



Interim Report January–September 2021

3

July–September 2021

27 338

Total sales, MSEK

5.9%

Operating margin

2.59

Earnings per share, SEK

- Total sales MSEK 27 338 (26 501)
- Organic sales growth 4 percent (0)
- Operating income before amortization MSEK 1 605 (1 327)
- Operating margin 5.9 percent (5.0)
- Items affecting comparability (IAC) MSEK –120 (–112), relating to the previously announced transformation programs, the cost-savings program in the Group and a one-off payment from AFA Insurance of MSEK 114
- Earnings per share SEK 2.59 (2.08)
- Earnings per share, before IAC, SEK 2.82 (2.31)
- Cash flow from operating activities 75 percent (199)

JANUARY–SEPTEMBER 2021

- Total sales MSEK 79 651 (81 477)
- Organic sales growth 4 percent (0)
- Operating income before amortization MSEK 4 332 (3 488)
- Operating margin 5.4 percent (4.3)
- Items affecting comparability (IAC) MSEK –515 (–218), relating to the previously announced transformation programs, the cost-savings program in the Group and a one-off payment from AFA Insurance of MSEK 114
- Earnings per share SEK 6.54 (5.18)
- Earnings per share, before IAC, SEK 7.57 (5.63)
- Net debt/EBITDA 2.1 (1.9)
- Cash flow from operating activities 79 percent (163)

CONTENTS

Comments from the President and CEO	3	Other significant events	14
January–September summary	4	Risks and uncertainties	14
Group development	5	Parent Company operations	15
Development in the Group's business segments	7	Annual General Meeting 2022	16
Cash flow	11	Consolidated financial statements	17
Capital employed and financing	12	Segment overview	21
Acquisitions and divestitures	13	Notes	23
		Parent Company	30
		Financial information	31

Comments from the President and CEO



“Full focus on margin enhancement as the impact from covid reduces”

WE ARE CONTINUING TO EXECUTE ON OUR STRATEGY, AND HAVE DELIVERED SEVERAL QUARTERS WITH STRONG PERFORMANCE

- We have sharpened the business over the last year through focus on profitability and cost management and execution of the transformation programs
- We are managing the remaining effects of covid with strong performance across all business segments despite decreasing corona-related extra sales
- We are seeing positive developments in our electronic security and solutions business and accelerating growth is a priority going forward

PROFITABLE GROWTH IN FOCUS

The Group’s organic sales growth in the third quarter was 4 percent (0), with all business segments contributing to the improvement. The gradual

business recovery from the corona pandemic continued in the third quarter, with commercial activity and sales momentum picking up in all of our business segments, including airport security.

Sales of security solutions and electronic security had a real sales growth of 7 percent (5) in the third quarter. We completed two strategic acquisitions within electronic security in the quarter, Protection One in Germany and Tepe Güvenlik in Turkey, both of which will greatly enhance our capabilities in two important markets. We are actively exploring further acquisition opportunities within electronic security, and we keep investing in our solutions organization to further accelerate organic sales growth in this business line.

The operating result for the Group, adjusted for changes in exchange rates, increased by 24 percent in the third quarter and the operating margin was 5.9 percent (5.0). The improving business fundamentals and active portfolio management strengthened all the business segments, and the cost-savings program initiated during 2020 also had a positive impact.

In the quarter we had normal levels of provisioning compared to the increased levels last year.

Total price adjustments in the Group were on par with wage cost increases year to date. Labor shortage and wage pressure remain a challenge. Maintaining the price and wage balance is a key priority throughout the Group going into 2022.

Over the past year we have exited from markets with limited business opportunities and we have actively renegotiated or exited low margin contracts. We see tangible results in the airport business as well as in several Latin American countries.

The Group delivered a good cash flow in the third quarter.

STRONGER AFTER MANAGING COVID

The corona pandemic is still present in our day-to-day operations as we close the third quarter of 2021. While uncertainty remains regarding the long-term consequences of the pandemic, we are coming out stronger thanks to having taken action early.

COMMITTED TO TRANSFORMATION TARGETS

We are beginning to reap the benefits of the transformation program in North America which was initiated in 2019, and see positive contribution to the operating margin. The business transformation in Europe and Ibero-America is also progressing according to plan. We are confident that these programs will improve the business mix to achieve the associated margin targets.

The strength of the Securitas team and the progress of our business transformation are deciding factors of our strong performance in the first nine months of 2021.

Magnus Ahlqvist
President and CEO

January–September summary

FINANCIAL SUMMARY

MSEK	Q3		Change, %		9M		Change, %		Full year	Change, %
	2021	2020	Total	Real	2021	2020	Total	Real	2020	Total
Sales	27 338	26 501	3	5	79 651	81 477	-2	5	107 954	-3
Organic sales growth, %	4	0			4	0			0	
Operating income before amortization	1 605	1 327	21	24	4 332	3 488	24	34	4 892	-15
Operating margin, %	5.9	5.0			5.4	4.3			4.5	
Amortization of acquisition-related intangible assets	-63	-66			-191	-207			-286	
Acquisition-related costs	-31	-10			-73	-90			-137	
Items affecting comparability*	-120	-112			-515	-218			-640	
Operating income after amortization	1 391	1 139	22	24	3 553	2 973	20	28	3 829	-26
Financial income and expenses	-96	-101			-281	-382			-500	
Income before taxes	1 295	1 038	25	28	3 272	2 591	26	35	3 329	-28
Net income for the period	946	759	25	28	2 389	1 892	26	35	2 416	-28
Earnings per share, SEK	2.59	2.08	25	28	6.54	5.18	26	35	6.63	-28
EPS before items affecting comparability, SEK	2.82	2.31	22	26	7.57	5.63	34	43	8.02	-17
Cash flow from operating activities, %	75	199			79	163			147	
Free cash flow	1 070	2 409			2 243	4 524			5 944	
Net debt to EBITDA ratio	-	-			2.1	1.9			2.1	

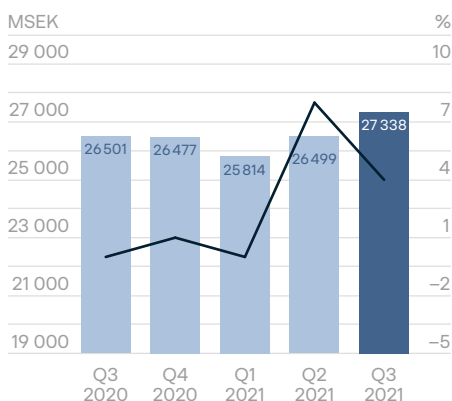
* Refer to note 7 on page 27 for further information.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

%	Organic sales growth				Operating margin			
	Q3		9M		Q3		9M	
	2021	2020	2021	2020	2021	2020	2021	2020
Security Services North America	1	2	4	1	7.1	6.4	6.7	5.7
Security Services Europe	6	-1	4	-2	6.4	5.1	5.7	4.1
Security Services Ibero-America	10	0	5	3	5.9	4.5	5.5	4.3
Group	4	0	4	0	5.9	5.0	5.4	4.3

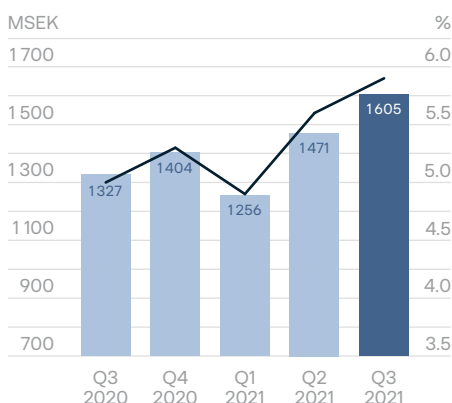
Group development

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

JULY–SEPTEMBER 2021

SALES DEVELOPMENT

Sales amounted to MSEK 27 338 (26 501) and organic sales growth to 4 percent (0). While the comparative was impacted by the corona pandemic, all business segments contributed to the improvement. Extra sales was 14 percent (17) of total sales, and the decline related primarily to Security Services North America. Organic sales growth in Security Services North America was 1 percent (2), foremost due to the decline in extra sales within the business unit Guarding. Security Services Europe had 6 percent (–1), supported by most countries including the airport security business. Security Services Ibero-America showed 10 percent (0), primarily driven by Spain and price increases in Argentina.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (1).

Security solutions and electronic security sales amounted to MSEK 6 030 (5 763) or 22 percent (22) of total sales in the third quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 7 percent (5).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 1 605 (1 327) which, adjusted for changes in exchange rates, represented a real change of 24 percent (–8). The operating income was supported by corona-related government grants and support measures of MSEK 100 (200) in the third quarter, mostly within Security Services Europe. These grants and support measures relate primarily to partial unemployment support and compensate partly for increased cost levels due to idle time.

The Group’s operating margin was 5.9 percent (5.0), an improvement seen in all business segments including a normalized level of provisioning compared to last year. The operating margin in Security Services North America was supported by the business units Electronic Security and Pinkerton,

whereas Guarding was flat. In Security Services Europe, most countries contributed to the positive development, including the airport security business and normalized levels of provisioning compared to the third quarter 2020. The cost-savings program initiated in 2020 supported the improvement in Security Services Europe, as well as in Security Services Ibero-America, where solid development in Spain and improvement in Latin America supported.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –63 (–66).

Acquisition-related costs totaled MSEK –31 (–10). For further information refer to note 6.

Items affecting comparability were MSEK –120 (–112), whereof MSEK –234 (–112) related to the cost-savings-program and to the transformation programs in the Group. Items affecting comparability also included MSEK 114 (0), related to a lump-sum payment in the fourth quarter from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –96 (–101). The financial income and expenses were positively impacted by lower interest rates, and the exchange rates for interest income and expenses.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 1 295 (1 038).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group’s tax rate was 26.9 percent (26.9). The tax rate before tax on items affecting comparability was 27.2 percent (26.5).

Net income was MSEK 946 (759).

Earnings per share amounted to SEK 2.59 (2.08). Earnings per share before items affecting comparability amounted to SEK 2.82 (2.31).

JANUARY–SEPTEMBER 2021

SALES DEVELOPMENT

Sales amounted to MSEK 79 651 (81 477) and organic sales growth to 4 percent (0) where all business segments contributed. Extra sales amounted to 16 percent (16) of total sales. Organic sales growth in Security Services North America was 4 percent (1), supported by all business units. Security Services Europe had 4 percent (–2), supported by most countries in the segment and Security Services Ibero-America showed 5 percent (3).

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (1).

Security solutions and electronic security sales amounted to MSEK 17 635 (17 595) or 22 percent (22) of total sales in the first nine months. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 7 percent (5).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 4 332 (3 488) which, adjusted for changes in exchange rates, represented a real change of 34 percent (–15). The operating income was supported by corona-related government grants and support measures of MSEK 500 (550) in the first nine months, mostly within Security Services Europe. These grants and support measures relate primarily to partial unemployment support and compensate partly for increased cost levels due to idle time.

The Group's operating margin was 5.4 percent (4.3), an improvement seen in all business segments including a normalized level of provisioning compared to last year. All business units supported the development in Security Services North America in the first nine months. In Security Services Europe, most countries contributed

to the development including the airport security business and the cost-savings program initiated in 2020 also supported. The improvement in Security Services Ibero-America was primarily driven by Spain and Peru, also supported by the cost-savings program initiated in 2020. Total price adjustments in the Group were on par with wage cost increases in the first nine months.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –191 (–207).

Acquisition-related costs totaled MSEK –73 (–90). For further information refer to note 6.

Items affecting comparability were MSEK –515 (–218), whereof MSEK –629 (–218) related to the cost-savings program and to the transformation programs in the Group. The decided exit from 11 countries, as communicated in the fourth quarter of 2020, resulted in a net gain of MSEK 18 in the first nine months, which is included in items affecting comparability. For further information refer to Acquisitions and divestitures on page 13 and note 7. Items affecting comparability also included MSEK 114 (0), related to a lump-sum payment in the fourth quarter from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –281 (–382). The financial income and expenses were positively impacted by lower interest rates and the exchange rates for interest income and expenses.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 3 272 (2 591).

TAXES, NET INCOME AND EARNINGS PER SHARE

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

Net income was MSEK 2 389 (1 892).

Earnings per share amounted to SEK 6.54 (5.18). Earnings per share before items affecting comparability amounted to SEK 7.57 (5.63).

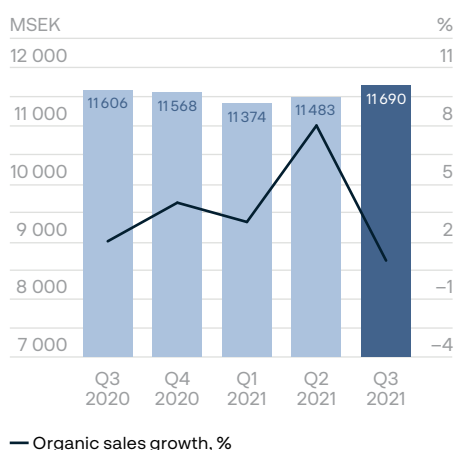
Development in the Group's business segments

Security Services North America

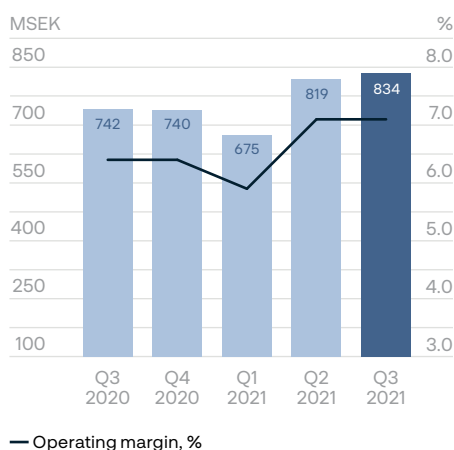
Security Services North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units – Guarding, Electronic Security, Pinkerton Corporate Risk Management and Critical Infrastructure Services. There is a unit for global and national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

MSEK	Q3		Change, %		9M		Change, %		Full year
	2021	2020	Total	Real	2021	2020	Total	Real	2020
Total sales	11 690	11 606	1	2	34 547	36 233	-5	5	47 801
Organic sales growth, %	1	2			4	1			2
Share of Group sales, %	43	44			43	44			44
Operating income before amortization	834	742	12	13	2 328	2 060	13	22	2 800
Operating margin, %	7.1	6.4			6.7	5.7			5.9
Share of Group operating income, %	52	56			54	59			57

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JULY–SEPTEMBER 2021

Organic sales growth was 1 percent (2). The decline was primarily related to the business unit Guarding, where a lower level of corona-related extra sales had a significant impact in the quarter. However, the growth in the portfolio was good despite the termination of the airport security contract in Hawaii as previously communicated. The third quarter last year was burdened by the corona pandemic, primarily in the business units Electronic Security and Critical Infrastructure Services. The installation business within Electronic Security has gradually recovered since then, albeit hampered in the recent months due to corona-related global supply chain issues. The business unit Critical Infrastructure Services has recovered following eased restrictions and lock-downs and the organic sales growth in Pinkerton was strong.

A major security contract within the healthcare client segment has been terminated as of December 2, 2021. The contract portfolio value was approximately MSEK 1 300 (MUSD 150)

on an annual basis, with an operating margin below portfolio average.

Security solutions and electronic security sales represented MSEK 2 057 (2 078) or 18 percent (18) of total sales in the business segment in the third quarter.

The operating margin was 7.1 percent (6.4), where the third quarter last year was hampered by the corona pandemic, including an enhanced level of provisioning. The operating margin in Guarding was flat, despite the declined level of corona-related extra sales and impacts from labor pressure. Electronic Security performed well and improved compared to the third quarter last year, supported by the integration of FE Moran Security Solutions. Pinkerton had a strong performance, primarily driven from leverage from the sales growth, whereas Critical Infrastructure Services was somewhat behind the third quarter last year.

The Swedish krona exchange rate was flat against the US dollar. The real change was 13 percent (-2) in the third quarter.

JANUARY–SEPTEMBER 2021

Organic sales growth was 4 percent (1). All business units except Guarding improved organic sales growth compared to last year. The level of corona-related extra sales within Guarding decreased during the first nine months compared to the same period last year. The business units Electronic Security and Critical Infrastructure Services have gradually recovered from the severe impacts from the corona pandemic during the first nine months last year, and Pinkerton had a strong development across the business. The client retention rate was 89 percent (91), excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 6 086 (6 417) or 18 percent (18) of total sales in the business segment in the first nine months.

The operating margin was 6.7 percent (5.7), an improvement driven by all business units. The first nine months last year were hampered by the corona pandemic, including an increased level of provisioning. The operating margin in Guarding was solid and Electronic Security improved helped by the recovery of the installation business, and the acquisition of FE Moran Security Solutions. Critical Infrastructure Services also improved as corona-related restrictions and lock-downs have eased. The strong performance in Pinkerton was primarily driven from leverage from the sales growth.

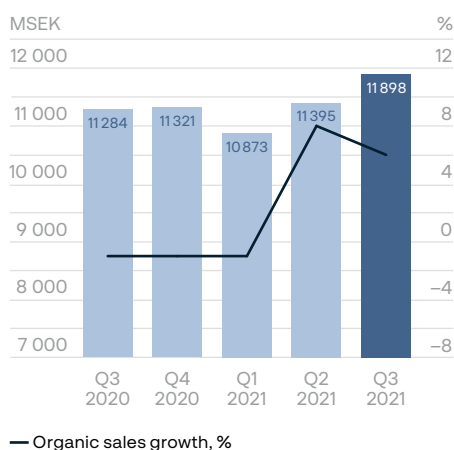
The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 22 percent (–7) in the first nine months.

Security Services Europe

Security Services Europe provides protective services with operations in 22 countries. The full range of protective services includes on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management. In addition there are three specialized units for global clients, electronic security and for security solutions.

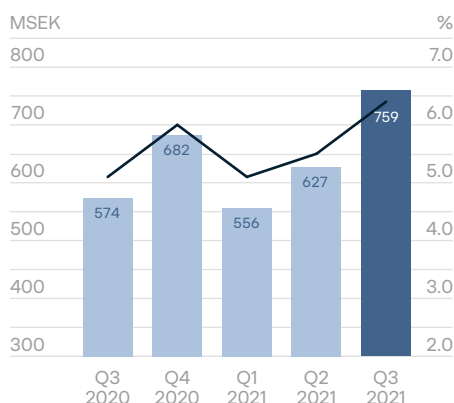
MSEK	Q3		Change, %		9M		Change, %		Full year
	2021	2020	Total	Real	2021	2020	Total	Real	2020
Total sales	11 898	11 284	5	7	34 166	33 867	1	5	45 188
Organic sales growth, %	6	-1			4	-2			-2
Share of Group sales, %	44	43			43	42			42
Operating income before amortization	759	574	32	34	1 942	1 387	40	46	2 069
Operating margin, %	6.4	5.1			5.7	4.1			4.6
Share of Group operating income, %	47	43			45	40			42

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

JULY–SEPTEMBER 2021

Organic sales growth was 6 percent (-1), on a weak comparative due to the corona pandemic, primarily within airport security. Most countries had good momentum and positive organic sales growth in the quarter reflecting the gradual recovery as restrictions are easing. The airport security business sales improved substantially compared to the third quarter last year, but remained below pre-corona levels, and we continue to review the airport security contract portfolio.

Security solutions and electronic security sales represented MSEK 2 843 (2 638) or 24 percent (23) of total sales in the business segment.

The operating margin was 6.4 percent (5.1). The third quarter last year was negatively impacted by the corona pandemic, primarily within airport security, and by enhanced levels of provisioning. Since then the situation has improved overall and cost levels of provisioning have normalized. Most countries contributed to the operating margin development, where improved profitability in the airport security contract portfolio and high-margin corona-related extra sales were important factors. The cost-savings program that was initiated in the Group in 2020 also supported, and corona-related government grants and support in several countries helped offsetting certain negative impacts from the corona pandemic.

The Swedish krona exchange rate strengthened against foreign currencies, primarily the euro, which had a negative effect on operating income in Swedish kronor. The real change was 34 percent (-13) in the third quarter.

JANUARY–SEPTEMBER 2021

Organic sales growth was 4 percent (-2). The first nine months last year were negatively impacted by the corona pandemic, primarily within airport security. Most countries had positive organic sales growth reflecting the gradual recovery as the restrictions and lock-downs are easing. The client retention rate was 91 percent (91), excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 8 242 (7 891) or 24 percent (23) of total sales in the business segment.

The operating margin was 5.7 percent (4.1). The first nine months last year were severely hampered by the corona pandemic, primarily within airport security, and by enhanced levels of provisioning. Since then the situation has gradually improved, and cost levels of provisioning have normalized. Most countries contributed to the operating margin development, where improved profitability in the airport security contract portfolio and high-margin corona-related extra sales were important factors. The improvement was further supported by the cost-savings program that was initiated in the Group in 2020. Corona-related government grants and support in several countries helped offsetting certain negative impacts from the corona pandemic.

The Swedish krona exchange rate strengthened against foreign currencies, primarily the euro, which had a negative effect on operating income in Swedish kronor. The real change was 46 percent (-23) in the first nine months.

Security Services Ibero-America

Security Services 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, electronic security, fire and safety services and corporate risk management.

MSEK	Q3		Change, %		9M		Change, %		Full year
	2021	2020	Total	Real	2021	2020	Total	Real	2020
Total sales	3 124	3 045	3	10	9 046	9 549	-5	5	12 552
Organic sales growth, %	10	0			5	3			2
Share of Group sales, %	11	11			11	12			12
Operating income before amortization	184	138	33	50	499	410	22	34	570
Operating margin, %	5.9	4.5			5.5	4.3			4.5
Share of Group operating income, %	11	10			12	12			12

QUARTERLY SALES DEVELOPMENT



JULY–SEPTEMBER 2021

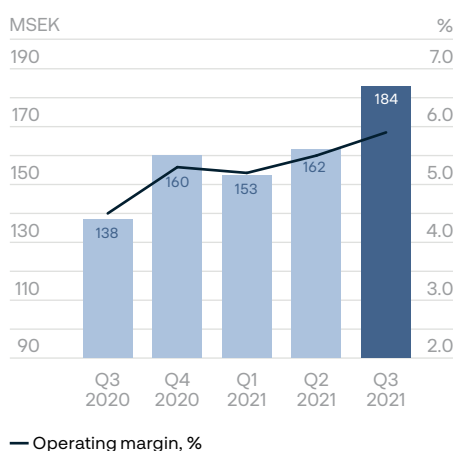
Organic sales growth was 10 percent (0), with the third quarter last year severely hampered by the corona pandemic. Organic sales growth in Spain was 5 percent (4) with a solid development. Organic sales growth in Latin America improved compared to last year with most countries showing positive organic sales growth, although price increases in Argentina was the primary driver. The airport security business gradually recovered, although still below pre-corona levels. Portfolio refinement programs in Argentina and Peru hampered organic sales growth.

negative impact on operating income in Swedish kronor. The real change in the segment was 50 percent (-6) in the third quarter.

JANUARY–SEPTEMBER 2021

Organic sales growth was 5 percent (3), primarily driven by organic sales growth in Spain of 4 percent (1) and by price increases in Argentina. The portfolio refinement programs in Argentina and Peru hampered organic sales growth and the client retention rate was 93 percent (94) excluding the effect of corona-related temporary reductions.

QUARTERLY OPERATING INCOME DEVELOPMENT



Security solutions and electronic security sales represented MSEK 950 (900) or 30 percent (30) of total sales in the business segment.

Security solutions and electronic security sales represented MSEK 2 756 (2 805) or 30 percent (29) of total sales in the business segment.

The operating margin was 5.9 percent (4.5). The third quarter last year was negatively impacted by the corona pandemic, primarily within airport security, and by enhanced levels of provisioning. Spain improved compared to last year, also supported by efficiency gains from the integration of Techco Security. The improvement was also supported by Peru, including impacts from the portfolio refinement program, and by Argentina where the operating margin improvement included net positive impact from corona-related support. The cost-savings program that was initiated in the Group in 2020 also supported the operating margin improvement.

The operating margin was 5.5 percent (4.3). The improvement was primarily driven by Spain, that has developed well and also supported by efficiency gains from the integration of Techco Security. In Latin America, the operating margin also improved which primarily derived from bad debt provision recovery and portfolio refinement programs in Argentina and Peru. The improvement in the business segment was also supported by the cost-savings program that was initiated in the Group in 2020.

The Swedish krona exchange rate strengthened against the Argentinian peso and the euro, which had a

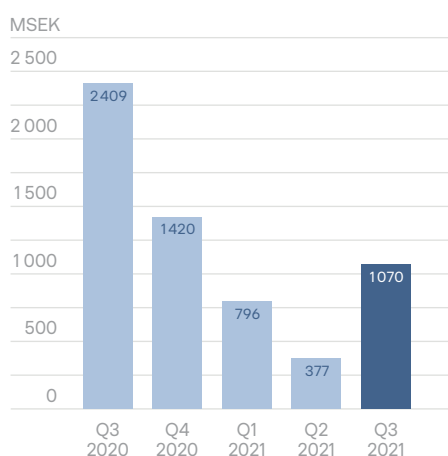
The Swedish krona exchange rate strengthened against the Argentinian peso and the euro, which had a negative impact on operating income in Swedish kronor. The real change in the segment was 34 percent (-2) in the first nine months.

Cash flow

FREE CASH FLOW

MSEK	Jan–Sep 2021
Operating income before amortization	4 332
Net investments	–30
Change in accounts receivable	–345
Change in other operating capital employed	–541
Cash flow from operating activities	3 416
Financial income and expenses paid	–277
Current taxes paid	–896
Free cash flow	2 243

QUARTERLY FREE CASH FLOW



JULY–SEPTEMBER 2021

Cash flow from operating activities amounted to MSEK 1 203 (2 639), equivalent to 75 percent (199) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –105 (86). The level of days of sales outstanding was stable but there was a negative impact from the improved organic sales growth. Changes in other operating capital employed were MSEK –300 (1 242). In the third quarter approximately MSEK 600 out of the previously postponed payroll tax balances in the North American operations were paid while the comparatives were positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and North America of approximately MSEK 400. The quarter was furthermore negatively impacted by payroll timing in the North American operations. There is no timing impact for the first nine months and no timing impact is expected for the full year cash flow.

Free cash flow was MSEK 1 070 (2 409), equivalent to 97 percent (239) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –838 (–82). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –157 (–78). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –287 (–1 400) due to a net decrease in borrowings.

Cash flow for the period was MSEK –212 (849).

JANUARY–SEPTEMBER 2021

Cash flow from operating activities amounted to MSEK 3 416 (5 680), equivalent to 79 percent (163) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –345 (289). The level of days of sales outstanding was stable but there was negative impact from the improved organic sales

growth whereas last year accounts receivable saw a reduction impacted by both lower organic sales growth as well as an improved collection level. Changes in other operating capital employed were MSEK –541 (1 980). In the third quarter approximately MSEK 600 out of the previously postponed payroll tax balances in the North American operations were paid while the comparatives were positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and North America of approximately MSEK 1 300. Other than the remaining amount for payroll taxes in the North American operations of an additional approximately MSEK 600 to be paid in 2022, no material balances remain to be settled out of the various governmental schemes for postponement of various tax payments introduced during the corona pandemic.

Financial income and expenses paid was MSEK –277 (–355) and current taxes paid was MSEK –896 (–801).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –30 (–77), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –1 966 (–2 114) and reversal of depreciation of MSEK 1 936 (2 037).

Free cash flow was MSEK 2 243 (4 524), equivalent to 73 percent (187) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –1 133 (–510). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –568 (–217). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –1 319 (–433) due to dividend paid of MSEK –1 460 (0) and a net increase in borrowings of MSEK 141 (–433).

Cash flow for the period was MSEK –777 (3 364). The closing balance for liquid funds after translation differences of MSEK 14 was MSEK 3 957 (4 720) as of December 31, 2020).

Capital employed and financing

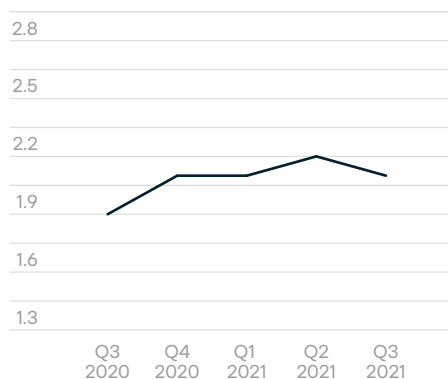
CAPITAL EMPLOYED AND FINANCING

MSEK	Sep 30, 2021
Operating capital employed	10 069
Goodwill	22 802
Acquisition-related intangible assets	1 762
Shares in associated companies	328
Capital employed	34 961
Net debt	15 612
Shareholders' equity	19 349
Financing	34 961

NET DEBT DEVELOPMENT

MSEK	Jan–Sep 2021
Jan 1, 2021	-14 335
Free cash flow	2 243
Acquisitions / divestitures	-1 133
Items affecting comparability	-568
Dividend paid	-1 460
Lease liabilities	162
Change in net debt	-756
Revaluation	-6
Translation	-515
Sep 30, 2021	-15 612

NET DEBT TO EBITDA RATIO



CAPITAL EMPLOYED AS OF SEPTEMBER 30, 2021

The Group's operating capital employed was MSEK 10 069 (8 893 as of December 31, 2020), corresponding to 9 percent of sales (8 as of December 31, 2020), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 360.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2021 in conjunction with the business plan process for 2022. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2021. No impairment losses were recognized in 2020 either.

The Group's total capital employed was MSEK 34 961 (32 042 as of December 31, 2020). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 1 269. The return on capital employed was 14 percent (13 as of December 31, 2020).

FINANCING AS OF SEPTEMBER 30, 2021

The Group's net debt amounted to MSEK 15 612 (14 335 as of December 31, 2020). The net debt was positively impacted mainly by the free cash flow of MSEK 2 243, while it was negatively impacted mainly by a dividend of MSEK -1 460, paid to the shareholders in May 2021, net payments for acquisitions and divestitures of MSEK -1 133,

payments for items affecting comparability of MSEK -568 and translation differences of MSEK -515.

The net debt to EBITDA ratio was 2.1 (1.9). The free cash flow to net debt ratio amounted to 0.23 (0.44). The interest coverage ratio amounted to 12.9 (8.7).

Securitas has a Revolving Credit Facility with its ten key relationship banks. The credit facility comprises one tranche of MEUR 938 originally maturing in 2025. In April 2021, the maturity was extended to 2026 and there is a possibility to extend in 2022 to 2027. It was undrawn on September 30, 2021.

The MEUR 4 000 Euro Medium Term Note program (EMTN) was updated on April 9, 2021. The Commercial Paper Program amounts to MSEK 5 000, of which MSEK 1 150 was issued as at September 30, 2021.

On May 25, 2021, Standard and Poor's rating for Securitas was confirmed BBB/A-2 with stable outlook.

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

Shareholders' equity amounted to MSEK 19 349 (17 707 as of December 31, 2020). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 754. Refer to the statement of comprehensive income on page 17 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of September 30, 2021. Refer to page 20 for further information.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–SEPTEMBER 2021 (MSEK)

Company	Business segment ¹⁾	Included from	Acquired share ²⁾	Annual sales ³⁾	Enterprise value ⁴⁾	Goodwill	Acq. related intangible assets
Opening balance						21 414	1 424
Dansk Brandteknik, Denmark	Security Services Europe	Feb 22	100	81	148	80	75
Protection One, Germany ⁴⁾	Security Services Europe	Aug 19	100	337	682	445	171
Tepe Güvenlik, Turkey	Security Services Europe	Aug 24	100	85	103	65	34
Other acquisitions and divestitures ^{5,6)}		–	–	–118	116	–124	202
Total acquisitions and divestitures January–September 2021				385	1 049⁷⁾	466	482
Amortization of acquisition-related intangible assets						–	–191
Translation differences and remeasurement for hyperinflation						922	47
Closing balance						22 802	1 762

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: FE Moran Security Solutions, the US, Protector i Sundsvall, Eventsäkerhet/7H Bevakning (contract portfolios), Polar Park (contract portfolio), Sweden, SAMCA Vagt, KLEY, Denmark, Oy Bevex Security (contract portfolio), Kokkolan Vartiointi ja Kiinteistövalvonta Pekka Isoaho (contract portfolio), Finland, ORQUAL, Switzerland, KONTROLL DATA-SERVICE Gesellschaft für Sicherheit und Kontrollwesen, Austria, STANLEY Security in Germany, Switzerland, Portugal, Singapore and India and Fredon Security, Australia. Related also to divestitures of Securitas Estonia, Securitas Slovenia, Securitas Panama (asset deal), Securitas Sri Lanka, Securitas Egypt and Securitas Jordan as well as to deferred considerations paid in the US, Sweden, Germany, France, Austria, Turkey 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 –117. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 164.

⁷⁾ Cash flow from acquisitions and divestitures amounts to MSEK –1 133, which is the sum of enterprise value MSEK –1 049 and acquisition-related costs paid MSEK –84.

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 20. Transaction costs and revaluation of deferred considerations can be found in note 6 on page 26.

DANSK BRANDTEKNIK, DENMARK

Securitas has acquired Dansk Brandteknik, a leading Danish fire and safety company that specializes in fire and safety services and equipment, including related consulting and training services. The acquisition will significantly enhance Securitas' protective services capabilities in Denmark and is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023.

The company has a nationwide presence in Denmark with 40 employees and approximately 7 500 business clients, mainly in the small- and medium-sized enterprise (SME) segment, with high client retention rates.

The acquisition-related costs are expected to be MSEK 6, to be recognized in 2021 and 2022, respectively. The acquisition is expected to be accretive to EPS as of 2021 and

was consolidated in Securitas as of February 22, 2021.

PROTECTION ONE, GERMANY

Securitas has acquired Protection One, the German market leader specializing in remote technology-driven security solutions and electronic security. The acquisition will enhance Securitas' protective services capabilities in Germany and is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023.

The company has 230 employees in Germany and is present at 12 locations with the operation center based in Meerbusch, offering remote monitoring services with 24/7 real-time intervention. Combining its high-performance and tailor-made installation offering, the company provides full scope of electronic security services across 10 300 objects for approximately 7 000 clients, mainly small and medium-sized businesses.

The acquisition-related costs are expected to be MSEK 45, to be recognized in the period 2021 to 2023. The acquisition is expected to be accretive to EPS as of 2022. The acquisition was approved by competition authorities during the third quarter of 2021 and

was consolidated in Securitas as of August 19, 2021.

TEPE GÜVENLIK, TURKEY

Securitas has acquired Tepe Güvenlik, a leading electronic security company in Turkey. Through this acquisition, Securitas becomes number two in the monitoring market in Turkey, and the acquisition is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023.

The company has 250 employees and operations mainly in Ankara and Istanbul, including an operation center and a nationwide technical service network. Tepe Güvenlik specializes in electronic security solutions, alarm systems and alarm monitoring for corporate clients, SME's and residentials. The company has more than 50 000 connections, representing a significant addition to Securitas' existing connection base in Turkey today.

The acquisition-related costs are expected to be approximately MSEK 13, to be recognized in the period 2021 to 2023. The acquisition is expected to be accretive to EPS as of 2023. The acquisition was approved by competition authorities during the third quarter of 2021 and was consolidated in Securitas as of August 24, 2021.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2020 Annual Report and to note 12 on page 29. If no significant events have occurred relating to

the information in the Annual Report or previous Interim Reports published during 2021, no further comments are made in the Interim Report for the respective case.

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; contract and acquisition risks, operational assignment risks and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2020.

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.

Securitas as well as other companies continue to face the challenge of the corona pandemic. As disclosed in earlier reports and further in this interim report, the corona pandemic has in different ways impacted the Group's result, and poses an additional challenge when making estimates and judgments. It is currently unclear when certain service levels will return to normal levels and to what extent any costs will be further supported by government grants. Government grants and other relief measures include requirements that need to be fulfilled in order to be eligible for the grants. Together with the valuation of accounts receivable and certain employee benefits, these are key elements in relation to estimates and judgments in preparing the statement of income and balance sheet as well as disclosures. Further,

increased risks are noticed related to the general macro economic environment, and it is unclear what type of impact the corona pandemic will have on the mid- and longer term economical development of the different markets and geographies in which we operate.

For the forthcoming three-month period, the financial impact of the corona pandemic as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2020 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–SEPTEMBER 2021

The Parent Company's income amounted to MSEK 969 (805) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 704 (–331). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 1 852 (–42).

AS OF SEPTEMBER 30, 2021

The Parent Company's non-current assets amounted to MSEK 46 003 (45 822 as of December 31, 2020) and mainly comprise shares in subsidiaries of MSEK 44 350 (44 233 as of December 31, 2020). Current assets amounted to MSEK 5 031 (4 052 as of December 31, 2020) of which liquid funds accounted for MSEK 1 123 (151 as of December 31, 2020).

Shareholders' equity amounted to MSEK 29 299 (28 999 as of December 31, 2020). A dividend of MSEK 1 460 (0) was paid to the shareholders in May 2021.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 21 735 (20 875 as of December 31, 2020) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 30.

Annual General Meeting 2022

The Annual General Meeting will be held on Thursday, May 5, 2022, in Stockholm, Sweden.

Stockholm, October 29, 2021

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	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Sales		27 027	26 212	78 770	80 499	106 642
Sales, acquired business		311	289	881	978	1 312
Total sales	3	27 338	26 501	79 651	81 477	107 954
<i>Organic sales growth, %</i>	4	4	0	4	0	0
Production expenses		-22 263	-21 740	-65 126	-67 503	-89 046
Gross income		5 075	4 761	14 525	13 974	18 908
Selling and administrative expenses		-3 491	-3 453	-10 252	-10 550	-14 100
Other operating income	3	10	8	31	28	39
Share in income of associated companies		11	11	28	36	45
Operating income before amortization		1 605	1 327	4 332	3 488	4 892
<i>Operating margin, %</i>		5.9	5.0	5.4	4.3	4.5
Amortization of acquisition-related intangible assets		-63	-66	-191	-207	-286
Acquisition-related costs	6	-31	-10	-73	-90	-137
Items affecting comparability	7	-120	-112	-515	-218	-640
Operating income after amortization		1 391	1 139	3 553	2 973	3 829
Financial income and expenses	8, 9	-96	-101	-281	-382	-500
Income before taxes		1 295	1 038	3 272	2 591	3 329
<i>Net margin, %</i>		4.7	3.9	4.1	3.2	3.1
Current taxes		-409	-220	-985	-686	-1 048
Deferred taxes		60	-59	102	-13	135
Net income for the period		946	759	2 389	1 892	2 416
Whereof attributable to:						
Equity holders of the Parent Company		944	758	2 386	1 892	2 419
Non-controlling interests		2	1	3	0	-3
Earnings per share before and after dilution (SEK)		2.59	2.08	6.54	5.18	6.63
Earnings per share before and after dilution and before items affecting comparability (SEK)		2.82	2.31	7.57	5.63	8.02

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Net income for the period		946	759	2 389	1 892	2 416
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		4	-18	108	19	-78
Total items that will not be reclassified to the statement of income	10	4	-18	108	19	-78
Items that subsequently may be reclassified to the statement of income						
Remeasurement for hyperinflation net of tax	8	18	12	65	38	62
Cash flow hedges net of tax		17	-8	-16	-49	-22
Cost of hedging net of tax		-3	-4	12	38	34
Net investment hedges net of tax		-100	122	-236	-28	528
Other comprehensive income from associated companies, translation differences		8	-2	13	-15	-40
Translation differences		363	-525	977	-944	-3 087
Total items that subsequently may be reclassified to the statement of income	10	303	-405	815	-960	-2 525
Other comprehensive income for the period	10	307	-423	923	-941	-2 603
Total comprehensive income for the period		1 253	336	3 312	951	-187
Whereof attributable to:						
Equity holders of the Parent Company		1 252	336	3 309	955	-180
Non-controlling interests		1	0	3	-4	-7

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Operating income before amortization		1 605	1 327	4 332	3 488	4 892
Investments in non-current tangible and intangible assets		-653	-685	-1 966	-2 114	-2 787
Reversal of depreciation		656	669	1 936	2 037	2 690
Change in accounts receivable		-105	86	-345	289	123
Change in other operating capital employed		-300	1 242	-541	1 980	2 289
Cash flow from operating activities		1 203	2 639	3 416	5 680	7 207
<i>Cash flow from operating activities, %</i>		75	199	79	163	147
Financial income and expenses paid		-19	-24	-277	-355	-401
Current taxes paid		-114	-206	-896	-801	-862
Free cash flow		1 070	2 409	2 243	4 524	5 944
<i>Free cash flow, %</i>		97	239	73	187	178
Cash flow from investing activities, acquisitions and divestitures	6	-838	-82	-1 133	-510	-1 801
Cash flow from items affecting comparability	7	-157	-78	-568	-217	-405
Cash flow from financing activities		-287	-1 400	-1 319	-433	-2 762
Cash flow for the period		-212	849	-777	3 364	976

Change in net debt MSEK	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Opening balance		-15 618	-15 932	-14 335	-17 541	-17 541
Cash flow for the period		-212	849	-777	3 364	976
Change in lease liabilities		85	-46	162	-77	-139
Change in loans		287	1 400	-141	433	1 010
Change in net debt before revaluation and translation differences		160	2 203	-756	3 720	1 847
Revaluation of financial instruments	9	18	-14	-6	-12	17
Translation differences		-172	208	-515	298	1 342
Change in net debt		6	2 397	-1 277	4 006	3 206
Closing balance		-15 612	-13 535	-15 612	-13 535	-14 335

Cash flow MSEK	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Cash flow from operations		1 506	2 958	3 467	6 252	8 072
Cash flow from investing activities		-1 200	-481	-2 248	-1 761	-3 438
Cash flow from financing activities		-518	-1 628	-1 996	-1 127	-3 658
Cash flow for the period		-212	849	-777	3 364	976

Change in liquid funds MSEK	Note	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Opening balance		4 156	6 400	4 720	3 948	3 948
Cash flow for the period		-212	849	-777	3 364	976
Translation differences		13	-46	14	-109	-204
Closing balance		3 957	7 203	3 957	7 203	4 720

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Operating capital employed		10 069	10 285	8 893
<i>Operating capital employed as % of sales</i>		9	10	8
<i>Return on operating capital employed, %</i>		51	40	39
Goodwill		22 802	21 930	21 414
Acquisition-related intangible assets		1 762	1 418	1 424
Shares in associated companies		328	330	311
Capital employed		34 961	33 963	32 042
<i>Return on capital employed, %</i>		14	14	13
Net debt		-15 612	-13 535	-14 335
Shareholders' equity		19 349	20 428	17 707
<i>Net debt equity ratio, multiple</i>		0.81	0.66	0.81

BALANCE SHEET

MSEK	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS				
Non-current assets				
Goodwill		22 802	21 930	21 414
Acquisition-related intangible assets		1 762	1 418	1 424
Other intangible assets		1 899	1 908	1 788
Right-of-use assets		3 249	3 443	3 334
Other tangible non-current assets		3 388	3 380	3 262
Shares in associated companies		328	330	311
Non-interest-bearing financial non-current assets		1 908	1 780	1 835
Interest-bearing financial non-current assets		447	629	686
Total non-current assets		35 783	34 818	34 054
Current assets				
Non-interest-bearing current assets		22 009	22 187	20 209
Other interest-bearing current assets		260	214	144
Liquid funds		3 957	7 203	4 720
Total current assets		26 226	29 604	25 073
TOTAL ASSETS		62 009	64 422	59 127

MSEK	Note	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company		19 340	20 414	17 697
Non-controlling interests		9	14	10
Total shareholders' equity		19 349	20 428	17 707
<i>Equity ratio, %</i>		31	32	30
Long-term liabilities				
Non-interest-bearing long-term liabilities		289	328	265
Long-term lease liabilities		2 470	2 644	2 554
Other interest-bearing long-term liabilities		11 829	12 722	11 694
Non-interest-bearing provisions		2 511	2 468	2 477
Total long-term liabilities		17 099	18 162	16 990
Current liabilities				
Non-interest-bearing current liabilities and provisions		19 584	19 617	18 793
Current lease liabilities		893	893	876
Other interest-bearing current liabilities		5 084	5 322	4 761
Total current liabilities		25 561	25 832	24 430
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		62 009	64 422	59 127

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 30, 2021			Sep 30, 2020			Dec 31, 2020		
	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, 2021/2020	17 697	10	17 707	19 569	30	19 599	19 569	30	19 599
Total comprehensive income for the period	3 309	3	3 312	955	-4	951	-180	-7	-187
Transactions with non-controlling interests	-	-4	-4	-	-12	-12	-	-13	-13
Share-based incentive schemes	-206	-	-206 ¹⁾	-110	-	-110	60	-	60
Dividend paid to the shareholders of the Parent Company	-1 460	-	-1 460	-	-	-	-1 752	-	-1 752
Closing balance September 30 / December 31, 2021/2020	19 340	9	19 349	20 414	14	20 428	17 697	10	17 707

¹⁾ Refers to a swap agreement for shares in Securitas AB of MSEK -159, hedging the share portion of Securitas share based incentive scheme 2020. Refers also to repurchase of own shares of MSEK -47.

DATA PER SHARE

SEK	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Share price, end of period	139.05	137.25	139.05	137.25	132.75
Earnings per share before and after dilution ^{1,2)}	2.59	2.08	6.54	5.18	6.63
Earnings per share before and after dilution and before items affecting comparability ^{1,2)}	2.82	2.31	7.57	5.63	8.02
Dividend	-	-	-	-	4.00
P/E-ratio after dilution and before items affecting comparability	-	-	-	-	17
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding ¹⁾	364 583 897	364 933 897	364 583 897	364 933 897	364 933 897
Average number of shares outstanding ^{1,3)}	364 583 897	364 933 897	364 790 307	364 933 897	364 933 897
Treasury shares ⁴⁾	475 000	125 000	475 000	125 000	125 000

¹⁾ There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.

²⁾ 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.

³⁾ Used for calculation of earnings per share.

⁴⁾ In June 2021, 350 000 shares were repurchased.

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 87 to 93 in the Annual Report for 2020. 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 142 in the Annual Report for 2020.

Introduction and effect of new and revised IFRS 2021

Securitas has adopted phase 2 of the amendments to IFRS 9 Financial Instruments related to the IBOR reform that came into effect on January 1, 2021. Phase 2 addresses the accounting for effects on the financial statements due to the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships that may arise as a consequence of the interest rate benchmark reform. The amendments ensure that there is no impact on the Group's financial statements due to the IBOR reform.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2021 are assessed to have any impact on the Group's financial statements.

Introduction and effect of new and revised IFRS 2022 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2022 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 2020.

NOTE 2

Events after the balance sheet date

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

NOTE 3

Revenue

MSEK	Jul–Sep 2021	%	Jul–Sep 2020	%	Jan–Sep 2021	%	Jan–Sep 2020	%	Jan–Dec 2020	%
Guarding services	20 561	75	20 128	76	59 885	75	61 941	76	81 838	76
Security solutions and electronic security	6 030	22	5 763	22	17 635	22	17 595	22	23 478	22
Other	747	3	610	2	2 131	3	1 941	2	2 638	2
Total sales	27 338	100	26 501	100	79 651	100	81 477	100	107 954	100
Other operating income	10	0	8	0	31	0	28	0	39	0
Total revenue	27 348	100	26 509	100	79 682	100	81 505	100	107 993	100

Guarding services

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

Security solutions and electronic security

This comprises two broad categories regarding security solutions and electronic security.

Security 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 customer site. The revenue recognition pattern is over time, as the services are rendered by Securitas and simultaneously consumed by the customers. A security solution normally constitutes one performance obligation.

Electronic security consists of the sale of alarm installations comprising design and installation (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 security 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 customers. 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 is also to a limited extent product sales (alarms and components) without any design or installation. The revenue recognition is at a point in time (upon delivery).

Other

Other comprises mainly corporate risk management services that are either recognized over time or at a point in time as well as other ancillary business.

Other operating income

Other operating income consists in its entirety 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.

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jul–Sep 2021	Jul–Sep 2020	Jul–Sep 2021	Jul–Sep 2020	Jul–Sep 2021	Jul–Sep 2020	Jul–Sep 2021	Jul–Sep 2020	Jul–Sep 2021	Jul–Sep 2020	Jul–Sep 2021	Jul–Sep 2020
Guarding services	8 886	8 918	9 055	8 646	2 174	2 145	451	432	–5	–13	20 561	20 128
Security solutions and electronic security	2 057	2 078	2 843	2 638	950	900	180	147	–	–	6 030	5 763
Other	747	610	–	–	–	–	–	–	–	–	747	610
Total sales	11 690	11 606	11 898	11 284	3 124	3 045	631	579	–5	–13	27 338	26 501
Other operating income	–	–	–	–	–	–	10	8	–	–	10	8
Total revenue	11 690	11 606	11 898	11 284	3 124	3 045	641	587	–5	–13	27 348	26 509

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jan–Sep 2021	Jan–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Sep 2021	Jan–Sep 2020
Guarding services	26 330	27 875	25 924	25 976	6 290	6 744	1 353	1 360	–12	–14	59 885	61 941
Security solutions and electronic security	6 086	6 417	8 242	7 891	2 756	2 805	551	482	–	–	17 635	17 595
Other	2 131	1 941	–	–	–	–	–	–	–	–	2 131	1 941
Total sales	34 547	36 233	34 166	33 867	9 046	9 549	1 904	1 842	–12	–14	79 651	81 477
Other operating income	–	–	–	–	–	–	31	28	–	–	31	28
Total revenue	34 547	36 233	34 166	33 867	9 046	9 549	1 935	1 870	–12	–14	79 682	81 505

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	Jul–Sep 2021	Jul–Sep 2020	%	Jan–Sep 2021	Jan–Sep 2020	%
Total sales	27 338	26 501	3	79 651	81 477	–2
Currency change from 2020	580	–		5 885	–	
Real sales growth, adjusted for changes in exchange rates	27 918	26 501	5	85 536	81 477	5
Acquisitions/divestitures	–311	–81		–881	–207	
Organic sales growth	27 607	26 420	4	84 655	81 270	4
Operating income before amortization	1 605	1 327	21	4 332	3 488	24
Currency change from 2020	35	–		325	–	
Real operating income before amortization, adjusted for changes in exchange rates	1 640	1 327	24	4 657	3 488	34
Operating income after amortization	1 391	1 139	22	3 553	2 973	20
Currency change from 2020	27	–		238	–	
Real operating income after amortization, adjusted for changes in exchange rates	1 418	1 139	24	3 791	2 973	28
Income before taxes	1 295	1 038	25	3 272	2 591	26
Currency change from 2020	37	–		225	–	
Real income before taxes, adjusted for changes in exchange rates	1 332	1 038	28	3 497	2 591	35
Net income for the period	946	759	25	2 389	1 892	26
Currency change from 2020	27	–		164	–	
Real net income for the period, adjusted for changes in exchange rates	973	759	28	2 553	1 892	35
Net income attributable to equity holders of the Parent Company	944	758	25	2 386	1 892	26
Currency change from 2020	27	–		164	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	971	758	28	2 550	1 892	35
Average number of shares outstanding	364 583 897	364 933 897		364 790 307	364 933 897	
Real earnings per share, adjusted for changes in exchange rates	2.66	2.08	28	6.99	5.18	35
Net income attributable to equity holders of the Parent Company	944	758	25	2 386	1 892	26
Items affecting comparability net of taxes	84	86		375	164	
Net income attributable to equity holders of the Parent Company adjusted for items affecting comparability	1 028	844	22	2 761	2 056	34
Currency change from 2020	31	–		178	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	1 059	844	25	2 939	2 056	43
Number of shares	364 583 897	364 933 897		364 790 307	364 933 897	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	2.90	2.31	26	8.06	5.63	43

NOTE 5

Definitions and calculation of key ratios

The calculations below relate to the period January–September 2021.

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: $(5\,736 + 49) / 448 = 12.9$

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: $3\,416 / 4\,332 = 79\%$

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: $2\,243 / (4\,332 - 281 - 0 - 985) = 73\%$

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: $3\,663 / 15\,612 = 0.23$

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: $15\,612 / (4\,409 + 270 + 2\,589) = 2.1$

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: $10\,069 / 106\,244 = 9\%$

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: $(5\,736 - 937) / ((10\,069 + 8\,893) / 2) = 51\%$

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: $(5\,736 - 937) / 34\,961 = 14\%$

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: $15\,612 / 19\,349 = 0.81$

NOTE 6

Acquisition-related costs and cash flow from acquisitions and divestitures

MSEK	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Restructuring and integration costs	–21	–6	–55	–77	–92
Transaction costs	–9	–3	–15	–10	–40
Revaluation of deferred considerations	–1	–1	–3	–3	–5
Total acquisition-related costs	–31	–10	–73	–90	–137
Cash flow impact from acquisitions and divestitures					
Purchase price payments	–841	–57	–1 047	–495	–1 780
Assumed net debt	34	1	–2	50	98
Acquisition-related costs paid	–31	–26	–84	–65	–119
Total cash flow impact from acquisitions and divestitures	–838	–82	–1 133	–510	–1 801

For further information regarding the Group's acquisitions, refer to the section Acquisitions and divestitures.

NOTE 7

Items affecting comparability

MSEK	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Recognized in the statement of income					
Transformation programs, Group ¹⁾	-199	-53	-450	-159	-351
Cost-savings program, Group ²⁾	-35	-59	-179	-59	-289
Repayment AFA, Security Services Europe ³⁾	114	-	114	-	-
Total recognized in the statement of income before tax	-120	-112	-515	-218	-640
Taxes	36	26	140	54	133
Total recognized in the statement of income after tax	-84	-86	-375	-164	-507
Cash flow impact					
Transformation programs, Group ¹⁾	-91	-45	-307	-161	-251
Cost-savings program, Group ²⁾	-60	-27	-238	-27	-111
Cost-savings program, Security Services Europe	-6	-6	-23	-29	-43
Repayment AFA, Security Services Europe ³⁾	-	-	-	-	-
Total cash flow impact	-157	-78	-568	-217	-405

¹⁾ Related to the previously announced business transformation program in Security Services North America, Security Services Europe and Security Services Ibero-America, as well as the previously announced global IS/IT transformation program.

²⁾ Includes costs related to exit of business operations. Cash flow related to exit of business operations is accounted for as cash flow from investing activities.

³⁾ Related to a lump-sum payment in the fourth quarter from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden. The repayment was received on October 19, 2021.

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. Currently, Securitas' operations in Argentina are accounted for according to IAS 29.

The impact on the consolidated statement of 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.

EXCHANGE RATES AND INDEX

	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Exchange rate SEK/ARS	0.09	0.12	0.10
Index	31.72	20.97	23.35

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Net monetary gain	3	2	14	8	14
Total financial income and expenses	3	2	14	8	14

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	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Recognized in the statement of income					
Revaluation of financial instruments	0	0	0	1	1
Deferred tax	–	–	–	–	–
Impact on net income	0	0	0	1	1
Recognized in the statement of comprehensive income					
Cash flow hedges	22	–10	–21	–62	–28
Cost of hedging	–4	–4	15	49	44
Deferred tax	–4	2	2	2	–4
Total recognized in the statement of comprehensive income	14	–12	–4	–11	12
Total revaluation before tax	18	–14	–6	–12	17
Total deferred tax	–4	2	2	2	–4
Total revaluation after tax	14	–12	–4	–10	13

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 2020. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2020.

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
September 30, 2021				
Financial assets at fair value through profit or loss	–	6	–	6
Financial liabilities at fair value through profit or loss	–	–6	–164	–170
Derivatives designated for hedging with positive fair value	–	215	–	215
Derivatives designated for hedging with negative fair value	–	–193	–	–193
December 31, 2020				
Financial assets at fair value through profit or loss	–	20	–	20
Financial liabilities at fair value through profit or loss	–	–11	–295	–306
Derivatives designated for hedging with positive fair value	–	362	–	362
Derivatives designated for hedging with negative fair value	–	–159	–	–159

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 2020.

MSEK	Sep 30, 2021		Dec 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 199	10 336	10 118	10 336
Short-term loan liabilities	3 567	3 591	3 528	3 531
Total financial instruments by category	13 766	13 927	13 646	13 867

SUMMARY OF CREDIT FACILITIES AS OF SEPTEMBER 30, 2021

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 1.25 % fixed	EUR	350	0	2022
EMTN Eurobond, 1.125 % fixed	EUR	350	0	2024
EMTN FRN private placement	USD	50	0	2024
EMTN FRN private placement	USD	105	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Revolving Credit Facility	EUR	938	938	2026
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
Commercial Paper (uncommitted)	SEK	5 000	3 850	n/a

NOTE 10**Deferred tax on other comprehensive income**

MSEK	Jul–Sep 2021	Jul–Sep 2020	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
Deferred tax on remeasurements of defined benefit pension plans	-1	5	-22	-3	19
Deferred tax on cash flow hedges	-5	2	5	13	6
Deferred tax on cost of hedging	1	0	-3	-11	-10
Deferred tax on net investment hedges	26	-33	61	8	-144
Deferred tax on net investment hedges included in translation differences	-32	57	-77	91	244
Total deferred tax on other comprehensive income	-11	31	-36	98	115

NOTE 11**Pledged assets**

MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Pension balances, defined contribution plans ¹⁾	169	141	144
Total pledged assets	169	141	144

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

NOTE 12**Contingent liabilities**

MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Guarantees	-	-	-
Guarantees related to discontinued operations	15	15	15
Total contingent liabilities	15	15	15

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 39 in the Annual Report 2020 as well as to the section Other significant events in this report.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Sep 2021	Jan–Sep 2020	Jan–Dec 2020
License fees and other income	969	805	1 233
Gross income	969	805	1 233
Administrative expenses	–569	–490	–949
Operating income	400	315	284
Financial income and expenses	1 704	–331	1 067
Income after financial items	2 104	–16	1 351
Appropriations	–252	–26	–71
Income before taxes	1 852	–42	1 280
Taxes	9	–8	150
Net income for the period	1 861	–50	1 430

BALANCE SHEET

MSEK	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
ASSETS			
Non-current assets			
Shares in subsidiaries	44 350	44 724	44 233
Shares in associated companies	112	112	112
Other non-interest-bearing non-current assets	622	791	344
Interest-bearing financial non-current assets	919	1 237	1 133
Total non-current assets	46 003	46 864	45 822
Current assets			
Non-interest-bearing current assets	799	1 031	571
Other interest-bearing current assets	3 109	2 778	3 330
Liquid funds	1 123	1 457	151
Total current assets	5 031	5 266	4 052
TOTAL ASSETS	51 034	52 130	49 874
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	7 730	7 737	7 730
Non-restricted equity	21 569	21 510	21 269
Total shareholders' equity	29 299	29 247	28 999
Untaxed reserves	757	703	723
Long-term liabilities			
Non-interest-bearing long-term liabilities/provisions	198	330	169
Interest-bearing long-term liabilities	11 818	12 704	11 679
Total long-term liabilities	12 016	13 034	11 848
Current liabilities			
Non-interest-bearing current liabilities	1 341	1 210	960
Interest-bearing current liabilities	7 621	7 936	7 344
Total current liabilities	8 962	9 146	8 304
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	51 034	52 130	49 874

Financial information

FINANCIAL INFORMATION CALENDAR

December 7, 2021, 2.00 p.m. (CET)
Virtual Investor Day 2021

February 8, 2022, app. 8.00 a.m. (CET)
Full Year Report January–December 2021

March 25, 2022
Annual and sustainability report for 2021 will be published

May 4, 2022, app. 1.00 p.m. (CET)
Interim Report January–March 2022

May 5, 2022
Annual General Meeting 2022 in Stockholm

July 28, 2022, app. 1.00 p.m. (CET)
Interim Report January–June 2022

November 8, 2022, app. 1.00 p.m. (CET)
Interim Report January–September 2022

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 October 29, 2021, at **2:30 p.m. (CET)** 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. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US: + 1 631 913 1422

Sweden: + 46 8 566 426 51

UK: + 44 333 3000 804

Please use the following pin code for the telephone conference: **621 490 78#**

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, Head of Investor Relations + 46 76 116 7443

ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 47 countries. Our operations are organized in three business segments: Security Services North America, Security Services Europe and Security Services 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, electronic security, 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 the intelligent protective services partner, we are focusing on four areas: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

Group financial targets

Securitas has three financial targets:

- An annual average increase in earnings per share of 10 percent
- Net debt to EBITDA ratio of on average 2.5
- An operating cash flow of 70 to 80 percent of operating income before amortization

Securitas has also set a strategic transformation ambition – to double our security solutions and electronic security sales by 2023, compared with 2018.

This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. (CET) on Friday, October 29, 2021.

