Security services.

Security services

This comprises on-site and mobile guarding, which are services with the same revenue recognition pattern. Revenue is recognized over time, as the services are rendered by Securitas and simultaneously consumed by the client. Such services cannot be reperformed.

Technology and solutions

This comprises two broad categories regarding technology and solutions.

Technology consists of the sale of alarm, access control and video installations comprising design, installation and integration (time, material and related expenses). Revenue is recognized as per the contract, either upon completion of the conditions in the contract, or over time based on the percentage of completion. Remote guarding (in the form of alarm monitoring services), that is sold separately and not as part of a solution, is also included in this category. Revenue recognition is over time as this is also a service that is rendered by Securitas and simultaneously consumed by the clients. The category further includes maintenance services, that are either performed upon request (time and material) with revenue recognition at a point in time (when the work has been performed), or over time if part of a service level contract with a subscription fee. Finally, there are also product sales (alarms and components) without any design or installation. The revenue recognition is at a point in time (upon delivery).

Solutions are a combination of services such as on-site and/or mobile guarding and/or remote guarding. These services are combined with a technology component in terms of equipment owned and managed by Securitas and used in the provision of services. The equipment is installed at the client site. The revenue recognition pattern is over time, as the services are rendered by Securitas and simultaneously consumed by the client. A solution normally constitutes one performance obligation.

Risk management services

This comprises various types of risk management services that are either recognized over time or at a point in time depending on the type of service. These services include risk advisory, security management, executive protection, corporate investigations, due diligence and similar services.

Other operating income

Other operating income consists mainly of trade mark fees for the use of the Securitas brand name.

Revenue per segment

The disaggregation of revenue by segment is shown in the tables below. Total sales agree to total sales in the segment overviews.

	Securitas North America		Securitas Europe		Securitas Ibero-America		Other		Eliminations		Group	
MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022	Jan–Mar 2023	Jan–Mar 2022
Security services[1]	11 089	9 476	10 491	8 953	2 778	2 376	593	523	–7	–2	24 944	21 326
Technology and solutions	5 415	2 289	5 213	3 059	1 224	1 010	220	207	–51	–	12 021	6 565
Risk management services[1]	786	707	–	–	–	–	–	–	–	–	786	707
Total sales	**17 290**	**12 472**	**15 704**	**12 012**	**4 002**	**3 386**	**813**	**730**	**–58**	**–2**	**37 751**	**28 598**
Other operating income	–	–	–	–	–	–	14	12	–	–	14	12
Total revenue	**17 290**	**12 472**	**15 704**	**12 012**	**4 002**	**3 386**	**827**	**742**	**–58**	**–2**	**37 765**	**28 610**

[1] Comparatives have been restated for a move of certain ancillary business from Risk management services to Security services.

NOTE 4
Organic sales growth and currency changes

The calculation of real and organic sales growth and the specification of currency changes on operating income before and after amortization, income before taxes, net income and earnings per share are specified below. The impact from remeasurement for hyperinflation due to the application of IAS 29 is included in currency change.

MSEK	Jan–Mar 2023	Jan–Mar 2022	%
Total sales	**37 751**	**28 598**	**32**
Currency change from 2022	–1 724	–	
Real sales growth, adjusted for changes in exchange rates	**36 027**	**28 598**	**26**
Acquisitions/divestitures	–4 232	–83	
Organic sales growth	**31 795**	**28 515**	**12**
Operating income before amortization	**2 180**	**1 452**	**50**
Currency change from 2022	–121	–	
Real operating income before amortization, adjusted for changes in exchange rates	**2 059**	**1 452**	**42**
Operating income after amortization	**1 744**	**1 247**	**40**
Currency change from 2022	–107	–	
Real operating income after amortization, adjusted for changes in exchange rates	**1 637**	**1 247**	**31**
Income before taxes	**1 316**	**1 152**	**14**
Currency change from 2022	–106	–	
Real income before taxes, adjusted for changes in exchange rates	**1 210**	**1 152**	**5**
Net income for the period	**963**	**841**	**15**
Currency change from 2022	–78	–	
Real net income for the period, adjusted for changes in exchange rates	**885**	**841**	**5**
Net income attributable to equity holders of the Parent Company	**953**	**839**	**14**
Currency change from 2022	–77	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	**876**	**839**	**4**
Average number of shares outstanding[1]	572 917 552	438 441 802	
Real earnings per share, adjusted for changes in exchange rates	**1.53**	**1.91**	**–20**
Net income attributable to equity holders of the Parent Company	**953**	**839**	**14**
Items affecting comparability net of taxes	209	98	
Net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability	**1 162**	**937**	**24**
Currency change from 2022	–87	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	**1 075**	**937**	**15**
Average number of shares outstanding[1]	572 917 552	438 441 802	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	**1.88**	**2.14**	**–12**

[1] Comparatives have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 19.

NOTE 5
Definitions and calculation of key ratios

The calculations below relate to the period January–March 2023.

Interest coverage ratio

Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (8 761 + 93) / 1 329 = 6.7

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 187 / 2 180 = 9%

Free cash flow as % of adjusted income

Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).
Calculation: –627 / (2 180 – 428 – 1 – 378) = –46%

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 3 482 / 41 308 = 0.08

Net debt to EBITDA ratio

Net debt in relation to operating income after amortization (rolling 12 months) plus amortization of acquisition-related intangible assets (rolling 12 months) and depreciation (rolling 12 months).
Calculation: 41 308 / (6 981 + 507 + 3 314) = 3.8

Operating capital employed as % of total sales

Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired and divested entities.
Calculation: 20 316 / 155 247 = 13%

Return on operating capital employed

Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: (8 761 – 1 233) / ((20 316 + 18 377) / 2) = 39%

Return on capital employed

Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of closing balance of capital employed.
Calculation: (8 761 – 1 233) / 78 786 = 10%

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 41 308/ 37 478 = 1.10

NOTE 6
Acquisition-related costs and cash flow from acquisitions and divestitures

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Restructuring and integration costs	0	–9	–43
Transaction costs	–	0	–1
Revaluation of deferred considerations	–1	–1	–5
Total acquisition-related costs	**–1**	**–10**	**–49**
Cash flow impact from acquisitions and divestitures			
Purchase price payments	–5	–3	–32 817
Assumed net debt	–	9	606
Acquisition-related costs paid	0	–13	–63
Total cash flow impact from acquisitions and divestitures	**–5**	**–7**	**–32 274**

For further information regarding the Group's acquisitions, refer to the section Acquisitions and divestitures and in addition relating to acquisition-related costs for the acquisition of STANLEY Security to note 7 and 13.

NOTE 7
Items affecting comparability

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Recognized in the statement of income			
Transformation programs, Group[1]	–166	–121	–632
Acquisition of STANLEY Security[2]	–115	–13	–454
Total recognized in operating income after amortization	**–281**	**–134**	**–1 086**
Financial income and expenses[3]	–	–	–67
Total recognized in income before taxes	**–281**	**–134**	**–1 153**
Taxes[4]	72	36	422
Total recognized in net income for the period	**–209**	**–98**	**–731**
Cash flow impact			
Transformation programs, Group[1]	–171	–183	–744
Cost-savings program, Group[5]	–3	–11	–48
Cost-savings program, Securitas Europe[6]	–	–1	–1
Acquisition of STANLEY Security[2]	–162	–72	–378
Total cash flow impact	**–336**	**–267**	**–1 171**

[1] Related to the previously announced business transformation program in Securitas North America, Securitas Europe and Securitas Ibero-America, as well as the previously announced global IS/IT transformation program. The business transformation program in Securitas North America and the global IS/IT transformation program were finalized in 2021 but still impacted cash flow 2022.

[2] Related to transaction costs, restructuring and integration costs.

[3] Interest expense and fees relating to the MUSD 915 bridge facility repaid on October 18, 2022. This financing cost is considered as an item affecting comparability as it is repaid by the proceeds from the rights issue and will consequently not result in any further impact in the statement of income after October 18, 2022. The cost recognized above relates to the period July 22, 2022, to October 18, 2022.

[4] Including reversal of a tax provision in Spain of MSEK 151 in 2022.

[5] Related to the cost savings program in the Group that was communicated in 2020. Includes costs related to exit of business operations while cash flow related to exit of business operations is accounted for as cash flow from investing activities. This program was finalized in 2021 but still impacts cash flow.

[6] Related to the cost savings program in Securitas Europe. This program was finalized in 2018 but still impacted cash flow 2022.

NOTE 8
Remeasurement for hyperinflation

The Group's subsidiaries in countries that according to IAS 29 Financial reporting in hyperinflationary economies are classified as hyperinflationary economies are accounted for in the Group's financial statements after remeasurement for hyperinflation. Securitas' operations accounted for according to IAS 29 are Argentina and, as from the second quarter of 2022, Türkiye.

The impact on the consolidated statement of income and other comprehensive income from the remeasurement according to IAS 29 is illustrated below. The index used by Securitas for the remeasurement of the financial statements is the consumer price index with base period January 2003 for Argentina and base period January 2005 for Türkiye.

EXCHANGE RATES AND INDEX

	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Exchange rate Argentina, SEK/ARS	0.05	0.08	0.06
Index, Argentina	83.03	40.90	68.66
Exchange rate Türkiye, SEK/TRY	0.54	n/a	0.56
Index, Türkiye	11.09	n/a	9.86

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Net monetary gain, Argentina	22	12	56
Net monetary gain, Türkiye	29	n/a	78
Total financial income and expenses	**51**	**12**	**134**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Remeasurement, Argentina	61	40	210
Remeasurement, Türkiye	77	n/a	627
Total remeasurement impact recognized in other comprehensive income	**138**	**40**	**837**

NOTE 9
Financial instruments and credit facilities

Revaluation of financial instruments

Revaluation of financial instruments is recognized in the statement of income on the line financial income and expenses. Revaluation of cash flow hedges (and the subsequent recycling into the statement of income) is recognized in other comprehensive income on the line cash flow hedges. Cost of hedging (and the subsequent recycling into the statement of income) is recognized on the corresponding line in other comprehensive income.

The amount disclosed in the specification of change in net debt is the total revaluation before tax in the table below.

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Recognized in the statement of income			
Revaluation of financial instruments	1	–1	–2
Deferred tax	–	–	–
Impact on net income	**1**	**–1**	**–2**
Recognized in the statement of comprehensive income			
Cash flow hedges	7	–3	–40
Cost of hedging	0	–3	–8
Deferred tax	–1	1	10
Total recognized in the statement of comprehensive income	**6**	**–5**	**–38**
Total revaluation before tax	8	–7	–50
Total deferred tax	–1	1	10
Total revaluation after tax	**7**	**–6**	**–40**

Fair value hierarchy

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 7 in the Annual Report 2022. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2022.

There have been no transfers between any of the the valuation levels during the period.

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
March 31, 2023				
Financial assets at fair value through profit or loss	–	27	–	**27**
Financial liabilities at fair value through profit or loss	–	–23	–124	**–147**
Derivatives designated for hedging with positive fair value	–	11	–	**11**
Derivatives designated for hedging with negative fair value	–	–941	–	**–941**
December 31, 2022				
Financial assets at fair value through profit or loss	–	20	–	**20**
Financial liabilities at fair value through profit or loss	–	–38	–128	**–166**
Derivatives designated for hedging with positive fair value	–	22	–	**22**
Derivatives designated for hedging with negative fair value	–	–1 060	–	**–1 060**

Financial instruments by category – carrying and fair values

For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value.
A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 7 in the Annual Report for 2022.

	Mar 31, 2023		Dec 31, 2022	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 253	9 839	10 346	9 922
Short-term loan liabilities	3 899	3 853	–	–
Total financial instruments by category	**14 152**	**13 692**	**10 346**	**9 922**

SUMMARY OF DEBT FINANCING AS OF MARCH 31, 2023

Type	Currency	Total amount (million)	Available amount (million)	Maturity
Multicurrency Term Facilities[1]	USD	809	0	2024
EMTN Eurobond, 1.125 % fixed	EUR	350	0	2024
EMTN private placement, fixed	USD	50	0	2024
EMTN private placement, fixed	USD	105	0	2024
EMTN private placement, floating	SEK	2 000	0	2024
EMTN private placement, floating	SEK	1 500	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Schuldschein dual currency facility	EUR	55	0	2026
Revolving Credit Facility	EUR	1 029	1 029	2027
EMTN private placement, fixed	USD	40	0	2027
EMTN private placement, fixed	USD	60	0	2027
Dual currency Term Facilities	EUR	1 100	0	2027
Schuldschein dual currency facility	EUR	245	0	2028
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
EMTN private placement, fixed	USD	75	0	2029
Commercial Paper (uncommitted)	SEK	5 000	4 500	n/a

[1] The original debt bridge facility amounted to MUSD 2 385 and has a final maturity date of July 22, 2024. Of this facility MEUR 75 was repaid on January 10, 2023, with the proceeds of a new 6-year Private Placement of MUSD 75. A further MEUR 1 100 equivalent was repaid on February 1, 2023, with the proceeds of a new 4+1 year term loan from Securitas' core relationship banks. A further MEUR 300 equivalent was repaid on March 2, 2023, with the proceeds of a Schuldschein multi tranche loan which matures mostly in 2028. This left a balance of MUSD 809 equivalent on March 31, 2023. A further MEUR 600 equivalent, was repaid on April 4, 2023, from the proceeds of a 4-year Eurobond issue, reducing the bridge facility balance to MUSD 159 equivalent. For further information regarding Multicurrency Term Facilities refer to Capital employed and financing on page 11.

NOTE 10
Deferred tax on other comprehensive income

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Deferred tax on remeasurements of defined benefit pension plans	0	–17	–21
Deferred tax on remeasurement for hyperinflation	–2	–	–14
Deferred tax on cash flow hedges	–1	1	8
Deferred tax on cost of hedging	0	0	2
Deferred tax on net investment hedges	–6	34	253
Deferred tax on net investment hedges included in translation differences	14	–45	–235
Total deferred tax on other comprehensive income	**5**	**–27**	**–7**

NOTE 11
Pledged assets

MSEK	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Pension balances, defined contribution plans[1]	221	185	229
Total pledged assets	**221**	**185**	**229**

[1] Refers to assets relating to insured pension plans excluding social benefits.

NOTE 12
Contingent liabilities

MSEK	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Guarantees	–	–	–
Guarantees related to discontinued operations	16	16	16
Total contingent liabilities	**16**	**16**	**16**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 39 in the Annual Report 2022 as well as to the section Other significant events in this report.

NOTE 13
Acquisition of STANLEY Security

Consolidation

On December 8, 2021, Securitas announced that it had signed an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. ("STANLEY Security") for a purchase price of MUSD 3 200 on a debt and cash free basis. All regulatory conditions were approved as communicated on July 14, 2022. The transaction was completed on July 22, 2022, and consolidated into Securitas as of the same date.

Preliminary purchase price allocation

The purchase price paid on July 22, 2022, amounted to MSEK 32 783 and the preliminary purchase price allocation includes goodwill of MSEK 23 752. The final purchase price will depend on the final outcome of net working capital reconciliation and adjustments for net debt. As of the date of the publication of this report this reconciliation was still ongoing.

In the preliminary purchase price allocation identifiable assets and liabilities are valued at fair value. Acquisition-related intangible assets have been identified in the preliminary allocation for customer-related, brand-related and technology-related intangible assets. Brand-related intangible assets are deemed to have an indefinite useful life and is not subject to amortization but will be tested yearly for impairment. Brand-related intangible assets amount to MSEK 417 out of a total of acquisition-related intangible assets of MSEK 5 450. Acquisition-related intangibles that are subject to amortization have a useful life estimated from eight to 15 years. Amortization amounted to MSEK –90 (0) for the first quarter.

Deferred taxes have been considered where applicable and where identified tax losses carried forward have been valued when it is judged that there will be taxable future income for which the tax losses can be utilized.

The difference between the purchase price and the acquired net assets including acquisition-related intangible assets is accounted for as goodwill. Goodwill is not subject to amortization but will be tested yearly for impairment. Goodwill is made up of a number of components such as synergies (commercial and cost synergies), trained workforce and the increased geographical footprint.

The purchase price allocation has been based on available information and will be subject to adjustments both in relation to the final purchase price that will be adjusted for net debt and net working capital but also as further information regarding facts and circumstances in existence as of July 22, 2022, relating to the acquired entities becomes known, adjustments will be made both in relation to acquired net assets, acquisition-related intangible assets, taxes and consequently goodwill. Adjustments related to 2023 are disclosed in the table below.

The acquisition is a combination of share purchase transactions and to a lesser extent asset transactions. In all share purchases the acquired share corresponds to 100 percent.

Transaction costs

Total transaction costs incurred from 2021 to March 31, 2023, amounted to MSEK –253, whereof MSEK –11 (–13) in the first quarter 2023. Transaction costs are included in items affecting comparability, for further information see note 7.

ADJUSTMENTS OF PURCHASE PRICE ALLOCATION AS OF JULY 22, 2022

MSEK	Fair value acquisition balance
Operating non-current assets	–20
Accounts receivable	–6
Other current assets	–45
Other liabilities	48
Total operating capital employed	**–23**
Goodwill	23
Acquisition-related intangible assets	–
Total capital employed	**–**
Net debt	–
Total acquired net assets	**–**
Purchase price paid	–
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**–**

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
License fees and other income	488	434	1 975
Gross income	**488**	**434**	**1 975**
Administrative expenses	–222	–185	–1 173
Operating income	**266**	**249**	**802**
Financial income and expenses	213	293	10 292
Income after financial items	**479**	**542**	**11 094**
Appropriations	–268	–42	–201
Income before taxes	**211**	**500**	**10 893**
Taxes	2	–46	15
Net income for the period	**213**	**454**	**10 908**

BALANCE SHEET

MSEK	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
ASSETS			
Non-current assets			
Shares in subsidiaries	64 029	45 103	64 040
Shares in associated companies	112	112	112
Other non-interest-bearing non-current assets	399	328	408
Interest-bearing financial non-current assets	1 874	1 036	1 794
Total non-current assets	**66 414**	**46 579**	**66 354**
Current assets			
Non-interest-bearing current assets	1 992	1 970	1 015
Other interest-bearing current assets	9 975	3 482	8 422
Liquid funds	2 841	830	2 376
Total current assets	**14 808**	**6 282**	**11 813**
TOTAL ASSETS	**81 222**	**52 861**	**78 167**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	7 936	7 729	7 936
Non-restricted equity	40 700	22 196	40 346
Total shareholders' equity	**48 636**	**29 925**	**48 282**
Untaxed reserves	**572**	**767**	**571**
Long-term liabilities			
Non-interest-bearing long-term liabilities/provisions	213	215	221
Interest-bearing long-term liabilities	12 951	16 314	17 527
Total long-term liabilities	**13 164**	**16 529**	**17 748**
Current liabilities			
Non-interest-bearing current liabilities	2 810	2 485	1 776
Interest-bearing current liabilities	16 040	3 155	9 790
Total current liabilities	**18 850**	**5 640**	**11 566**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**81 222**	**52 861**	**78 167**

Financial information

FINANCIAL INFORMATION CALENDAR

May 4, 2023
Annual General Meeting in Stockholm

July 28, 2023, app. 1.00 p.m. (CEST)
Interim Report January–June 2023

November 7, 2023, app. 1.00 p.m. (CET)
Interim Report
January–September 2023

For further information regarding Securitas IR activities, refer to **www.securitas.com/investors/financial-calendar**

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PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on May 3, 2023, at **2.30 p.m. (CEST)** where President and CEO Magnus Ahlqvist and CFO Andreas Lindback will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website **www.securitas.com**

To follow the audio cast of the telephone conference via the web, please follow the link **www.securitas.com/investors/webcasts**

A recorded version of the audio cast will be available at **www.securitas.com/investors/webcasts** after the telephone conference.

For further information, please contact:
Micaela Sjökvist, Vice President, Investor Relations + 46 76 116 7443

ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 45 markets. Our operations are organized in three business segments: Securitas North America, Securitas Europe and Securitas Ibero-America. We also have operations in Africa, the Middle East, Asia and Australia, which form the AMEA division. Securitas serves a wide range of clients of all sizes in a variety of industries and segments. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, technology and solutions, fire and safety, and corporate risk management. We adapt our security solutions based on the risks and needs of each client through increased client engagement and continuously enhanced knowledge. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

At Securitas, we are leading the transformation of the security industry by putting our clients at the heart of our business. We solve our clients' security needs by offering qualified and engaged people, in-depth expertise and innovation within each of our protective services, the ability to combine services into solutions and by using data to add further intelligence. To execute on our strategy to become a security solutions partner with world-leading technology and expertise, we are focusing on four areas: Taking the lead within technology, quality guarding services focused on profitability, creating a global security solutions partner, leveraging a global platform to drive innovation.

Group financial targets

Securitas has four financial targets:

- 8–10 percent technology and solutions annual average real sales growth
- 8 percent Group operating margin by year-end 2025, with a >10 percent long-term operating margin ambition
- A net debt to EBITDA ratio below 3.0x
- An operating cash flow of 70–80 percent of operating income before amortization