Securitas

Full Year Report January–December 2022

4

October–December 2022

38 091
Total sales, MSEK

6.5%
Operating margin

2.47
Earnings per share, SEK

- Total sales MSEK 38 091 (28 049)
- Organic sales growth 9 percent (4)
- Operating income before amortization MSEK 2 491 (1 646)
- Operating margin 6.5 percent (5.9)
- Items affecting comparability (IAC) MSEK –312 (–356), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share before and after dilution SEK 2.47 (1.70)*
- Earnings per share before and after dilution, before IAC, SEK 2.63 (2.37)*
- Cash flow from operating activities 83 percent (131)

JANUARY–DECEMBER 2022

- Total sales MSEK 133 237 (107 700)
- Organic sales growth 7 percent (4)
- Operating income before amortization MSEK 8 033 (5 978)
- Operating margin 6.0 percent (5.6)
- Items affecting comparability (IAC) MSEK –1 086 (–871), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share before and after dilution SEK 9.20 (7.14)*
- Earnings per share before and after dilution, before IAC, SEK 10.77 (8.66)*
- Reported net debt/EBITDA 4.0 (1.9), adjusted net debt/EBITDA ratio 3.7**
- Cash flow from operating activities 71 percent (93)
- Proposed dividend for 2022 of SEK 3.45 per share, distributed in two installments

* Number of shares outstanding have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 22.
** Includes STANLEY Security's 12 months adjusted estimated EBITDA.

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Comments from the President and CEO

“A year of strong performance and strategic achievements”

Securitas delivered solid growth, profitability and cash flow in the fourth quarter. We target to become the most attractive security and solutions partner for our clients, and together with STANLEY Security, we know we are on track. The integration and value creation processes with STANLEY Security are proceeding very well.

We concluded the year with organic sales growth of 9 percent in the fourth quarter, with good commercial traction in all business segments. Organic sales growth in North America continued to increase in the quarter and due to the previously announced renewal and expanded scope of a significant client contract we expect continued improvement in the first quarter of 2023.

Technology and solutions sales had real sales growth of 80 percent (10) in the fourth quarter, and 15 percent (10) exluding STANLEY Security, now representing 32 percent (23) of Group sales.

The operating margin improved to 6.5 percent (5.9) and the operating result, adjusted for changes in exchange rates, increased by 39 percent in the fourth quarter, with a material contribution from STANLEY Security and a good performance in the legacy business. The STANLEY Security business continued to perform well, and we are ahead of schedule in North America thanks to solid execution of the integration and value creation plan.

The operating margin in North America exceeded 8 percent for the first time, with strong improvement also excluding STANLEY Security. In Europe and Ibero-America, the operating margins improved on a full-year basis, but were flat in the quarter. Business conditions in Europe remain challenging as a result of the labor shortage.

The Group’s operating margin continues to improve by realizing benefits from our transformation programs and execution of the value creation plan from the acquired STANLEY Security business, as well as from pursuing active management of lower profitability contracts. We continue with disciplined pricing in the guarding business and have continued to protect a positive price and wage balance in a high inflationary environment.

The Group’s operating cash flow was solid in the quarter at 83 percent of the operating result. Maintaining strong cash flows remains a key priority to further reducing our leverage position following the acquisition of STANLEY Security.

CREATING THE FUTURE SECURITAS

In North America we see significant value in the day-to-day operations through increased data-driven efficiency, productivity and financial transparency as a result of the transformation program, which was also an important enabler of the positive operating margin trend.

We continue to execute the business transformation program in Europe, although with a small delay as we calibrate the program with the STANLEY Security integration plan to optimize costs and benefits. The corresponding program in Ibero-America is on track and we expect to realize financial and operational benefits in the coming years.

While the macroeconomic environment is uncertain, we are continuously working to ensure we are prepared to manage more challenging times. One of our strengths as a company is our resilient business model with long-term client relationships and the continuous need for security throughout the economic cycle. Combining our talent and expertise with STANLEY Security has set us up for higher growth thanks to an outstanding client offering and we expect significant operating margin enhancement opportunities with a target to reach 8 percent by the end of 2025. Our margin improvement in 2022 gives us confidence that we are on the right track, and we will continue to strategically assess our footprint and business mix to further sharpen our performance and position.

In 2022, we also took significant steps in our sustainability agenda as we became the first major company in our industry to commit to the Science Based Targets initiative.

I would like to thank our clients and the Securitas team for their tremendous work during a challenging year of geopolitical uncertainty and inflationary pressure. We are developing a stronger client offering and position in the market, and along with solid client relationships, this enables us to improve the returns for our shareholders in the coming years.

Magnus Ahlqvist
President and CEO

January–December 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 fourth quarter income statement and in the January–December income statement from this date. There are no income items relating to STANLEY Security in the comparatives except for transaction costs incurred by the Group prior to the date of acquisition.

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 December 31, 2022, while the balance sheet for comparative periods does not include STANLEY Security.

The contribution to the operating cash flow and the free cash flow is based on the cash flow attributable to the period July 22 to December 31, 2022.

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

FINANCIAL SUMMARY

	Q4		Change, %		Full year		Change, %	
MSEK	2022	2021	Total	Real	2022	2021	Total	Real
Sales	**38 091**	**28 049**	**36**	**25**	**133 237**	**107 700**	**24**	**14**
Organic sales growth, %	*9*	*4*			*7*	*4*		
Operating income before amortization	**2 491**	**1 646**	**51**	**39**	**8 033**	**5 978**	**34**	**22**
Operating margin, %	*6.5*	*5.9*			*6.0*	*5.6*		
Amortization of acquisition-related intangible assets	−155	−99			−414	−290		
Acquisition-related costs	−4	−49			−49	−122		
Items affecting comparability[1]	−312	−356			−1 086	−871		
Operating income after amortization	**2 020**	**1 142**	**77**	**62**	**6 484**	**4 695**	**38**	**24**
Financial income and expenses	−336	−83			−758	−364		
Income before taxes	**1 684**	**1 059**	**59**	**37**	**5 726**	**4 331**	**32**	**16**
Net income for the period	**1 374**	**745**	**84**	**62**	**4 316**	**3 134**	**38**	**22**
Earnings per share before and after dilution, SEK[2]	2.47	1.70	45	28	9.20	7.14	29	14
EPS before and after dilution, before items affecting comparability, SEK[2]	2.63	2.37	11	−5	10.77	8.66	24	9
Cash flow from operating activities, %	*83*	*131*			*71*	*93*		
Free cash flow	1 175	1 756			3 422	3 999		
Net debt to EBITDA ratio	–	–			*4.0*	*1.9*		

[1] Refer to note 7 on page 29 for further information.
[2] Number of shares outstanding have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 22.

GROUP FINANCIAL TARGETS

The Group operating margin was 6.0 percent (5.6), with a target of reaching 8 percent by the end of 2025. The real sales growth of technology and solutions sales was 44 percent (8) in 2022 with an annual average target of 8–10 percent. The real sales growth of technology and solutions sales excluding STANLEY Security was 12 percent (8) in 2022. The net debt to EBITDA ratio was 4.0 (1.9) and the adjusted net debt to EBITDA ratio was 3.7, with a target of below 3.0x. The operating cash flow was 71 percent (93) of operating income before amortization with an annual target of 70–80 percent.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting (AGM) of Securitas AB will be held on Thursday, May 4, 2023, in Stockholm.

Additional information about the AGM will be published in the notice convening the AGM and on www.securitas.com/agm2023. The 2022 Annual and Sustainability Report of Securitas AB will be published on www.securitas.com on March 31, 2023.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend for 2022 of SEK 3.45 (3.66*) per share, distributed to the shareholders in two payments of SEK 1.75 per share and SEK 1.70 per share, respectively. The total proposed dividend amounts to 46 percent of net income. The record date for the first payment is proposed to be May 8, 2023, and for the second payment November 20, 2023. If the Annual General Meeting so resolves, the first payment is expected to be distributed by Euroclear Sweden AB starting May 11, 2023, and the second payment starting November 23, 2023.

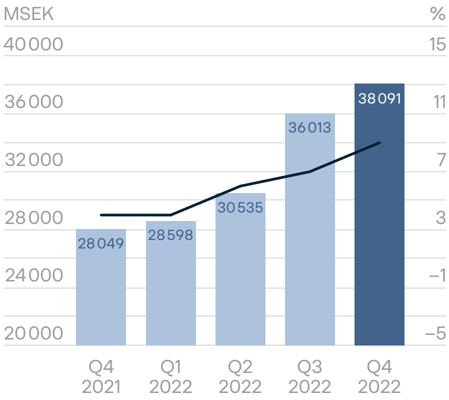
ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

	Organic sales growth				Operating margin			
	Q4		Full year		Q4		Full year	
%	2022	2021	2022	2021	2022	2021	2022	2021
Security Services North America	5	0	1	3	8.1	7.1	7.5	6.8
Security Services Europe	11	5	9	5	6.3	6.3	5.9	5.8
Security Services Ibero-America	17	11	16	6	6.3	6.3	6.0	5.7
Group	**9**	**4**	**7**	**4**	**6.5**	**5.9**	**6.0**	**5.6**

* Based on adjustment of number of shares due to the rights issue completed on October 11, 2022.

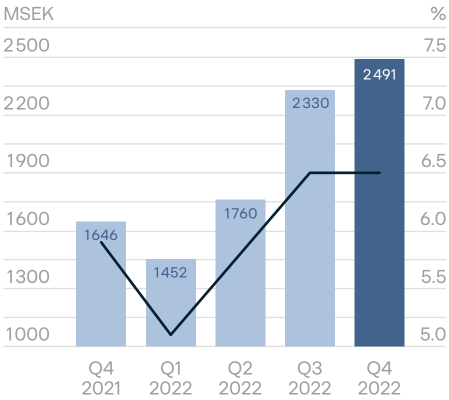
Group development

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

OCTOBER–DECEMBER 2022

SALES DEVELOPMENT

Sales amounted to MSEK 38 091 (28 049) and organic sales growth to 9 percent (4).

Security Services North America had 5 percent (0) organic sales growth, driven by the Guarding, Technology and Pinkerton business units. Security Services Europe had 11 percent (5), driven by strong price increases and good growth within technology and solutions. Security Services Ibero-America showed 17 percent (11), with strong support from price increases driven by the hyperinflationary environment in Argentina. Extra sales in the Group amounted to 13 percent (15) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 25 percent (4).

Technology and solutions sales amounted to MSEK 12 347 (6 470) or 32 percent (23) of total sales in the quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 80 percent (10). The acquired STANLEY Security business increased the technology sales volume and was the main contributor to real sales growth. Excluding STANLEY Security, real sales growth was 15 percent (10).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 2 491 (1 646) which, adjusted for changes in exchange rates, represented a real change of 39 percent (15).

The Group's operating margin was 6.5 percent (5.9), an improvement driven by Security Services North America where the improvement primarily stemmed from Technology including the acquired STANLEY Security business. The operating margin in STANLEY Security's North American operations is higher than in the European operations, this trend increased in the fourth quarter supported by synergy execution ahead of plan in North America. The operating margins in Security Services Europe and Security Services Ibero-America were on par with last year.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –155 (–99), whereof MSEK –91 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –4 (–49). For further information refer to Acquisitions and divestitures on page 15 and note 6.

Items affecting comparability were MSEK –312 (–356), whereof MSEK –158 (–62) related to the acquisition of STANLEY Security and MSEK –154 (–145) 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 –336 (–83), whereof MSEK –243 (0) related to financing of the STANLEY Security acquisition. For further information refer to note 13. The impact from IAS 29 hyperinflation was MSEK 58 (6) 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 0 (15). 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 1 684 (1 059).

TAXES, NET INCOME AND EARNINGS PER SHARE
The Group's tax rate was 18.4 percent (29.7). The significant reduction in the Group's quarterly tax rate is due to the reversal of tax provisions related to Spanish tax cases after a judgment from the Supreme Court in Spain in favor of Securitas. Refer to Spain – tax audit in Other Significant Events on page 16. The tax rate before tax on items affecting comparability was 27.0 percent (26.9).

Net income was MSEK 1 374 (745).

Earnings per share before and after dilution amounted to SEK 2.47 (1.70). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 2.63 (2.37).

JANUARY–DECEMBER 2022

SALES DEVELOPMENT
Sales amounted to MSEK 133 237 (107 700) and organic sales growth to 7 percent (4). STANLEY Security's contribution to sales was MSEK 7 736 of which approximately 63 percent was consolidated into North America and approximately 37 percent into Europe.

Organic sales growth was driven by Security Services Europe and Security Services Ibero-America. Security Services Europe had 9 percent (5), supported by price increases, good sales momentum within technology and solutions and the airport security business. Security Services Ibero-America showed 16 percent (6), primarily driven by price increases in Argentina and a strong performance in Spain. Security Services North America had 1 percent (3) organic sales growth, hampered by previously announced contract terminations and reduced corona-related extra sales but supported by price increases and good commercial momentum. Extra sales in the Group amounted to 13 percent (15) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 14 percent (5).

Technology and solutions sales amounted to MSEK 36 983 (24 105) or 28 percent (22) of total sales for the full year. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 44 percent (8). The acquired STANLEY Security business increased the technology sales volume and was the main contributor to real sales growth. Excluding STANLEY Security, real sales growth was 12 percent (8).

OPERATING INCOME BEFORE AMORTIZATION
Operating income before amortization was MSEK 8 033 (5 978) which, adjusted for changes in exchange rates, represented a real change of 22 percent (28).

The Group's operating margin was 6.0 percent (5.6), an improvement driven by all business segments and supported by the acquired STANLEY Security business. The operating margin in STANLEY Security's North American operations is higher than in the European operations. Total price adjustments in the Group were ahead of wage cost increases for the full year.

OPERATING INCOME AFTER AMORTIZATION
Amortization of acquisition-related intangible assets amounted to MSEK −414 (−290), whereof MSEK −163 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK −49 (−122). For further information refer to Acquisitions and divestitures on page 15 and note 6.

Items affecting comparability were MSEK −1 086 (−871), whereof MSEK −632 (−380) related to the transformation programs in Europe and Ibero-America. Items affecting comparability also included MSEK −454 (−62) relating to the acquisition of STANLEY Security. For further information refer to note 7.

FINANCIAL INCOME AND EXPENSES
Financial income and expenses amounted to MSEK −758 (−364), whereof MSEK −413 (0) related to financing of the STANLEY Security acquisition. For further information refer to note 13. The impact from IAS 29 hyperinflation was MSEK 134 (20) 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 40 (24). Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates. Based on the current funding plan and assumptions, the net of financial income and expenses for the first quarter of 2023 is estimated to amount to approximately MSEK −400 to −450.

INCOME BEFORE TAXES
Income before taxes amounted to MSEK 5 726 (4 331).

TAXES, NET INCOME AND EARNINGS PER SHARE
The Group's tax rate was 24.6 percent (27.6). The full year tax rate decreased from 27.2 percent in the first nine months to 24.6 percent for the full year due to the reversal of tax provisions related to Spanish tax cases after a judgment from the Supreme Court in Spain in favor of Securitas. Refer to Spain – tax audit in Other Significant Events on page 16. The tax rate before tax on items affecting comparability was 26.6 percent (27.0).

Net income was MSEK 4 316 (3 134).

Earnings per share before and after dilution amounted to SEK 9.20 (7.14). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 10.77 (8.66).

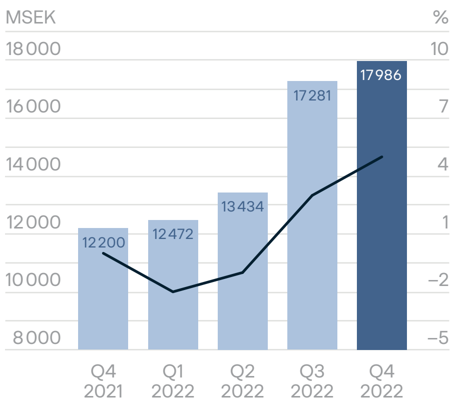
Development in the Group's business segments

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, 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.

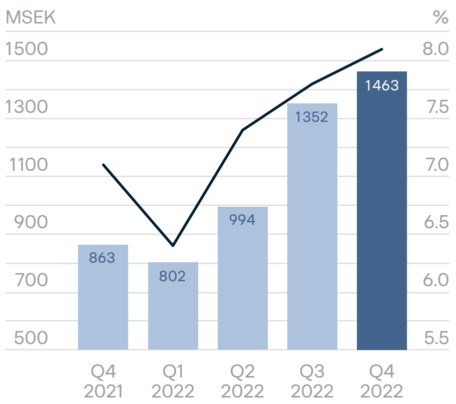
MSEK	Q4 2022	Q4 2021	Change, % Total	Change, % Real	Full year 2022	Full year 2021	Change, % Total	Change, % Real
Total sales	**17 986**	**12 200**	**47**	**28**	**61 173**	**46 747**	**31**	**12**
Organic sales growth, %	*5*	*0*			*1*	*3*		
Share of Group sales, %	*47*	*43*			*46*	*43*		
Operating income before amortization	**1 463**	**863**	**70**	**50**	**4 611**	**3 191**	**45**	**25**
Operating margin, %	*8.1*	*7.1*			*7.5*	*6.8*		
Share of Group operating income, %	*59*	*52*			*57*	*53*		

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

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Organic sales growth was 5 percent (0), supported by the Guarding, Technology and Pinkerton business units. Successful price increase campaigns and good commercial activity drove organic sales growth in Guarding. The fourth quarter was the last quarter in which organic sales growth was hampered by the terminated security contract within the healthcare client segment.

The Technology business unit had good organic sales growth in the fourth quarter driven by the installation business. While the installation order backlog remained high, continued pressure as a result of the labor shortage and global supply chain issues impeded organic sales growth, although the situation improved compared to previous quarters. Organic sales growth remained high in Pinkerton.

Technology and solutions sales accounted for MSEK 5 575 (2 193) or 31 percent (18) of total sales in the business segment, with real sales growth of 133 percent (8) in the fourth quarter. The acquired STANLEY Security business in North America increased the technology sales volume and was the main contributor to real sales growth.

The operating margin was 8.1 percent (7.1), an improvement primarily driven by Technology including the acquired STANLEY Security business. Pinkerton also contributed to the improvement, with a continued strong performance in the fourth quarter. The operating margin in Guarding was solid with a positive impact from good portfolio management, the finalized business transformation program and the above-mentioned contract termination at a below average operating margin. However, the operating margin was slightly hampered by year-end reconciliations.

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 50 percent (10) in the fourth quarter.

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Organic sales growth was 1 percent (3). The decline was primarily related to the terminated security contract within the healthcare client segment and the termination of the airport security contract in Hawaii, as previously communicated. The lower level of corona-related extra sales also had a negative impact compared to last year. Organic sales growth in Technology improved, supported by stronger installation sales in the second half of the year, although global supply chain issues and the labor shortage still prevailed. The strong performance in Pinkerton supported organic sales growth. The client retention rate was 85 percent (86).

Technology and solutions sales accounted for MSEK 15 634 (8 279) or 26 percent (18) of total sales in the business segment, with real sales growth of 69 percent (5) for the full year. The acquired STANLEY Security business in North America increased the technology sales volume and was the main contributor to real sales growth.

The operating margin was 7.5 percent (6.8), supported by all business units. The improvement in Technology was driven by the acquired STANLEY Security business, and by leverage from top-line growth in the legacy business. The operating margin in Guarding improved, supported by the finalized business transformation program and the previously mentioned contract terminations at below average operating margins, while the lower level of corona-related extra sales hampered the margin. Pinkerton had a strong performance throughout the year, and Critical Infrastructure Services improved the operating margin supported by active portfolio management.

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 25 percent (19) for the full year.

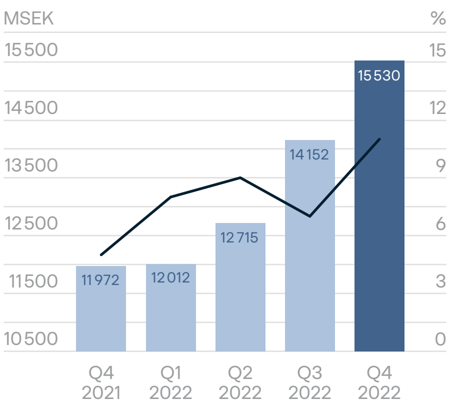
Security Services Europe

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

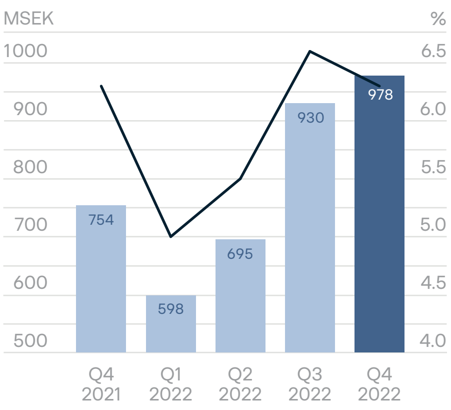
	Q4		Change, %		Full year		Change, %	
MSEK	2022*	2021	Total	Real	2022*	2021	Total	Real
Total sales	**15 530**	**11 972**	**30**	**25**	**54 409**	**46 138**	**18**	**16**
Organic sales growth, %	*11*	*5*			*9*	*5*		
Share of Group sales, %	*41*	*43*			*41*	*43*		
Operating income before amortization	**978**	**754**	**30**	**25**	**3 201**	**2 696**	**19**	**17**
Operating margin, %	*6.3*	*6.3*			*5.9*	*5.8*		
Share of Group operating income, %	*39*	*46*			*40*	*45*		

* 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 0 in the fourth quarter and MSEK 47 for 2022, and a remeasurement of operating income before amortization of MSEK 0 for the fourth quarter and MSEK 3 for 2022.

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



OCTOBER–DECEMBER 2022

Organic sales growth was 11 percent (5) in the quarter, driven by strong price increases and including the impact of the hyperinflationary environment in Türkiye. A positive portfolio development also contributed to this increase, with strong momentum within solutions as well as installation sales.

Technology and solutions sales accounted for MSEK 5 458 (3 124) or 35 percent (26) of total sales in the business segment, with real sales growth of 71 percent (11) in the fourth quarter. The acquired STANLEY Security business in Europe increased the technology sales volume and was the main contributor to real sales growth.

The operating margin was 6.3 percent (6.3), supported by the acquired STANLEY Security business and active portfolio management, but hampered by increased costs related to the labor shortage, such as higher costs for subcontracting and reduced capacity to take on higher-margin extra sales. Sickness costs continued to be elevated, but were comparable to the fourth quarter last year.

The Swedish krona exchange rate weakened primarily against the euro but was partly offset by the development of the Turkish lira. The real change in operating income was 25 percent (15) in the fourth quarter.

JANUARY–DECEMBER 2022

Organic sales growth was 9 percent (5) for the full year, supported by strong price increases throughout the business segment, including the impact of the hyperinflationary environment in Türkiye. There was good sales momentum within technology and solutions, and the continued post-corona recovery also supported sales, particularly in the airport security business. The client retention rate was 91 percent (92).

Technology and solutions sales accounted for MSEK 16 166 (11 366) or 30 percent (25) of total sales in the business segment, with real sales growth of 41 percent (9) for the full year. The acquired STANLEY Security business in Europe increased the technology sales volume and was the main contributor to real sales growth.

The operating margin was 5.9 percent (5.8), supported by the acquired STANLEY Security business and by active portfolio management. The contribution from previously acquired electronic security businesses also impacted the margin positively, while higher sickness costs and increased costs related to the labor shortage hampered the margin.

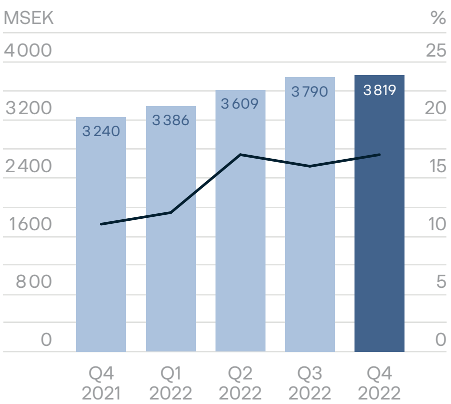
The Swedish krona exchange rate weakened primarily against the euro but partly offset by the development of the Turkish lira. The real change in operating income was 17 percent (35) for the full year.

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, technology, fire and safety services, and corporate risk management.

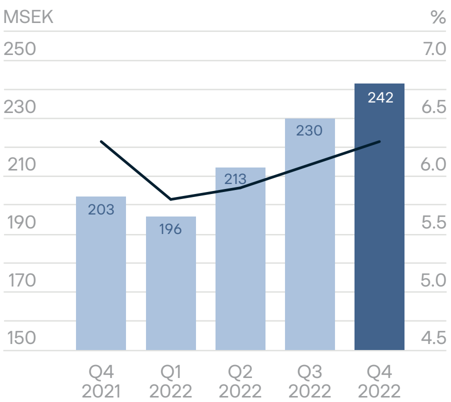
MSEK	Q4 2022	Q4 2021	Change, % Total	Change, % Real	Full year 2022	Full year 2021	Change, % Total	Change, % Real
Total sales	**3 819**	**3 240**	**18**	**17**	**14 604**	**12 286**	**19**	**16**
Organic sales growth, %	*17*	*11*			*16*	*6*		
Share of Group sales, %	*10*	*12*			*11*	*11*		
Operating income before amortization	**242**	**203**	**19**	**18**	**881**	**702**	**25**	**21**
Operating margin, %	*6.3*	*6.3*			*6.0*	*5.7*		
Share of Group operating income, %	*10*	*12*			*11*	*12*		

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

OCTOBER–DECEMBER 2022

Organic sales growth was 17 percent (11), with strong support from price increases driven by the hyperinflationary environment in Argentina. Organic sales growth in Spain was 4 percent (8), a decline that primarily stemmed from active portfolio management and a stronger comparative figure. In Latin America, organic sales growth remained high and was primarily driven by price increases. Good momentum in technology and solutions sales supported organic sales growth.

Technology and solutions sales accounted for MSEK 1 172 (987) or 31 percent (30) of total sales in the business segment, with real sales growth of 11 percent (10) in the fourth quarter.

The operating margin was 6.3 percent (6.3). The performance in Spain was solid in the fourth quarter, while the operating margin in Latin America reflected a mixed picture, with primarily Peru ahead of last year. Market conditions in Argentina remained challenging.

The Swedish krona exchange rate weakened primarily against the euro but was more than offset by the development of the Argentinian peso. The real change in the segment was 18 percent (26) in the fourth quarter.

JANUARY–DECEMBER 2022

Organic sales growth was 16 percent (6) with Spain at 7 percent (5), reflecting a strong performance across the business. Organic sales growth in Latin America improved substantially compared to last year, with all countries showing positive organic sales growth, although price increases in Argentina were the primary driver. There was good sales momentum within technology and solutions, and the continued post-corona recovery in the airport security business also supported sales. The client retention rate was 92 percent (90).

Technology and solutions sales accounted for MSEK 4 352 (3 743) or 30 percent (30) of total sales in the business segment, with real sales growth of 10 percent (7) for the full year.

The operating margin was 6.0 percent (5.7), an improvement driven by a strong performance in Spain and Portugal. The Latin American countries delivered varying performances with primarily Peru ahead of last year. Market conditions in Argentina remained challenging.

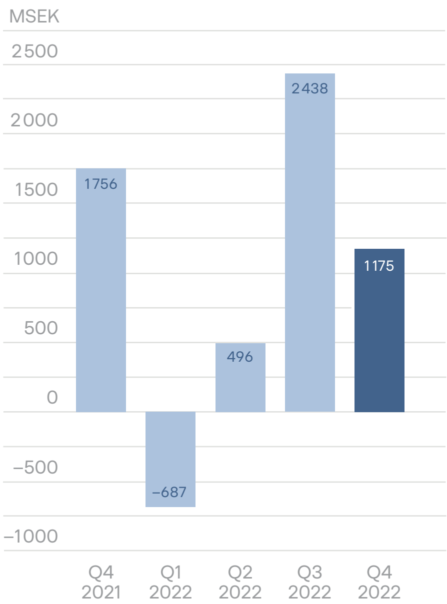
The Swedish krona exchange rate weakened primarily against the euro but was partly offset by the development of the Argentinian peso. The real change in the segment was 21 percent (32) for the full year.

Cash flow

FREE CASH FLOW

MSEK	Jan–Dec 2022
Operating income before amortization	**8 033**
Net investments	–447
Change in accounts receivable	–1 943
Change in other operating capital employed	77
Cash flow from operating activities	**5 720**
Financial income and expenses paid	–657
Current taxes paid	–1 641
Free cash flow	**3 422**

QUARTERLY FREE CASH FLOW



OCTOBER–DECEMBER 2022

Cash flow from operating activities amounted to MSEK 2 075 (2 160), equivalent to 83 percent (131) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –807 (462). Changes in other operating capital employed were MSEK 527 (142). The quarter was negatively impacted by the final repayment of close to MSEK 700 out of the previously postponed corona-related payroll tax balances in North America.

Free cash flow was MSEK 1 175 (1 756), equivalent to 59 percent (152) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK 31 (–233). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –366 (–34). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –165 (–616) due to a net decrease in borrowings of MSEK –9 677 (–616), and the net proceed from rights issue MSEK 9 512 (0).

Cash flow for the period was MSEK 675 (873).

JANUARY–DECEMBER 2022

Cash flow from operating activities amounted to MSEK 5 720 (5 576), equivalent to 71 percent (93) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 943 (117). Changes in other operating capital employed were MSEK 77 (–399). The comparatives were impacted positively by a smaller payroll timing in the Netherlands. After the final repayment of close to MSEK 700 of the previously postponed corona-related payroll tax balances in North America, 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 –657 (–312) and current taxes paid was MSEK –1 641 (–1 265).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –447 (–120), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –3 567 (–2 824) and reversal of depreciation of MSEK 3 120 (2 704).

Free cash flow was MSEK 3 422 (3 999), equivalent to 57 percent (95) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –32 274 (–1 366). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –1 171 (–602). Refer to note 7 for further information.

Cash flow from financing activities was MSEK 31 393 (–1 935) due to a net increase in borrowings of MSEK 23 485 (–475), dividend paid of MSEK –1 604 (–1 460) and the net proceed from rights issue of MSEK 9 512 (0).

Cash flow for the period was MSEK 1 370 (96). The closing balance for liquid funds after translation differences of MSEK 144 was MSEK 6 323 (4 809).

Capital employed and financing

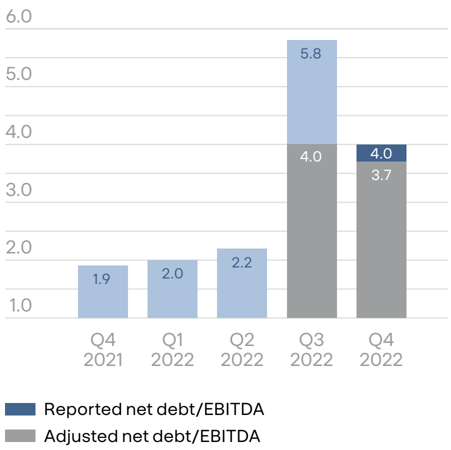
CAPITAL EMPLOYED AND FINANCING

MSEK	Dec 31, 2022
Operating capital employed	18 377
Goodwill	51 021
Acquisition-related intangible assets	7 180
Shares in associated companies	394
Capital employed	**76 972**
Net debt	40 534
Shareholders' equity	36 438
Financing	**76 972**

NET DEBT DEVELOPMENT

MSEK	Jan–Dec 2022
Jan 1, 2022	**–14 551**
Free cash flow	3 422
Acquisitions/divestitures	–32 274
Items affecting comparability	–1 171
Rights issue, net	9 512
Dividend paid	–1 604
Lease liabilities	–1 274
Change in net debt	**–23 389**
Revaluation	–50
Translation	–2 544
Dec 31, 2022	**–40 534**

REPORTED NET DEBT/EBITDA



CAPITAL EMPLOYED AS OF DECEMBER 31, 2022

The Group's operating capital employed was MSEK 18 377 (9 908), corresponding to 13 percent of sales (9) 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 1 584.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter of 2022 in conjunction with the business plan process for 2023. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2022. No impairment losses were recognized in 2021 either.

The Group's total capital employed was MSEK 76 972 (35 351). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 5 195. The return on capital employed was 9 percent (14).

FINANCING AS OF DECEMBER 31, 2022

The Group's net debt amounted to MSEK 40 534 (14 551). The net debt was primarily impacted by the acquisition of STANLEY Security of MSEK –32 258. It was further positively impacted by the free cash flow of MSEK 3 422 and negatively impacted mainly by translation differences of MSEK –2 544, a dividend of MSEK –1 604, paid to the shareholders in May 2022, an increase in lease liabilities of MSEK –1 274 of which the majority related to the acquisition of STANLEY Security, payments for items affecting comparability of MSEK –1 171 and the net proceed from rights issue MSEK 9 512.

The net debt to EBITDA ratio was 4.0 (1.9). The adjusted net debt/EBITDA ratio was 3.7*. The free cash flow to net debt ratio amounted to 0.08 (0.27). The interest coverage ratio amounted to 8.7 (13.8).

At December 31, 2022, 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 December 31, 2022.

The Commercial Paper Program amounts to MSEK 5 000. No commercial paper was issued as of December 31, 2022.

On December 8, 2021, Securitas signed a Multicurrency Term Facilities Agreement with SEB. There were two facilities totaling MUSD 3 300. The purpose of the facilities was to fund the acquisition of STANLEY Security. The facilities were subsequently partly syndicated among seven core relationship banks, BBVA, CIC, Citi, Commerzbank, Danske, ING and UniCredit.

The rights issue proceeds of MSEK 9 583 received on October 14, 2022, were used to fully pay down bridge facility A of MUSD 915 equivalent. The debt bridge facility B of MUSD 2 385 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 six year Private Placement of MUSD 75, which was signed in December 2022, and is reported as short-term in the balance sheet. The remaining balance of this facility is reported as long-term. However, 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. Securitas plans to refinance the remaining balance of the debt bridge facility B of MUSD 1 146 with a mix of long-term debt facilities.

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

Standard & Poor's rating of Securitas is BBB- with stable outlook.

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

Shareholders' equity amounted to MSEK 36 438 (20 800). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 2 651. Refer to the statement of comprehensive income on page 19 for further information.

The total adjusted number of shares amounted to 572 917 552 (438 441 802) as of December 31, 2022. Refer to page 22 for further information.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–DECEMBER 2022 (MSEK)

Company	Business segment[1]	Included from	Acquired share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**23 373**	**1 732**
STANLEY Security	Security Services North America and Security Services Europe	Jul 22	–[5]	16 567[6]	32 258	23 729	5 450
Other acquisitions and divestitures[7, 8]		–	–	–283	–47	–96	31
Total acquisitions and divestitures January–December 2022				**16 284**	**32 211**	**23 633**	**5 481**
Amortization of acquisition-related intangible assets						–	–414
Translation differences and remeasurement for hyperinflation						4 015	381
Closing balance						**51 021**	**7 180**

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) No voting rates are stated since the acquisition is a combination of share purchase transactions and assets transactions.
6) Annual sales are estimated by an average SEK to USD currency rate 9.98.
7) Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Supreme Security Systems, the US, NVS Bevakning (contract portfolio), Sweden, Dansk Sikkerhedsservice, Denmark, NIT Technologies, Belgium, Protectas Security Transport (remaining 55%), Switzerland, DAK, Türkiye, Complete Security Integration and Aussie Surveillance (contract portfolio), Australia and Digital Alarm Technologies, Singapore. Related also to divestitures of Securitas Teleassistance (additional payment), France, Securitas Bosnia and Herzegovina, Securitas Egypt (additional payment), Securitas Electronic Security India (asset deal) and Securitas Morocco as well as to deferred considerations paid in Sweden, Austria, Türkiye, Portugal, Australia, China and South Korea.
8) 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 0. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 128.
9) Cash flow from acquisitions and divestitures amounts to MSEK –32 274, which is the sum of enterprise value MSEK –32 211 and acquisition-related costs paid MSEK –63.

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 22. Transaction costs and revaluation of deferred considerations can be found in note 6.

STANLEY SECURITY

On December 8, 2021, Securitas announced 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. Refer to note 13 for further information.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2021 Annual Report and to note 12 on page 32. If no significant events have occurred relating to the information in the Annual Report no further comments are made in the Full Year 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.

SPAIN – TAX AUDIT

The Spanish Supreme Court has on November 16, 2022, issued their judgment in favor of Securitas related to the financial year 2006–2007, concerning a demerger of Securitas Spanish Systems company, in connection with Securitas AB's distribution of the shares in Securitas Systems AB to the shareholders for the 2006 IPO at the Stockholm Stock Exchange, and the 2006–2007 interest deductions related to acquisitions.

The Supreme Court has accepted Securitas appeal and rejected the Audiencia Nacional court's judgment from June 2017. This has resulted in a reassessment of the Group's tax provisions and has led to a reversal of MSEK 151, which reduces the 2022 full year current tax expense, corresponding to 2.6 percent of the profit before tax. The provision release is excluded from the calculation of earnings per share before items affecting comparability.

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 2021.

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 macroeconomic environment with the increase in inflation, interest rates, deteriorating insurance market, labor shortages and supply chain issues together with the changed geopolitical 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 small delay, 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 twelve-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 2021 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–DECEMBER 2022
The Parent Company's income amounted to MSEK 1 975 (1 734) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 10 292 (1 635). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 10 893 (1 994).

AS OF DECEMBER 31, 2022
The Parent Company's non-current assets amounted to MSEK 66 354 (46 173) and mainly comprise shares in subsidiaries of MSEK 64 040 (44 932). Current assets amounted to MSEK 11 813 (5 350) of which liquid funds accounted for MSEK 2 376 (1 070).

Shareholders' equity amounted to MSEK 48 282 (29 448). A dividend of MSEK 1 604 (1 460) was paid to the shareholders in May 2022.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 29 885 (22 075) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 34.

Stockholm, February 7, 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	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Sales		33 571	27 768	124 944	106 538
Sales, acquired business		4 520	281	8 293	1 162
Total sales	**3**	**38 091**	**28 049**	**133 237**	**107 700**
Organic sales growth, %	*4*	*9*	*4*	*7*	*4*
Production expenses		–30 188	–22 729	–107 124	–87 855
Gross income		**7 903**	**5 320**	**26 113**	**19 845**
Selling and administrative expenses		–5 440	–3 701	–18 182	–13 953
Other operating income	3	14	12	52	43
Share in income of associated companies		14	15	50	43
Operating income before amortization		**2 491**	**1 646**	**8 033**	**5 978**
Operating margin, %		*6.5*	*5.9*	*6.0*	*5.6*
Amortization of acquisition-related intangible assets		–155	–99	–414	–290
Acquisition-related costs	6	–4	–49	–49	–122
Items affecting comparability	7	–312	–356	–1 086	–871
Operating income after amortization		**2 020**	**1 142**	**6 484**	**4 695**
Financial income and expenses	8, 9	–336	–83	–758	–364
Income before taxes		**1 684**	**1 059**	**5 726**	**4 331**
Net margin, %		*4.4*	*3.8*	*4.3*	*4.0*
Current taxes		–169	–404	–1 298	–1 389
Deferred taxes		–141	90	–112	192
Net income for the period		**1 374**	**745**	**4 316**	**3 134**
Whereof attributable to:					
Equity holders of the Parent Company		1 373	747	4 310	3 133
Non-controlling interests		1	–2	6	1
Earnings per share before and after dilution (SEK)[1]		2.47	1.70	9.20	7.14
Earnings per share before and after dilution and before items affecting comparability (SEK)[1]		2.63	2.37	10.77	8.66

[1] Number of shares outstanding have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 22.

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net income for the period		**1 374**	**745**	**4 316**	**3 134**
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	186	70	294
Total items that will not be reclassified to the statement of income	**10**	**4**	**186**	**70**	**294**
Items that subsequently may be reclassified to the statement of income					
Remeasurement for hyperinflation net of tax	8	91	27	837	92
Cash flow hedges net of tax		–6	–37	–32	–53
Cost of hedging net of tax		8	–3	–6	9
Net investment hedges net of tax		548	–146	–954	–382
Other comprehensive income from associated companies, translation differences		–27	9	22	22
Translation differences		–2 146	451	3 582	1 428
Total items that subsequently may be reclassified to the statement of income	**10**	**–1 532**	**301**	**3 449**	**1 116**
Other comprehensive income for the period	**10**	**–1 528**	**487**	**3 519**	**1 410**
Total comprehensive income for the period		**–154**	**1 232**	**7 835**	**4 544**
Whereof attributable to:					
Equity holders of the Parent Company		–154	1 233	7 827	4 542
Non-controlling interests		0	–1	8	2

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Operating income before amortization		**2 491**	**1 646**	**8 033**	**5 978**
Investments in non-current tangible and intangible assets		–1 011	–858	–3 567	–2 824
Reversal of depreciation		875	768	3 120	2 704
Change in accounts receivable		–807	462	–1 943	117
Change in other operating capital employed		527	142	77	–399
Cash flow from operating activities		**2 075**	**2 160**	**5 720**	**5 576**
Cash flow from operating activities, %		*83*	*131*	*71*	*93*
Financial income and expenses paid		–243	–35	–657	–312
Current taxes paid		–657	–369	–1 641	–1 265
Free cash flow		**1 175**	**1 756**	**3 422**	**3 999**
Free cash flow, %		*59*	*152*	*57*	*95*
Cash flow from investing activities, acquisitions and divestitures	6	31	–233	–32 274	–1 366
Cash flow from items affecting comparability	7	–366	–34	–1 171	–602
Cash flow from financing activities		–165	–616	31 393	–1 935
Cash flow for the period		**675**	**873**	**1 370**	**96**

Change in net debt MSEK	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Opening balance		**–52 113**	**–15 612**	**–14 551**	**–14 335**
Cash flow for the period		675	873	1 370	96
Change in lease liabilities		–229	–55	–1 274	107
Change in loans		9 677	616	–23 485	475
Change in net debt before revaluation and translation differences		**10 123**	**1 434**	**–23 389**	**678**
Revaluation of financial instruments	9	–1	–50	–50	–56
Translation differences		1 457	–323	–2 544	–838
Change in net debt		**11 579**	**1 061**	**–25 983**	**–216**
Closing balance		**–40 534**	**–14 551**	**–40 534**	**–14 551**

Cash flow MSEK	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Cash flow from operations		1 774	2 513	5 615	5 980
Cash flow from investing activities		–612	–781	–34 487	–3 029
Cash flow from financing activities		–487	–859	30 242	–2 855
Cash flow for the period		**675**	**873**	**1 370**	**96**

Change in liquid funds MSEK	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Opening balance		5 731	3 957	4 809	4 720
Cash flow for the period		675	873	1 370	96
Translation differences		–83	–21	144	–7
Closing balance		**6 323**	**4 809**	**6 323**	**4 809**

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Dec 31, 2022	Dec 31, 2021
Operating capital employed		**18 377**	**9 908**
Operating capital employed as % of sales		*13*	*9*
Return on operating capital employed, %		*49*	*54*
Goodwill		51 021	23 373
Acquisition-related intangible assets		7 180	1 732
Shares in associated companies		394	338
Capital employed		**76 972**	**35 351**
Return on capital employed, %		*9*	*14*
Net debt		**–40 534**	**–14 551**
Shareholders' equity		**36 438**	**20 800**
Net debt equity ratio, multiple		*1.11*	*0.70*

BALANCE SHEET

MSEK	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Goodwill		51 021	23 373
Acquisition-related intangible assets		7 180	1 732
Other intangible assets		2 556	1 834
Right-of-use assets		4 903	3 348
Other tangible non-current assets		4 160	3 482
Shares in associated companies		394	338
Non-interest-bearing financial non-current assets		4 136	1 893
Interest-bearing financial non-current assets		1 285	494
Total non-current assets		**75 635**	**36 494**
Current assets			
Non-interest-bearing current assets		33 371	21 857
Other interest-bearing current assets		177	203
Liquid funds		6 323	4 809
Total current assets		**39 871**	**26 869**
TOTAL ASSETS		**115 506**	**63 363**

MSEK	Note	Dec 31, 2022	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Attributable to equity holders of the Parent Company		36 424	20 792
Non-controlling interests		14	8
Total shareholders' equity		**36 438**	**20 800**
Equity ratio, %		*32*	*33*
Long-term liabilities			
Non-interest-bearing long-term liabilities		321	270
Long-term lease liabilities		3 558	2 573
Other interest-bearing long-term liabilities		41 784	12 207
Non-interest-bearing provisions		3 675	2 278
Total long-term liabilities		**49 338**	**17 328**
Current liabilities			
Non-interest-bearing current liabilities and provisions		26 753	19 958
Current lease liabilities		1 496	897
Other interest-bearing current liabilities		1 481	4 380
Total current liabilities		**29 730**	**25 235**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**115 506**	**63 363**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Dec 31, 2022 Attributable to equity holders of the Parent Company	Dec 31, 2022 Non-controlling interests	Dec 31, 2022 Total	Dec 31, 2021 Attributable to equity holders of the Parent Company	Dec 31, 2021 Non-controlling interests	Dec 31, 2021 Total
Opening balance January 1, 2022/2021	**20 792**	**8**	**20 800**	**17 697**	**10**	**17 707**
Total comprehensive income for the period	7 827	8	7 835	4 542	2	4 544
Transactions with non-controlling interests	1	–2	–1	–	–4	–4
Share-based incentive schemes	–104	–	–104[1)]	13	–	13
Rights issue	9 512	–	9 512	–	–	–
Dividend paid to the shareholders of the Parent Company	–1 604	–	–1 604	–1 460	–	–1 460
Closing balance December 31, 2022/2021	**36 424**	**14**	**36 438**	**20 792**	**8**	**20 800**

1) Refers to share-based remuneration for the Group's participants in the long-term share-based incentive scheme 2022 of MSEK 53 and also adjusted for actual leavers of MSEK –5, and to shares awarded under Securitas long-term share-based incentive scheme 2019/2021 of MSEK –15. Refers also to a swap agreement for shares in Securitas AB of MSEK –134, hedging the share portion of Securitas short-term share-based incentive scheme 2021, and an adjustment to grant date value of non-vested shares of MSEK –3, related to Securitas short-term share-based incentive scheme 2020.

DATA PER SHARE

SEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Share price, end of period[1)]	86.96	103.65	86.96	103.65
Earnings per share before and after dilution[1,2,3)]	2.47	1.70	9.20	7.14
Earnings per share before and after dilution and before items affecting comparability[1,2,3)]	2.63	2.37	10.77	8.66
Dividend	–	–	3.45[6)]	3.66[5)]
P/E-ratio after dilution and before items affecting comparability	–	–	8	12
Share capital (SEK)	573 392 552	365 058 897	573 392 552	365 058 897
Number of shares outstanding[1,2)]	572 917 552	438 441 802	572 917 552	438 441 802
Average number of shares outstanding[1,2,4)]	556 838 930	438 441 802	468 284 366	438 627 461
Treasury shares	475 000	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) Based on adjustment of number of shares due to the rights issue completed on October 11, 2022.

6) Proposed dividend, distributed to the shareholders in two payments of SEK 1.75 per share and SEK 1.70 per share, respectively.

Segment overview October–December 2022 and 2021

OCTOBER–DECEMBER 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	17 911	15 530	3 818	832	–	38 091
Sales, intra-group	75	0	1	2	–78	–
Total sales	**17 986**	**15 530**	**3 819**	**834**	**–78**	**38 091**
Organic sales growth, %	*5*	*11*	*17*	–	–	*9*
Operating income before amortization	**1 463**	**978**	**242**	**–192**	**–**	**2 491**
of which share in income of associated companies	*0*	*1*	–	*13*	–	*14*
Operating margin, %	*8.1*	*6.3*	*6.3*	–	–	*6.5*
Amortization of acquisition-related intangible assets	–76	–70	–1	–8	–	–155
Acquisition-related costs	–3	–3	–	2	–	–4
Items affecting comparability	–210	–263	–26	187	–	–312
Operating income after amortization	**1 174**	**642**	**215**	**–11**	**–**	**2 020**
Financial income and expenses	–	–	–	–	–	–336
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 684**

OCTOBER–DECEMBER 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	12 192	11 971	3 239	647	–	28 049
Sales, intra-group	8	1	1	0	–10	–
Total sales	**12 200**	**11 972**	**3 240**	**647**	**–10**	**28 049**
Organic sales growth, %	*0*	*5*	*11*	–	–	*4*
Operating income before amortization	**863**	**754**	**203**	**–174**	**–**	**1 646**
of which share in income of associated companies	*2*	*1*	–	*12*	–	*15*
Operating margin, %	*7.1*	*6.3*	*6.3*	–	–	*5.9*
Amortization of acquisition-related intangible assets	–22	–66	–2	–9	–	–99
Acquisition-related costs	–26	–18	–2	–3	–	–49
Items affecting comparability	–17	–198	–21	–120	–	–356
Operating income after amortization	**798**	**472**	**178**	**–306**	**–**	**1 142**
Financial income and expenses	–	–	–	–	–	–83
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 059**

Segment overview January–December 2022 and 2021

JANUARY–DECEMBER 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	61 056	54 408	14 603	3 170	–	133 237
Sales, intra-group	117	1	1	6	–125	–
Total sales	**61 173**	**54 409**	**14 604**	**3 176**	**–125**	**133 237**
Organic sales growth, %	*1*	*9*	*16*	*–*	*–*	*7*
Operating income before amortization	**4 611**	**3 201**	**881**	**–660**	**–**	**8 033**
of which share in income of associated companies	*4*	*1*	*–*	*45*	*–*	*50*
Operating margin, %	*7.5*	*5.9*	*6.0*	*–*	*–*	*6.0*
Amortization of acquisition-related intangible assets	–192	–182	–7	–33	–	–414
Acquisition-related costs	–32	–17	–	0	–	–49
Items affecting comparability	–332	–675	–58	–21	–	–1 086
Operating income after amortization	**4 055**	**2 327**	**816**	**–714**	**–**	**6 484**
Financial income and expenses	–	–	–	–	–	–758
Income before taxes	**–**	**–**	**–**	**–**	**–**	**5 726**

JANUARY–DECEMBER 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	46 728	46 137	12 285	2 550	–	107 700
Sales, intra-group	19	1	1	1	–22	–
Total sales	**46 747**	**46 138**	**12 286**	**2 551**	**–22**	**107 700**
Organic sales growth, %	*3*	*5*	*6*	*–*	*–*	*4*
Operating income before amortization	**3 191**	**2 696**	**702**	**–611**	**–**	**5 978**
of which share in income of associated companies	*6*	*1*	*–*	*36*	*–*	*43*
Operating margin, %	*6.8*	*5.8*	*5.7*	*–*	*–*	*5.6*
Amortization of acquisition-related intangible assets	–84	–162	–11	–33	–	–290
Acquisition-related costs	–47	–52	–15	–8	–	–122
Items affecting comparability	–94	–317	–182	–278	–	–871
Operating income after amortization	**2 966**	**2 165**	**494**	**–930**	**–**	**4 695**
Financial income and expenses	–	–	–	–	–	–364
Income before taxes	**–**	**–**	**–**	**–**	**–**	**4 331**

Notes

NOTE 1
Accounting principles

This full year 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 full year report, can be found in note 2 on pages 61 to 67 in the Annual Report for 2021. 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 116 in the Annual Report for 2021.

Introduction and effect of new and revised IFRS 2022

As of January 1, 2022, the amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets came into effect. The amedments clarify that when assessing and identifying whether a contract is onerous, all costs directly related to the contract should be included, both incremental costs and an allocation of costs directly related to the contract. The amendments are assessed to have no significant impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2022 are assessed to have any significant impact on the Group's financial statements.

Introduction and effect of new and revised IFRS 2023 or later

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2023 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 full year report as well as to note 3 on page 67 in the Annual Report for 2021.

NOTE 2
Events after the balance sheet date

On January 18, 2023, it was announced that Securitas had entered into a four-year term loan agreement of MEUR 1 100 together with nine of its relationship banks, with the option for the parties to extend one additional year. The proceeds will be used to refinance a large part of the remaining MUSD 2 315 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	Oct–Dec 2022	%	Oct–Dec 2021	%	Jan–Dec 2022	%	Jan–Dec 2021	%
Guarding services	24 587	65	20 717	74	92 009	69	80 602	75
Technology and solutions	12 347	32	6 470	23	36 983	28	24 105	22
Other	1 157	3	862	3	4 245	3	2 993	3
Total sales	**38 091**	**100**	**28 049**	**100**	**133 237**	**100**	**107 700**	**100**
Other operating income	14	0	12	0	52	0	43	0
Total revenue	**38 105**	**100**	**28 061**	**100**	**133 289**	**100**	**107 743**	**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.

Technology and solutions

This comprises two broad categories regarding technology and solutions.

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

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 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.

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Oct–Dec 2022	Oct–Dec 2021	Oct–Dec 2022	Oct–Dec 2021	Oct–Dec 2022	Oct–Dec 2021	Oct–Dec 2022	Oct–Dec 2021	Oct–Dec 2022	Oct–Dec 2021	Oct–Dec 2022	Oct–Dec 2021
Guarding services	11 254	9 145	10 072	8 848	2 647	2 253	599	481	15	–10	24 587	20 717
Technology and solutions	5 575	2 193	5 458	3 124	1 172	987	235	166	–93	–	12 347	6 470
Other	1 157	862	–	–	–	–	–	–	–	–	1 157	862
Total sales	**17 986**	**12 200**	**15 530**	**11 972**	**3 819**	**3 240**	**834**	**647**	**–78**	**–10**	**38 091**	**28 049**
Other operating income	–	–	–	–	–	–	14	12	–	–	14	12
Total revenue	**17 986**	**12 200**	**15 530**	**11 972**	**3 819**	**3 240**	**848**	**659**	**–78**	**–10**	**38 105**	**28 061**

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Guarding services	41 294	35 475	38 243	34 772	10 252	8 543	2 252	1 834	–32	–22	92 009	80 602
Technology and solutions	15 634	8 279	16 166	11 366	4 352	3 743	924	717	–93	–	36 983	24 105
Other	4 245	2 993	–	–	–	–	–	–	–	–	4 245	2 993
Total sales	**61 173**	**46 747**	**54 409**	**46 138**	**14 604**	**12 286**	**3 176**	**2 551**	**–125**	**–22**	**133 237**	**107 700**
Other operating income	–	–	–	–	–	–	52	43	–	–	52	43
Total revenue	**61 173**	**46 747**	**54 409**	**46 138**	**14 604**	**12 286**	**3 228**	**2 594**	**–125**	**–22**	**133 289**	**107 743**

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	Oct–Dec 2022	Oct–Dec 2021	%	Jan–Dec 2022	Jan–Dec 2021	%
Total sales	**38 091**	**28 049**	**36**	**133 237**	**107 700**	**24**
Currency change from 2021	–3 109	–		–10 460	–	
Real sales growth, adjusted for changes in exchange rates	**34 982**	**28 049**	**25**	**122 777**	**107 700**	**14**
Acquisitions/divestitures	–4 520	–83		–8 293	–211	
Organic sales growth	**30 462**	**27 966**	**9**	**114 484**	**107 489**	**7**
Operating income before amortization	**2 491**	**1 646**	**51**	**8 033**	**5 978**	**34**
Currency change from 2021	–208	–		–714	–	
Real operating income before amortization, adjusted for changes in exchange rates	**2 283**	**1 646**	**39**	**7 319**	**5 978**	**22**
Operating income after amortization	**2 020**	**1 142**	**77**	**6 484**	**4 695**	**38**
Currency change from 2021	–169	–		–640	–	
Real operating income after amortization, adjusted for changes in exchange rates	**1 851**	**1 142**	**62**	**5 844**	**4 695**	**24**
Income before taxes	**1 684**	**1 059**	**59**	**5 726**	**4 331**	**32**
Currency change from 2021	–232	–		–700	–	
Real income before taxes, adjusted for changes in exchange rates	**1 452**	**1 059**	**37**	**5 026**	**4 331**	**16**
Net income for the period	**1 374**	**745**	**84**	**4 316**	**3 134**	**38**
Currency change from 2021	–165	–		–507	–	
Real net income for the period, adjusted for changes in exchange rates	**1 209**	**745**	**62**	**3 809**	**3 134**	**22**
Net income attributable to equity holders of the Parent Company	**1 373**	**747**	**84**	**4 310**	**3 133**	**38**
Currency change from 2021	–166	–		–507	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	**1 207**	**747**	**62**	**3 803**	**3 133**	**21**
Average number of shares outstanding[1]	556 838 930	438 441 802		468 284 366	438 627 461	
Real earnings per share, adjusted for changes in exchange rates	**2.17**	**1.70**	**28**	**8.12**	**7.14**	**14**
Net income attributable to equity holders of the Parent Company	**1 373**	**747**	**84**	**4 310**	**3 133**	**38**
Items affecting comparability net of taxes	94	290		731	665	
Net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability	**1 467**	**1 037**	**41**	**5 041**	**3 798**	**33**
Currency change from 2021	–219	–		–614	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	**1 248**	**1 037**	**20**	**4 427**	**3 798**	**17**
Average number of shares outstanding[1]	556 838 930	438 441 802		468 284 366	438 627 461	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	**2.24**	**2.37**	**–5**	**9.45**	**8.66**	**9**

[1] Comparatives have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 22.

NOTE 5
Definitions and calculation of key ratios

The calculations below relate to the period January–December 2022.

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: (8 033 + 68) / 929 = 8.7

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 5 720 / 8 033 = 71%

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: 3 422 / (8 033 – 758 + 2 – 1 298) = 57%

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 3 422 / 40 534 = 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: 40 534 / (6 484 + 414 + 3 120) = 4.0

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: 18 377 / 142 267 = 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: (8 033 – 1 086) / ((18 377 + 9 908) / 2) = 49%

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: (8 033 – 1 086) / 76 972 = 9%

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 40 534 / 36 438 = 1.11

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

MSEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Restructuring and integration costs	–3	–41	–43	–96
Transaction costs	1	–5	–1	–20
Revaluation of deferred considerations	–2	–3	–5	–6
Total acquisition-related costs	**–4**	**–49**	**–49**	**–122**
Cash flow impact from acquisitions and divestitures				
Purchase price payments	36	–200	–32 817	–1 247
Assumed net debt	1	5	606	3
Acquisition-related costs paid	–6	–38	–63	–122
Total cash flow impact from acquisitions and divestitures	**31**	**–233**	**–32 274**	**–1 366**

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

NOTE 7
Items affecting comparability

MSEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Recognized in the statement of income				
Transformation programs, Group[1]	–154	–183	–632	–633
Cost-savings program, Group[2]	–	–111	–	–290
Acquisition of STANLEY Security[3]	–158	–62	–454	–62
Repayment AFA, Security Services Europe[4]	–	–	–	114
Total recognized in operating income after amortization	**–312**	**–356**	**–1 086**	**–871**
Financial income and expenses[5]	–16	–	–67	–
Total recognized in income before taxes	**–328**	**–356**	**–1 153**	**–871**
Taxes[6]	234	66	422	206
Total recognized in net income for the period	**–94**	**–290**	**–731**	**–665**
Cash flow impact				
Transformation programs, Group[1]	–168	–96	–744	–403
Cost-savings program, Group[2]	–12	–41	–48	–279
Cost-savings program, Security Services Europe[7]	0	–8	–1	–31
Acquisition of STANLEY Security[3]	–186	–3	–378	–3
Repayment AFA, Security Services Europe[4]	–	114	–	114
Total cash flow impact	**–366**	**–34**	**–1 171**	**–602**

[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. The business transformation program in Security Services North America and the global IS/IT transformation program were finalized in 2021 but still impact cash flow.
[2] 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.
[3] Related to transaction costs, restructuring and integration costs.
[4] Related to a lump-sum payment in 2021 from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.
[5] 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.
[6] Including reversal of a tax provision in Spain of MSEK 151 in 2022.
[7] Related to the cost savings program in Security Services Europe. This program was finalized in 2018 but still impacts cash flow.

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. The impact on the Group's financial position from the adoption of IAS 29 in Türkiye in the second quarter of 2022 is also illustrated below.

EXCHANGE RATES AND INDEX

	Dec 31, 2022	Dec 31, 2021
Exchange rate Argentina, SEK/ARS	0.06	0.09
Index, Argentina	68.66	35.23
Exchange rate Türkiye, SEK/TRY	0.56	n/a
Index, Türkiye	9.86	n/a

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net monetary gain, Argentina	12	6	56	20
Net monetary gain, Türkiye	46	n/a	78	n/a
Total financial income and expenses	**58**	**6**	**134**	**20**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Remeasurement, Argentina	49	27	210	92
Remeasurement, Türkiye	42	n/a	627	n/a
Total remeasurement impact recognized in other comprehensive income	**91**	**27**	**837**	**92**

Adoption of IAS 29 Financial reporting in hyperinflationary economies in Türkiye

The impact on the Group's financial position from the adoption of IAS 29 Financial reporting in hyperinflationary economies in Türkiye in the second quarter of 2022 is illustrated below. The tables show the lines in the consolidated financial statements that have been affected by the adoption of IAS 29.

REMEASUREMENT IMPACT IN THE GROUP'S BALANCE SHEET AS OF APRIL 1, 2022

MSEK	Apr 1, 2022
ASSETS	
Non-current assets	
Goodwill	359
Acquisition-related intangible assets	41
Other intangible assets	16
Other tangible non-current assets	40
Total non-current assets	**456**
Current assets	
Non-interest-bearing current assets	16
Total current assets	**16**
TOTAL ASSETS	**472**

MSEK	Apr 1, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' equity	
Attributable to equity holders of the Parent Company	463
Total shareholders' equity	**463**
Long-term liabilities	
Non-interest-bearing provisions	9
Total long-term liabilities	**9**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**472**

REMEASUREMENT IMPACT IN THE GROUP'S CAPITAL EMPLOYED AND FINANCING AS OF APRIL 1, 2022

MSEK	Apr 1, 2022
Operating capital employed	**63**
Goodwill	359
Acquisition-related intangible assets	41
Capital employed	**463**
Shareholders' equity	**463**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME AS OF APRIL 1, 2022

MSEK	Apr 1, 2022
Opening balance remeasurement April 1, 2022	463
Total remeasurement impact recognized in other comprehensive income	**463**

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	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Recognized in the statement of income				
Revaluation of financial instruments	–4	0	–2	0
Deferred tax	–	–	–	–
Impact on net income	**–4**	**0**	**–2**	**0**
Recognized in the statement of comprehensive income				
Cash flow hedges	–6	–46	–40	–67
Cost of hedging	9	–4	–8	11
Deferred tax	–1	10	10	12
Total recognized in the statement of comprehensive income	**2**	**–40**	**–38**	**–44**
Total revaluation before tax	–1	–50	–50	–56
Total deferred tax	–1	10	10	12
Total revaluation after tax	**–2**	**–40**	**–40**	**–44**

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 for 2021. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report for 2021.

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
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**
December 31, 2021				
Financial assets at fair value through profit or loss	–	8	–	**8**
Financial liabilities at fair value through profit or loss	–	–9	–134	**–143**
Derivatives designated for hedging with positive fair value	–	117	–	**117**
Derivatives designated for hedging with negative fair value	–	–265	–	**–265**

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 2021.

	Dec 31, 2022		Dec 31, 2021	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 346	9 922	10 155	10 258
Short-term loan liabilities	–	–	3 586	3 591
Total financial instruments by category	**10 346**	**9 922**	**13 741**	**13 849**

SUMMARY OF DEBT FINANCING AS OF DECEMBER 31, 2022

Type	Currency	Total amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	EUR	50	0	2023
Multicurrency Term Facilities[1]	EUR	75	0	2023
Multicurrency Term Facilities[1]	USD	2 315	0	2024
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 FRN private placement	SEK	2 000	0	2024
EMTN FRN private placement	SEK	1 500	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Revolving Credit Facility	EUR	1 029	1 029	2027
EMTN FRN private placement	USD	40	0	2027
EMTN FRN private placement	USD	60	0	2027
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
EMTN FRN private placement[1]	USD	75	75	2029
Commercial Paper (uncommitted)	SEK	5 000	5 000	n/a

[1] The original debt bridge Facility B of MUSD 2 385 has a current maturity date of 2023. MEUR 75 of this was repaid in January 2023 with the proceeds of the 2029 EMTN private placement which was signed in December 2022 of MUSD 75. The balance MUSD 2 315 can be extended by Securitas to July 22, 2024, via two six-month extensions. An additional MEUR 1 100 equivalent of the debt bridge facility B was repaid on February 1, 2023, with the proceeds of a new 4+1 year term loan from Securitas core relationship banks.
For further information regarding Multicurrency Term Facilities refer to Capital employed and financing on page 13.

NOTE 10
Deferred tax on other comprehensive income

MSEK	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Deferred tax on remeasurements of defined benefit pension plans	–3	–54	–21	–76
Deferred tax on remeasurement for hyperinflation	–1	–	–14	–
Deferred tax on cash flow hedges	0	9	8	14
Deferred tax on cost of hedging	–1	1	2	–2
Deferred tax on net investment hedges	–110	38	253	99
Deferred tax on net investment hedges included in translation differences	139	–57	–235	–134
Total deferred tax on other comprehensive income	**24**	**–63**	**–7**	**–99**

NOTE 11
Pledged assets

MSEK	Dec 31, 2022	Dec 31, 2021
Pension balances, defined contribution plans[1]	229	175
Total pledged assets	**229**	**175**

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

NOTE 12
Contingent liabilities

MSEK	Dec 31, 2022	Dec 31, 2021
Guarantees	–	–
Guarantees related to discontinued operations	16	16
Total contingent liabilities	**16**	**16**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 39 in the Annual Report for 2021 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, including goodwill of MSEK 23 729, is disclosed in the summary of the balance sheet below. 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 –163 (0) for the full year and MSEK –91 (0) for the fourth 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.

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 so far amount to MSEK –180 (–62) for the full year and MSEK –20 (–62) for the fouth quarter. Transaction costs are included in items affecting comparability, for further information see note 7.

Financing costs

Financing costs for the acquisition consist of interest expense on the MUSD 2 385 facility drawn on July 22, 2022, and amounts to MSEK –346 (0) including fees of MSEK –11 (0) and interest expense on the MUSD 915 facility drawn on July 22, 2022, which amounts to MSEK –67 (0) including fees of MSEK –35 (0). The MUSD 915 facility was repaid in full on October 18, 2022, after the completion of the rights issue. This means that all fees relating to the MUSD 915 facility have been fully expensed as of October 18, 2022, while the remaining fees for the MUSD 2 385 facility will be amortized over the duration of the long-term financing.

SUMMARY BALANCE SHEET JULY 22, 2022

MSEK	Fair value
ASSETS	
Operating non-current assets	3 352
Accounts receivable	2 113
Other current assets	4 635
Other liabilities	–7 021
Total operating capital employed	**3 079**
Goodwill	23 729
Acquisition-related intangible assets	5 450
Total capital employed	**32 258**
Net debt	525
Total acquired net assets	**32 783**
Purchase price paid	–32 783
Liquid funds in accordance with acquisition analysis	525
Total impact on the Group’s liquid funds	**–32 258**

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Dec 2022	Jan–Dec 2021
License fees and other income	1 975	1 734
Gross income	**1 975**	**1 734**
Administrative expenses	–1 173	–1 095
Operating income	**802**	**639**
Financial income and expenses	10 292	1 635
Income after financial items	**11 094**	**2 274**
Appropriations	–201	–280
Income before taxes	**10 893**	**1 994**
Taxes	15	–14
Net income for the period	**10 908**	**1 980**

BALANCE SHEET

MSEK	Dec 31, 2022	Dec 31, 2021
ASSETS		
Non-current assets		
Shares in subsidiaries	64 040	44 932
Shares in associated companies	112	112
Other non-interest-bearing non-current assets	408	319
Interest-bearing financial non-current assets	1 794	810
Total non-current assets	**66 354**	**46 173**
Current assets		
Non-interest-bearing current assets	1 015	1 207
Other interest-bearing current assets	8 422	3 073
Liquid funds	2 376	1 070
Total current assets	**11 813**	**5 350**
TOTAL ASSETS	**78 167**	**51 523**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity	7 936	7 729
Non-restricted equity	40 346	21 719
Total shareholders' equity	**48 282**	**29 448**
Untaxed reserves	**571**	**798**
Long-term liabilities		
Non-interest-bearing long-term liabilities/provisions	221	205
Interest-bearing long-term liabilities	17 527	12 199
Total long-term liabilities	**17 748**	**12 404**
Current liabilities		
Non-interest-bearing current liabilities	1 776	1 638
Interest-bearing current liabilities	9 790	7 235
Total current liabilities	**11 566**	**8 873**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**78 167**	**51 523**

Financial information

FINANCIAL INFORMATION CALENDAR

May 3, 2023, app. 1.00 p.m. (CEST)
Interim Report January–March 2023

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**

PRESENTATION OF THE FULL YEAR REPORT

Analysts and media are invited to participate in a telephone conference on on February 7, 2023, 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 **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 47 markets. 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 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

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