Securitas

Interim Report January–June 2022

2

April–June 2022

30 535
Total sales, MSEK

5.8%
Operating margin

2.79
Earnings per share, SEK

- Total sales MSEK 30 535 (26 499)
- Organic sales growth 6 percent (8)
- Operating income before amortization MSEK 1 760 (1 471)
- Operating margin 5.8 percent (5.6)
- Items affecting comparability (IAC) MSEK –226 (–259), mainly relating to the previously announced transformation programs
- Earnings per share SEK 2.79 (2.09)
- Earnings per share, before IAC, SEK 3.33 (2.64)
- Cash flow from operating activities 53 percent (63)

JANUARY–JUNE 2022

- Total sales MSEK 59 133 (52 313)
- Organic sales growth 5 percent (4)
- Operating income before amortization MSEK 3 212 (2 727)
- Operating margin 5.4 percent (5.2)
- Items affecting comparability (IAC) MSEK –360 (–395), mainly relating to the previously announced transformation programs
- Earnings per share SEK 5.09 (3.95)
- Earnings per share, before IAC, SEK 5.90 (4.75)
- Net debt/EBITDA 2.2 (2.2)
- Cash flow from operating activities 25 percent (81)

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Comments from the President and CEO

"Strong operational results and completion of Stanley Security acquisition"

We are executing on our strategy to be the leading security solutions partner to our clients with world-leading technology and expertise. We delivered all time high profitability and improved the operating margin to 5.8 percent (5.6) in the second quarter, a level which is significantly higher than the pre-pandemic years.

The good business conditions accelerated in the second quarter with organic sales growth of 6 percent (8), driven by Europe and Ibero-America. As planned, organic sales growth in North America was negative in the second quarter due to the low margin contract terminations from last year and lower extra sales. However, the underlying business in North America is developing very well and we expect organic sales growth to return to positive in the third quarter.

We had great momentum within high-margin security solutions and electronic security sales in the second quarter with 13 percent real sales growth, which represented 23 percent (22) of Group sales.

The operating result for the Group, adjusted for changes in exchange rates, increased by 8 percent in the second quarter. Our operations in North America and Ibero-America delivered strong margin improvement. Europe improved well compared to the first quarter with strong operating result improvement compared to last year, despite continued pressure from costs related to labor shortage and sickness. The inflationary environment is challenging across the Group, but we have successfully managed a positive price and wage balance. Dynamic price increase management is a key priority going forward to ensure quality delivery to our clients.

Our high focus on improving client value and profitability is generating results with higher sales of security solutions and electronic security across all segments together with positive impact from active portfolio management and our transformation programs.

CREATING THE NEW SECURITAS

The transformation program in North America which was finalized in 2021, is delivering value in the day-to-day operations and contributes to the operating margin development. The ongoing business transformation programs in Europe and Ibero-America are progressing according to plan and we expect to realize strong financial and operational benefits in the years to come.

In the second quarter, we reached an important sustainability milestone as the first major company in the industry that is committing to the Science Based Targets initiative (SBTi), and we are now beginning the process of developing and validating targets to reduce the Group's climate impact.

On July 22 we closed the acquisition of Stanley Security. We are very pleased that the acquisition is formally completed, and I want to welcome all of Stanley Security's clients and employees into Securitas. Our joint integration preparation work has been solid and we now look forward to accelerating our journey together and immediately executing on our value creation plan.

Bringing together our two great companies is an industry-defining event. Combining our talent and expertise sets us up for stronger growth thanks to an outstanding client offering and we expect significant margin enhancement opportunities going forward. Our shared values and high sustainability ambitions enable us to utilize our potential to provide tech-enabled security solutions that create long-term value for our clients, our shareholders and the society at large.

We are looking forward to update you on the strategy and announce new financial targets at the Investor update on August 24. We are welcoming all our shareholders to participate on this exciting journey in the rights issue connected to the transaction which will be launched in September.

Magnus Ahlqvist
President and CEO

January–June summary

FINANCIAL SUMMARY

	Q2		Change, %		H1		Change, %		Full year	Change, %
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021	Total
Sales	**30 535**	**26 499**	**15**	**6**	**59 133**	**52 313**	**13**	**5**	**107 700**	**0**
Organic sales growth, %	*6*	*8*			*5*	*4*			*4*	
Operating income before amortization	**1 760**	**1 471**	**20**	**8**	**3 212**	**2 727**	**18**	**8**	**5 978**	**22**
Operating margin, %	*5.8*	*5.6*			*5.4*	*5.2*			*5.6*	
Amortization of acquisition-related intangible assets	−61	−63			−122	−128			−290	
Acquisition-related costs	−15	−13			−25	−42			−122	
Items affecting comparability *	−226	−259			−360	−395			−871	
Operating income after amortization	**1 458**	**1 136**	**28**	**14**	**2 705**	**2 162**	**25**	**13**	**4 695**	**23**
Financial income and expenses	−61	−91			−156	−185			−364	
Income before taxes	**1 397**	**1 045**	**34**	**17**	**2 549**	**1 977**	**29**	**16**	**4 331**	**30**
Net income for the period	**1 020**	**763**	**34**	**17**	**1 861**	**1 443**	**29**	**16**	**3 134**	**30**
Earnings per share, SEK	2.79	2.09	33	17	5.09	3.95	29	16	8.59	30
EPS before items affecting comparability, SEK	3.33	2.64	26	10	5.90	4.75	24	11	10.41	30
Cash flow from operating activities, %	*53*	*63*			*25*	*81*			*93*	
Free cash flow	496	377			−191	1 173			3 999	
Net debt to EBITDA ratio	*–*	*–*			*2.2*	*2.2*			*1.9*	

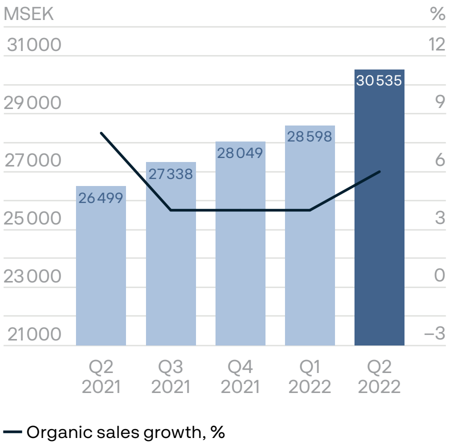
* Refer to note 7 on page 29 for further information.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

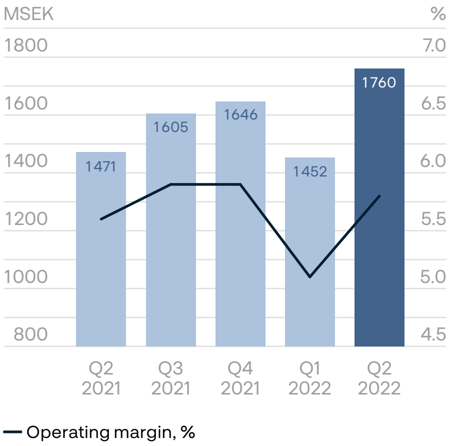
	Organic sales growth				Operating margin			
	Q2		H1		Q2		H1	
%	2022	2021	2022	2021	2022	2021	2022	2021
Security Services North America	−1	8	−1	5	7.4	7.1	6.9	6.5
Security Services Europe	9	8	9	3	5.5	5.5	5.2	5.3
Security Services Ibero-America	17	8	15	2	5.9	5.5	5.8	5.3
Group	**6**	**8**	**5**	**4**	**5.8**	**5.6**	**5.4**	**5.2**

Group development

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2022

SALES DEVELOPMENT

Sales amounted to MSEK 30 535 (26 499) and organic sales growth to 6 percent (8). Security Services Europe had 9 percent (8), supported by positive portfolio development and continued recovery in the airport security business, as well as strong price increases. Security Services Ibero-America showed 17 percent (8), driven by positive portfolio development, Spain and price increases in Argentina. Security Services North America had −1 percent (8) organic sales growth, impacted by previously announced contract terminations and reduced corona-related extra sales. Extra sales in the Group amounted to 13 percent (16) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 6 percent (9).

Security solutions and electronic security sales amounted to MSEK 7 095 (5 867) or 23 percent (22) of total sales in the quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 13 percent (11).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 1 760 (1 471) which, adjusted for changes in exchange rates, represented a real change of 8 percent (50).

The Group's operating margin was 5.8 percent (5.6), an improvement driven by Security Services North America and Security Services Ibero-America. Security Services Europe was on par, supported by active portfolio management and improved cost leverage but offset by negative impact from corona-related sickness costs and increased costs related to labor shortage.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK −61 (−63).

Acquisition-related costs totaled MSEK −15 (−13). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK −226 (−259), whereof MSEK −169 (−66) were related to the transformation programs in Europe and Ibero-America. Items affecting comparability also included MSEK −57 (0) 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 −61 (−91), negatively impacted by higher interest rates but offset by the positive impact of foreign exchange gains and the IAS 29 adjustments for hyperinflation. For further information refer to note 8.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 1 397 (1 045).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 27.0 percent (27.0). The tax rate before tax on items affecting comparability was 25.0 percent (26.2).

Net income was MSEK 1 020 (763).

Earnings per share amounted to SEK 2.79 (2.09). Earnings per share before items affecting comparability amounted to SEK 3.33 (2.64).

JANUARY–JUNE 2022

SALES DEVELOPMENT

Sales amounted to MSEK 59 133 (52 313) and organic sales growth to 5 percent (4), driven by Security Services Europe and Security Services Ibero-America. Security Services Europe had 9 percent (3), supported by most countries including the airport security business, as well as price increases. Security Services Ibero-America showed 15 percent (2), primarily driven by Spain and price increases in Argentina. Security Services North America had –1 percent (5) organic sales growth, impacted by previously announced contract terminations and reduced corona-related extra sales. Extra sales in the Group amounted to 13 percent (16) of total sales.

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

Security solutions and electronic security sales amounted to MSEK 13 660 (11 605) or 23 percent (22) of total sales in the first half year. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 11 percent (7).

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 3 212 (2 727) which, adjusted for changes in exchange rates, represented a real change of 8 percent (40).

The Group's operating margin was 5.4 percent (5.2), an improvement driven by Security Services North America and Security Services Ibero-America. Total price adjustments in the Group were ahead of wage cost increases in the first half year.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –122 (–128).

Acquisition-related costs totaled MSEK –25 (–42). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK –360 (–395), whereof MSEK –290 (–92) related to the transformation programs in Europe and Ibero-America. Items affecting comparability also included MSEK –70 (0) 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 –156 (–185), negatively impacted by higher interest rates but offset by the positive impact of foreign exchange gains and the IAS 29 adjustments for hyperinflation. For further information refer to note 8.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 2 549 (1 977).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 27.0 percent (27.0). The tax rate before tax on items affecting comparability was 25.9 percent (26.9).

Net income was MSEK 1 861 (1 443).

Earnings per share amounted to SEK 5.09 (3.95). Earnings per share before items affecting comparability amounted to SEK 5.90 (4.75).

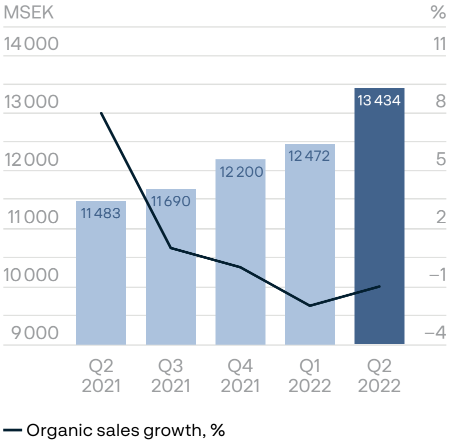
Development in the Group's business segments

Security Services North America

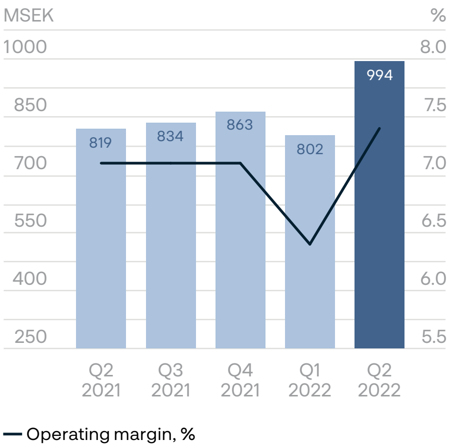
Security Services North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units – Guarding, Electronic Security, Pinkerton Corporate Risk Management and Critical Infrastructure Services. There is a unit for global and national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

	Q2		Change, %		H1		Change, %		Full year
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021
Total sales	**13 434**	**11 483**	**17**	**–1**	**25 906**	**22 857**	**13**	**–1**	**46 747**
Organic sales growth, %	*–1*	*8*			*–1*	*5*			*3*
Share of Group sales, %	*44*	*43*			*44*	*44*			*43*
Operating income before amortization	**994**	**819**	**21**	**3**	**1 796**	**1 494**	**20**	**5**	**3 191**
Operating margin, %	*7.4*	*7.1*			*6.9*	*6.5*			*6.8*
Share of Group operating income, %	*56*	*56*			*56*	*55*			*53*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2022

Organic sales growth was –1 percent (8). Similar to the first quarter, the decline was primarily related to the business unit Guarding due to the terminated security contract within the healthcare client segment, the termination of the airport security contract in Hawaii and lower level of corona-related extra sales. Successful price increase campaigns and good commercial activity offset some of the negative impacts. The installation business within Electronic Security improved in the second quarter and contributed to organic sales growth, despite continued pressure from global supply chain issues and labor shortage. Organic sales growth in Pinkerton was continuously strong.

Security solutions and electronic security sales represented MSEK 2 586 (1 990) or 19 percent (17) of total sales in the business segment with real sales growth of 10 percent (10) in the second quarter.

The operating margin was 7.4 percent (7.1), supported by all business units. The operating margin in Guarding was supported by the finalized business transformation program and the above-mentioned contract terminations at below average operating margins, whereas lower level of corona-related extra sales and the impact of labor pressure hampered. Electronic Security had a strong operating margin development driven by business mix and solid operational execution. Pinkerton performed well and was supported by strong sales leverage. Critical Infrastructure Services also 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 3 percent (37) in the second quarter.

JANUARY–JUNE 2022

Organic sales growth was –1 percent (5). 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 the first six months last year. The installation business within Electronic Security hampered organic sales growth in the first six months, negatively impacted by global supply chain shortages and labor shortage mainly in the first quarter. The client retention rate was 85 percent (90).

Security solutions and electronic security sales represented MSEK 4 875 (4 029) or 19 percent (18) of total sales in the business segment with real sales growth of 6 percent (6) in the first half year.

The operating margin was 6.9 percent (6.5), supported by all business units. The operating margin in Guarding improved despite the lower level of corona-related extra sales and the impact of labor pressure, supported by the finalized business transformation program and the above-mentioned contract terminations at below average operating margins. Electronic Security had a strong operating margin development driven by business mix and solid operational execution. Pinkerton performed well and the margin was supported by strong sales leverage. Critical Infrastructure Services also 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 5 percent (28) in the first half year.

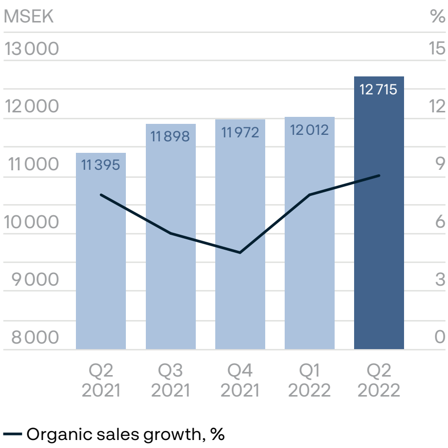
Security Services Europe

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

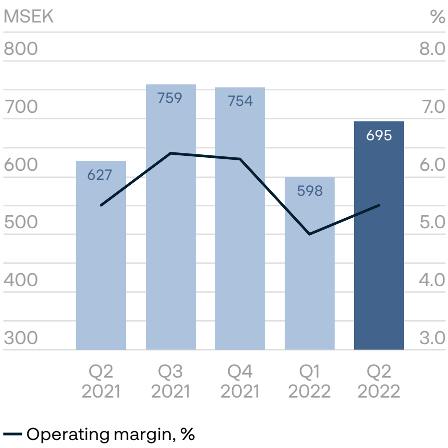
	Q2		Change, %		H1		Change, %		Full year
MSEK	2022*	2021	Total	Real	2022*	2021	Total	Real	2021
Total sales	**12 715**	**11 395**	**12**	**10**	**24 727**	**22 268**	**11**	**10**	**46 138**
Organic sales growth, %	*9*	*8*			*9*	*3*			*5*
Share of Group sales, %	*42*	*43*			*42*	*43*			*43*
Operating income before amortization	**695**	**627**	**11**	**10**	**1 293**	**1 183**	**9**	**9**	**2 696**
Operating margin, %	*5.5*	*5.5*			*5.2*	*5.3*			*5.8*
Share of Group operating income, %	*39*	*43*			*40*	*43*			*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 11 and a remeasurement of operating income before amortization of MSEK 1 for the second quarter and the first six months 2022.

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2022

Organic sales growth was 9 percent (8) in the quarter, supported by positive portfolio development. Most countries contributed to the organic sales growth improvement, with good momentum within security solutions and electronic security and continued post corona recovery, particularly in the airport security business. Strong price increases also supported organic sales growth including impacts from the hyper inflationary environment in Türkiye.

Security solutions and electronic security sales represented MSEK 3 210 (2 759) or 25 percent (24) of total sales in the business segment with real sales growth of 15 percent (12) in the second quarter.

The operating margin was 5.5 percent (5.5), an improvement compared to the first quarter 2022. The operating margin continued to be negatively impacted by corona-related sickness costs and increased costs related to labor shortage. These effects were offset by active portfolio management and the contribution from previously acquired electronic security businesses. Previously implemented cost measures and cost leverage on the strong sales growth also affected the margin positively.

The Swedish krona exchange rate weakened primarily against the euro but was largely offset by the development of the Turkish lira. The real change of operating income was 10 percent (66) in the second quarter.

JANUARY–JUNE 2022

Organic sales growth was 9 percent (3) in the first six months, with most countries contributing to organic sales growth. There was good sales momentum within security solutions and electronic security, and continued post corona recovery, particularly in the airport security business, also supported. Strong price increases contributed to organic sales growth including impacts from the hyper inflationary environment in Türkiye. The client retention rate was 91 percent (92).

Security solutions and electronic security sales represented MSEK 6 269 (5 399) or 25 percent (24) of total sales in the business segment, with real sales growth of 15 percent (8) in the first half year.

The operating margin was 5.2 percent (5.3), a decline due to higher level of corona-related sickness costs and increased costs related to labor shortage. The operating margin was supported by active portfolio management, previously implemented cost measures and cost leverage on the strong sales growth. The contribution from previously acquired electronic security businesses also impacted the margin positively.

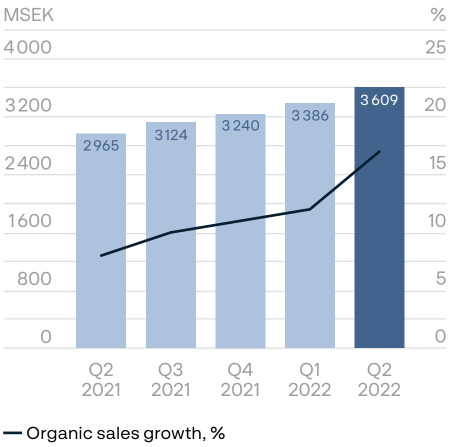
The Swedish krona exchange rate weakened primarily against the euro but was offset by the development of the Turkish lira. The real change of operating income was 9 percent (53) in the first half year.

Security Services Ibero-America

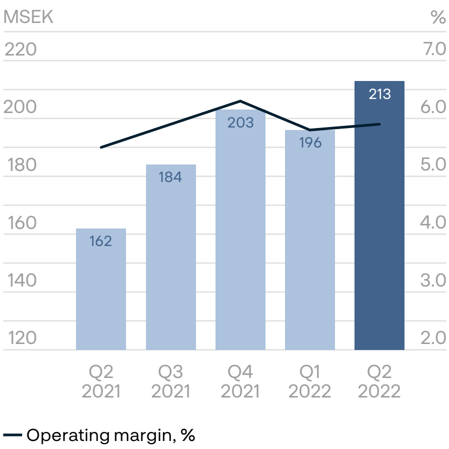
Security Services Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. The offered services include on-site, mobile and remote guarding, electronic security, fire and safety services, and corporate risk management.

	Q2		Change, %		H1		Change, %		Full year
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021
Total sales	**3 609**	**2 965**	**22**	**17**	**6 995**	**5 922**	**18**	**15**	**12 286**
Organic sales growth, %	*17*	*8*			*15*	*2*			*6*
Share of Group sales, %	*12*	*11*			*12*	*11*			*11*
Operating income before amortization	**213**	**162**	**31**	**25**	**409**	**315**	**30**	**24**	**702**
Operating margin, %	*5.9*	*5.5*			*5.8*	*5.3*			*5.7*
Share of Group operating income, %	*12*	*11*			*13*	*12*			*12*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2022

Organic sales growth was 17 percent (8). In Spain, organic sales growth was 10 percent (9) with a strong development across the business. Organic sales growth in Latin America improved compared to last year, supported by all countries although price increases in Argentina were the primary driver. Good momentum of security solutions and electronic security sales supported organic sales growth and the recovery in the airport security business continued.

Security solutions and electronic security sales represented MSEK 1 068 (917) or 30 percent (31) of total sales in the business segment, with real sales growth of 11 percent (10) in the second quarter.

The operating margin was 5.9 percent (5.5), primarily driven by a strong performance in Spain and Portugal. The operating margin in Latin America improved compared to last year, supported by most countries although market conditions in Argentina remained challenging.

The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor. The real change in the segment was 25 percent (44) in the second quarter.

JANUARY–JUNE 2022

Organic sales growth was 15 percent (2). Organic sales growth in Spain was 10 percent (4) with a strong development across the business. Organic sales growth in Latin America improved compared to last year with most countries showing positive organic sales growth, although price increases in Argentina were the primary driver. There was good sales momentum within security solutions and electronic security, and continued post corona recovery, including in the airport security business, also supported. The client retention rate was 92 percent (88).

Security solutions and electronic security sales represented MSEK 2 078 (1 806) or 30 percent (30) of total sales in the business segment, with real sales growth of 10 percent (4) in the first half year.

The operating margin was 5.8 percent (5.3), primarily driven by a strong performance in Spain and Portugal. The operating margin in Latin America improved compared to last year, supported by several countries although hampered by Argentina where market conditions remained challenging.

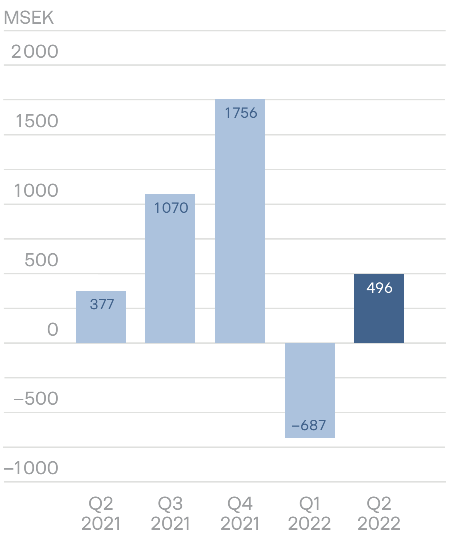
The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor. The real change in the segment was 24 percent (26) in the first half year.

Cash flow

FREE CASH FLOW

MSEK	Jan–Jun 2022
Operating income before amortization	**3 212**
Net investments	–194
Change in accounts receivable	–1 321
Change in other operating capital employed	–899
Cash flow from operating activities	**798**
Financial income and expenses paid	–273
Current taxes paid	–716
Free cash flow	**–191**

QUARTERLY FREE CASH FLOW



APRIL–JUNE 2022

Cash flow from operating activities amounted to MSEK 927 (930), equivalent to 53 percent (63) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –873 (–380) and was negatively impacted by organic sales growth and a slight increase in days of sales outstanding (DSO). Changes in other operating capital employed were MSEK 191 (–123).

Free cash flow was MSEK 496 (377), equivalent to 39 percent (34) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –31 (–116). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –241 (–241). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –646 (–1 257) due to dividend paid of MSEK –1 604 (–1 460) and a net increase in borrowings of MSEK 958 (203).

Cash flow for the period was MSEK –422 (–1 237).

JANUARY–JUNE 2022

Cash flow from operating activities amounted to MSEK 798 (2 213), equivalent to 25 percent (81) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 321 (–240) and was negatively impacted by higher organic sales growth and an increase in days of sales outstanding (DSO) compared to the low year-end position.

Changes in other operating capital employed were MSEK –899 (–241), where last year was positively impacted primarily by positive payroll timing in North America and in the Netherlands with approximately MSEK 600. The payroll timing is expected to be neutral on a full year basis. Other than the remaining amount for payroll taxes in the North American operations of an additional approximately MSEK 600 to be paid in the fourth quarter of this year, 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 –273 (–258) and current taxes paid was MSEK –716 (–782).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –194 (–33), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –1 588 (–1 313) and reversal of depreciation of MSEK 1 394 (1 280).

Free cash flow was MSEK –191 (1 173), equivalent to –8 percent (60) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –38 (–295). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –508 (–411). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –843 (–1 032) due to dividend paid of MSEK –1 604 (–1 460) and a net increase in borrowings of MSEK 761 (428).

Cash flow for the period was MSEK –1 580 (–565). The closing balance for liquid funds after translation differences of MSEK 119 was MSEK 3 348 (4 809 as of December 31, 2021).

Capital employed and financing

CAPITAL EMPLOYED AND FINANCING

MSEK	Jun 30, 2022
Operating capital employed	14 050
Goodwill	25 832
Acquisition-related intangible assets	1 801
Shares in associated companies	378
Capital employed	**42 061**
Net debt	18 409
Shareholders' equity	23 652
Financing	**42 061**

NET DEBT DEVELOPMENT

MSEK	Jan–Jun 2022
Jan 1, 2022	**–14 551**
Free cash flow	–191
Acquisitions/divestitures	–38
Items affecting comparability	–508
Dividend paid	–1 604
Lease liabilities	–160
Change in net debt	**–2 501**
Revaluation	–15
Translation	–1 342
Jun 30, 2022	**–18 409**

NET DEBT TO EBITDA RATIO

CAPITAL EMPLOYED AS OF JUNE 30, 2022

The Group's operating capital employed was MSEK 14 050 (9 908 as of December 31, 2021), corresponding to 12 percent of sales (9 as of December 31, 2021), 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 1 206.

The Group's total capital employed was MSEK 42 061 (35 351 as of December 31, 2021). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 3 268. The return on capital employed was 13 percent (14 as of December 31, 2021).

FINANCING AS OF JUNE 30, 2022

The Group's net debt amounted to MSEK 18 409 (14 551 as of December 31, 2021). The net debt was impacted mainly by a dividend of MSEK –1 604, paid to the shareholders in May 2022, translation differences of MSEK –1 342, payments for items affecting comparability of MSEK –508, free cash flow of MSEK –191 and lease liabilities of MSEK –160.

The net debt to EBITDA ratio was 2.2 (2.2). The free cash flow to net debt ratio amounted to 0.14 (0.32). The interest coverage ratio amounted to 14.7 (11.8).

At June 30, 2022, Securitas had a Revolving Credit Facility with its ten key relationship banks. The credit facility comprised one tranche of MEUR 938 originally maturing in 2025. In April 2022, the maturity was extended by all banks to 2027. It was undrawn on June 30, 2022. On July 6, 2022, another key relationship bank joined the facility under the accordion option, increasing the number of banks to eleven and the size of the facility to MEUR 1 029.

The Commercial Paper Program amounts to MSEK 5 000. On June 30, 2022, MSEK 1 480 was drawn.

On December 8, 2021, Securitas signed a Multicurrency Term Facilities Agreement with SEB. There are two facilities totaling MUSD 3 300. The purpose of the facilities is 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. Securitas plans to refinance the facilities by a mix of long-term debt financing and a rights issue which we expect to launch in September. The rights issue will amount to the SEK equivalent of approximately MUSD 915 as previously communicated.

On July 26, 2022, Standard & Poor's downgraded Securitas credit rating to BBB- with stable outlook after the completion of the Stanley Security acquisition.

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

Shareholders' equity amounted to MSEK 23 652 (20 800 as of December 31, 2021). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 1 926. Refer to the statement of comprehensive income on page 19 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of June 30, 2022. Refer to page 22 for further information.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–JUNE 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**
Other acquisitions and divestitures[5, 6]		–	–	–14	4	7	10
Total acquisitions and divestitures January–June 2022				**–14**	**4[7]**	**7**	**10**
Amortization of acquisition related intangible assets						–	–122
Translation differences and remeasurement for hyperinflation						2 452	181
Closing balance						**25 832**	**1 801**

1) Refers to business segment with main responsibility for the acquisition.
2) Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3) Estimated annual sales.
4) Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.
5) Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Supreme Security Systems, the US, Dansk Sikkerhedsservice, Denmark, DAK, Türkiye and Digital Alarm Technologies, Singapore. Related also to divestitures of Securitas Teleassistance (additional payment), France, Securitas Egypt (additional payment) and Securitas Electronic Security India (asset deal), as well as to deferred considerations paid in Sweden, Türkiye and Portugal.
6) Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK –1. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 130.
7) Cash flow from acquisitions and divestitures amounts to MSEK –38, which is the sum of enterprise value MSEK –4 and acquisition-related costs paid MSEK –34.

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 on page 28.

ACQUISITIONS AFTER THE SECOND QUARTER

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.

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 Interim Report for the respective case.

PORTUGAL ANTI-TRUST PROCEEDING

The Portuguese competition authority has completed the previously communicated investigation regarding alleged violations by several Portuguese security companies, among them Securitas – Servicos E Tecnologia de Seguranca SA, of anti-trust regulations for public tenders in Portugal. The Portuguese competition authority has fined Securitas MEUR 10.

Securitas has carefully assessed the information and will appeal the decision, and we do not expect any material impact on the result or the financial position of the Group.

Changes in Group Management

A new global function has been established: Securitas Digital, led by Martin Althén. Hillevi Agranius has been appointed Chief Information Officer (CIO) and added as a new member of the Group Management team. The changes were effective July 1, 2022.

Risks and uncertainties

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

Securitas as well as other companies continue to face the challenge of the corona pandemic. As disclosed in earlier reports and further in this interim report, the corona pandemic has in different ways impacted the Group's result, and poses an additional challenge when making estimates and judgments. It is still unclear when certain service levels will return to normal levels and to what extent any costs will be further supported by government grants. With government support measures in the form of cash grants and deferred payment schemes being unwound, the valuation of accounts receivable remains another key topic in relation to estimates and judgments in preparing the statement of income and balance sheet as well as disclosures. Further, risks related to the general macro-economic environment still remain including the recent increase in inflation and interest rates, supply chain issues and it is still unclear what type of impact the corona pandemic will have in terms of economic development and recovery of the different markets and geographies in which we operate including potential labor shortages.

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 programs are progressing with good momentum both in Europe and Ibero-America. 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 six-month period, the financial impact of the corona pandemic, the acquisition and integration of Stanley Security, 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–JUNE 2022
The Parent Company's income amounted to MSEK 862 (647) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 5 299 (1 740). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 5 601 (1 908).

AS OF JUNE 30, 2022
The Parent Company's non-current assets amounted to MSEK 51 725 (46 173 as of December 31, 2021) and mainly comprise shares in subsidiaries of MSEK 49 804 (44 932 as of December 31, 2021). Current assets amounted to MSEK 5 894 (5 350 as of December 31, 2021) of which liquid funds accounted for MSEK 767 (1 070 as of December 31, 2021).

Shareholders' equity amounted to MSEK 33 435 (29 448 as of December 31, 2021). 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 24 184 (22 075 as of December 31, 2021) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 33.

Signatures of the Board of Directors

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 28, 2022

Jan Svensson
Chair

Ingrid Bonde
Member

John Brandon
Member

Fredrik Cappelen
Member

Gunilla Fransson
Member

Sofia Schörling Högberg
Member

Harry Klagsbrun
Member

Johan Menckel
Member

Åse Hjelm
Employee representative

Mikael Persson
Employee representative

Jan Prang
Employee representative

Magnus Ahlqvist
President and Chief Executive Officer

Review report

This is a translation from the Swedish original

Securitas AB (publ), corporate identity number 556302-7241

INTRODUCTION

We have reviewed the condensed interim report for Securitas AB as at June 30, 2022 and for the six months period then ended. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, July 28, 2022

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Sales		30 389	26 210	58 842	51 743	106 538
Sales, acquired business		146	289	291	570	1 162
Total sales	**3**	**30 535**	**26 499**	**59 133**	**52 313**	**107 700**
Organic sales growth, %	*4*	*6*	*8*	*5*	*4*	*4*
Production expenses		–24 845	–21 671	–48 290	–42 863	–87 855
Gross income		**5 690**	**4 828**	**10 843**	**9 450**	**19 845**
Selling and administrative expenses		–3 955	–3 377	–7 677	–6 761	–13 953
Other operating income	3	12	11	24	21	43
Share in income of associated companies		13	9	22	17	43
Operating income before amortization		**1 760**	**1 471**	**3 212**	**2 727**	**5 978**
Operating margin, %		*5.8*	*5.6*	*5.4*	*5.2*	*5.6*
Amortization of acquisition-related intangible assets		–61	–63	–122	–128	–290
Acquisition-related costs	6	–15	–13	–25	–42	–122
Items affecting comparability	7	–226	–259	–360	–395	–871
Operating income after amortization		**1 458**	**1 136**	**2 705**	**2 162**	**4 695**
Financial income and expenses	8, 9	–61	–91	–156	–185	–364
Income before taxes		**1 397**	**1 045**	**2 549**	**1 977**	**4 331**
Net margin, %		*4.6*	*3.9*	*4.3*	*3.8*	*4.0*
Current taxes		–418	–281	–720	–576	–1 389
Deferred taxes		41	–1	32	42	192
Net income for the period		**1 020**	**763**	**1 861**	**1 443**	**3 134**
Whereof attributable to:						
Equity holders of the Parent Company		1 019	763	1 858	1 442	3 133
Non-controlling interests		1	0	3	1	1
Earnings per share before and after dilution (SEK)		2.79	2.09	5.09	3.95	8.59
Earnings per share before and after dilution and before items affecting comparability (SEK)		3.33	2.64	5.90	4.75	10.41

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net income for the period		**1 020**	**763**	**1 861**	**1 443**	**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		106	–37	200	104	294
Total items that will not be reclassified to the statement of income	**10**	**106**	**–37**	**200**	**104**	**294**
Items that subsequently may be reclassified to the statement of income						
Remeasurement for hyperinflation net of tax	8	593	24	633	47	92
Cash flow hedges net of tax		0	15	–2	–33	–53
Cost of hedging net of tax		–7	17	–10	15	9
Net investment hedges net of tax		–483	128	–614	–136	–382
Other comprehensive income from associated companies, translation differences		18	–10	23	5	22
Translation differences		1 970	–552	2 517	614	1 428
Total items that subsequently may be reclassified to the statement of income	**10**	**2 091**	**–378**	**2 547**	**512**	**1 116**
Other comprehensive income for the period	**10**	**2 197**	**–415**	**2 747**	**616**	**1 410**
Total comprehensive income for the period		**3 217**	**348**	**4 608**	**2 059**	**4 544**
Whereof attributable to:						
Equity holders of the Parent Company		3 215	347	4 604	2 057	4 542
Non-controlling interests		2	1	4	2	2

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating income before amortization		**1 760**	**1 471**	**3 212**	**2 727**	**5 978**
Investments in non-current tangible and intangible assets		–861	–675	–1 588	–1 313	–2 824
Reversal of depreciation		710	637	1 394	1 280	2 704
Change in accounts receivable		–873	–380	–1 321	–240	117
Change in other operating capital employed		191	–123	–899	–241	–399
Cash flow from operating activities		**927**	**930**	**798**	**2 213**	**5 576**
Cash flow from operating activities, %		*53*	*63*	*25*	*81*	*93*
Financial income and expenses paid		–37	–16	–273	–258	–312
Current taxes paid		–394	–537	–716	–782	–1 265
Free cash flow		**496**	**377**	**–191**	**1 173**	**3 999**
Free cash flow, %		*39*	*34*	*–8*	*60*	*95*
Cash flow from investing activities, acquisitions and divestitures	6	–31	–116	–38	–295	–1 366
Cash flow from items affecting comparability	7	–241	–241	–508	–411	–602
Cash flow from financing activities		–646	–1 257	–843	–1 032	–1 935
Cash flow for the period		**–422**	**–1 237**	**–1 580**	**–565**	**96**

Change in net debt MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Opening balance		**–16 059**	**–14 502**	**–14 551**	**–14 335**	**–14 335**
Cash flow for the period		–422	–1 237	–1 580	–565	96
Change in lease liabilities		42	82	–160	77	107
Change in loans		–958	–203	–761	–428	475
Change in net debt before revaluation and translation differences		**–1 338**	**–1 358**	**–2 501**	**–916**	**678**
Revaluation of financial instruments	9	–8	40	–15	–24	–56
Translation differences		–1 004	202	–1 342	–343	–838
Change in net debt		**–2 350**	**–1 116**	**–3 858**	**–1 283**	**–216**
Closing balance		**–18 409**	**–15 618**	**–18 409**	**–15 618**	**–14 551**

Cash flow MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Cash flow from operations		1 062	764	791	1 961	5 980
Cash flow from investing activities		–585	–525	–1 041	–1 048	–3 029
Cash flow from financing activities		–899	–1 476	–1 330	–1 478	–2 855
Cash flow for the period		**–422**	**–1 237**	**–1 580**	**–565**	**96**

Change in liquid funds MSEK	Note	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Opening balance		3 687	5 441	4 809	4 720	4 720
Cash flow for the period		–422	–1 237	–1 580	–565	96
Translation differences		83	–48	119	1	–7
Closing balance		**3 348**	**4 156**	**3 348**	**4 156**	**4 809**

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Operating capital employed		**14 050**	**9 843**	**9 908**
Operating capital employed as % of sales		*12*	*9*	*9*
Return on operating capital employed, %		*47*	*48*	*54*
Goodwill		25 832	21 974	23 373
Acquisition-related intangible assets		1 801	1 583	1 732
Shares in associated companies		378	318	338
Capital employed		**42 061**	**33 718**	**35 351**
Return on capital employed, %		*13*	*13*	*14*
Net debt		**–18 409**	**–15 618**	**–14 551**
Shareholders' equity		**23 652**	**18 100**	**20 800**
Net debt equity ratio, multiple		*0.78*	*0.86*	*0.70*

BALANCE SHEET

MSEK	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
ASSETS				
Non-current assets				
Goodwill		25 832	21 974	23 373
Acquisition-related intangible assets		1 801	1 583	1 732
Other intangible assets		2 036	1 880	1 834
Right-of-use assets		3 701	3 305	3 348
Other tangible non-current assets		3 716	3 225	3 482
Shares in associated companies		378	318	338
Non-interest-bearing financial non-current assets		1 918	1 797	1 893
Interest-bearing financial non-current assets		1 002	411	494
Total non-current assets		**40 384**	**34 493**	**36 494**
Current assets				
Non-interest-bearing current assets		26 226	22 154	21 857
Other interest-bearing current assets		147	290	203
Liquid funds		3 348	4 156	4 809
Total current assets		**29 721**	**26 600**	**26 869**
TOTAL ASSETS		**70 105**	**61 093**	**63 363**

MSEK	Note	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company		23 640	18 088	20 792
Non-controlling interests		12	12	8
Total shareholders' equity		**23 652**	**18 100**	**20 800**
Equity ratio, %		*34*	*30*	*33*
Long-term liabilities				
Non-interest-bearing long-term liabilities		312	266	270
Long-term lease liabilities		2 824	2 535	2 573
Other interest-bearing long-term liabilities		17 041	11 793	12 207
Non-interest-bearing provisions		2 175	2 385	2 278
Total long-term liabilities		**22 352**	**16 979**	**17 328**
Current liabilities				
Non-interest-bearing current liabilities and provisions		21 060	19 867	19 958
Current lease liabilities		1 013	881	897
Other interest-bearing current liabilities		2 028	5 266	4 380
Total current liabilities		**24 101**	**26 014**	**25 235**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**70 105**	**61 093**	**63 363**

CHANGES IN SHAREHOLDERS' EQUITY

	Jun 30, 2022			Jun 30, 2021			Dec 31, 2021		
MSEK	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
Opening balance January 1, 2022 / 2021	**20 792**	**8**	**20 800**	**17 697**	**10**	**17 707**	**17 697**	**10**	**17 707**
Total comprehensive income for the period	4 604	4	4 608	2 057	2	2 059	4 542	2	4 544
Transactions with non-controlling interests	–	0	0	–	–	–	–	–4	–4
Share-based incentive schemes	–152	–	–152[1]	–206	–	–206	13	–	13
Dividend paid to the shareholders of the Parent Company	–1 604	–	–1 604	–1 460	–	–1 460	–1 460	–	–1 460
Closing balance June 30 / December 31, 2022 / 2021	**23 640**	**12**	**23 652**	**18 088**	**12**	**18 100**	**20 792**	**8**	**20 800**

[1] Refers 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 adjustment to grant date value of non-vested shares of MSEK –3, related to Securitas short-term share-based incentive scheme 2020. Refers also to shares awarded under Securitas long-term share-based incentive scheme 2019/2021 of MSEK –15.

DATA PER SHARE

SEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Share price, end of period	88.12	135.10	88.12	135.10	124.65
Earnings per share before and after dilution[1, 2]	2.79	2.09	5.09	3.95	8.59
Earnings per share before and after dilution and before items affecting comparability[1, 2]	3.33	2.64	5.90	4.75	10.41
Dividend	–	–	–	–	4.40
P/E-ratio after dilution and before items affecting comparability	–	–	–	–	12
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding[1]	364 583 897	364 583 897	364 583 897	364 583 897	364 583 897
Average number of shares outstanding[1, 3]	364 583 897	364 856 974	364 583 897	364 895 223	364 738 281
Treasury shares	475 000	475 000	475 000	475 000	475 000

[1] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.
[2] Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.
[3] Used for calculation of earnings per share.

Segment overview April–June 2022 and 2021

APRIL–JUNE 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	13 431	12 714	3 609	781	–	30 535
Sales, intra-group	3	1	0	3	–7	–
Total sales	**13 434**	**12 715**	**3 609**	**784**	**–7**	**30 535**
Organic sales growth, %	*–1*	*9*	*17*	–	–	*6*
Operating income before amortization	**994**	**695**	**213**	**–142**	**–**	**1 760**
of which share in income of associated companies	*2*	–	–	*11*	–	*13*
Operating margin, %	*7.4*	*5.5*	*5.9*	–	–	*5.8*
Amortization of acquisition-related intangible assets	–24	–27	–2	–8	–	–61
Acquisition-related costs	–8	–7	–	0	–	–15
Items affecting comparability	–22	–142	–10	–52	–	–226
Operating income after amortization	**940**	**519**	**201**	**–202**	**–**	**1 458**
Financial income and expenses	–	–	–	–	–	–61
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 397**

APRIL–JUNE 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	11 480	11 395	2 965	659	–	26 499
Sales, intra-group	3	0	0	1	–4	–
Total sales	**11 483**	**11 395**	**2 965**	**660**	**–4**	**26 499**
Organic sales growth, %	*8*	*8*	*8*	–	–	*8*
Operating income before amortization	**819**	**627**	**162**	**–137**	**–**	**1 471**
of which share in income of associated companies	*1*	–	–	*8*	–	*9*
Operating margin, %	*7.1*	*5.5*	*5.5*	–	–	*5.6*
Amortization of acquisition-related intangible assets	–20	–32	–3	–8	–	–63
Acquisition-related costs	–8	–5	0	0	–	–13
Items affecting comparability	–33	–89	–77	–60	–	–259
Operating income after amortization	**758**	**501**	**82**	**–205**	**–**	**1 136**
Financial income and expenses	–	–	–	–	–	–91
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 045**

Segment overview January–June 2022 and 2021

JANUARY–JUNE 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	25 902	24 726	6 995	1 510	–	59 133
Sales, intra-group	4	1	0	4	–9	–
Total sales	**25 906**	**24 727**	**6 995**	**1 514**	**–9**	**59 133**
Organic sales growth, %	*–1*	*9*	*15*	*–*	*–*	*5*
Operating income before amortization	**1 796**	**1 293**	**409**	**–286**	**–**	**3 212**
of which share in income of associated companies	*3*	*–*	*–*	*19*	*–*	*22*
Operating margin, %	*6.9*	*5.2*	*5.8*	*–*	*–*	*5.4*
Amortization of acquisition-related intangible assets	–49	–53	–4	–16	–	–122
Acquisition-related costs	–15	–10	–	0	–	–25
Items affecting comparability	–29	–238	–22	–71	–	–360
Operating income after amortization	**1 703**	**992**	**383**	**–373**	**–**	**2 705**
Financial income and expenses	–	–	–	–	–	–156
Income before taxes	**–**	**–**	**–**	**–**	**–**	**2 549**

JANUARY–JUNE 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	22 851	22 268	5 922	1 272	–	52 313
Sales, intra-group	6	0	0	1	–7	–
Total sales	**22 857**	**22 268**	**5 922**	**1 273**	**–7**	**52 313**
Organic sales growth, %	*5*	*3*	*2*	*–*	*–*	*4*
Operating income before amortization	**1 494**	**1 183**	**315**	**–265**	**–**	**2 727**
of which share in income of associated companies	*2*	*–*	*–*	*15*	*–*	*17*
Operating margin, %	*6.5*	*5.3*	*5.3*	*–*	*–*	*5.2*
Amortization of acquisition-related intangible assets	–41	–64	–7	–16	–	–128
Acquisition-related costs	–11	–15	–13	–3	–	–42
Items affecting comparability	–77	–95	–127	–96	–	–395
Operating income after amortization	**1 365**	**1 009**	**168**	**–380**	**–**	**2 162**
Financial income and expenses	–	–	–	–	–	–185
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 977**

Notes

NOTE 1
Accounting principles

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

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 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 interim report as well as to note 3 on page 67 in the Annual Report 2021.

NOTE 2
Events after the balance sheet date

Securitas announced on July 14, 2022 that it has been granted the required regulatory approvals for the acquisition of Stanley Security, which was announced on December 8, 2021. The transaction was completed on July 22, 2022. The preliminary purchase price excluding any adjustments for net working capital and debt like items is BUSD 3.2. A preliminary purchase price allocation results in goodwill of approximately BUSD 2.3 and acquisition-related intangible assets of approximately BUSD 0.5, of which the majority is subject to amortization ranging between eight and 15 years. The yearly amortization charge is approximately MUSD 35 on a full-year basis. The acquisition-calculation is preliminary and will be finalized within 12 months from the closing date.

At June 30, 2022, Securitas had a Revolving Credit Facility with its ten key relationship banks. On July 6, 2022 another key relationship bank joined the facility under the accordion option, increasing the number of banks to eleven and the size of the facility to MEUR 1 029.

On July 26, 2022, Standard & Poor's downgraded Securitas credit rating to BBB- with stable outlook after the completion of the Stanley Security acquisition.

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

NOTE 3
Revenue

MSEK	Apr–Jun 2022	%	Apr–Jun 2021	%	Jan–Jun 2022	%	Jan–Jun 2021	%	Jan–Dec 2021	%
Guarding services	22 438	74	19 937	75	43 515	74	39 324	75	80 602	75
Security solutions and electronic security	7 095	23	5 867	22	13 660	23	11 605	22	24 105	22
Other	1 002	3	695	3	1 958	3	1 384	3	2 993	3
Total sales	**30 535**	**100**	**26 499**	**100**	**59 133**	**100**	**52 313**	**100**	**107 700**	**100**
Other operating income	12	0	11	0	24	0	21	0	43	0
Total revenue	**30 547**	**100**	**26 510**	**100**	**59 157**	**100**	**52 334**	**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.

Security solutions and electronic security

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

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

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

Other

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

Other operating income

Other operating income consists 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	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2022	Apr–Jun 2021	Apr–Jun 2022	Apr–Jun 2021
Guarding services	9 846	8 798	9 505	8 636	2 541	2 048	553	459	–7	–4	22 438	19 937
Security solutions and electronic security	2 586	1 990	3 210	2 759	1 068	917	231	201	–	–	7 095	5 867
Other	1 002	695	–	–	–	–	–	–	–	–	1 002	695
Total sales	**13 434**	**11 483**	**12 715**	**11 395**	**3 609**	**2 965**	**784**	**660**	**–7**	**–4**	**30 535**	**26 499**
Other operating income	–	–	–	–	–	–	12	11	–	–	12	11
Total revenue	**13 434**	**11 483**	**12 715**	**11 395**	**3 609**	**2 965**	**796**	**671**	**–7**	**–4**	**30 547**	**26 510**

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Jan–Jun 2022	Jan–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Jun 2022	Jan–Jun 2021
Guarding services	19 073	17 444	18 458	16 869	4 917	4 116	1 076	902	–9	–7	43 515	39 324
Security solutions and electronic security	4 875	4 029	6 269	5 399	2 078	1 806	438	371	–	–	13 660	11 605
Other	1 958	1 384	–	–	–	–	–	–	–	–	1 958	1 384
Total sales	**25 906**	**22 857**	**24 727**	**22 268**	**6 995**	**5 922**	**1 514**	**1 273**	**–9**	**–7**	**59 133**	**52 313**
Other operating income	–	–	–	–	–	–	24	21	–	–	24	21
Total revenue	**25 906**	**22 857**	**24 727**	**22 268**	**6 995**	**5 922**	**1 538**	**1 294**	**–9**	**–7**	**59 157**	**52 334**

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	Apr–Jun 2022	Apr–Jun 2021	%	Jan–Jun 2022	Jan–Jun 2021	%
Total sales	**30 535**	**26 499**	**15**	**59 133**	**52 313**	**13**
Currency change from 2021	–2 420	–		–3 945	–	
Real sales growth, adjusted for changes in exchange rates	**28 115**	**26 499**	**6**	**55 188**	**52 313**	**5**
Acquisitions/divestitures	–146	–35		–291	–71	
Organic sales growth	**27 969**	**26 464**	**6**	**54 897**	**52 242**	**5**
Operating income before amortization	**1 760**	**1 471**	**20**	**3 212**	**2 727**	**18**
Currency change from 2021	–172	–		–264	–	
Real operating income before amortization, adjusted for changes in exchange rates	**1 588**	**1 471**	**8**	**2 948**	**2 727**	**8**
Operating income after amortization	**1 458**	**1 136**	**28**	**2 705**	**2 162**	**25**
Currency change from 2021	–168	–		–254	–	
Real operating income after amortization, adjusted for changes in exchange rates	**1 290**	**1 136**	**14**	**2 451**	**2 162**	**13**
Income before taxes	**1 397**	**1 045**	**34**	**2 549**	**1 977**	**29**
Currency change from 2021	–176	–		–257	–	
Real income before taxes, adjusted for changes in exchange rates	**1 221**	**1 045**	**17**	**2 292**	**1 977**	**16**
Net income for the period	**1 020**	**763**	**34**	**1 861**	**1 443**	**29**
Currency change from 2021	–129	–		–188	–	
Real net income for the period, adjusted for changes in exchange rates	**891**	**763**	**17**	**1 673**	**1 443**	**16**
Net income attributable to equity holders of the Parent Company	**1 019**	**763**	**34**	**1 858**	**1 442**	**29**
Currency change from 2021	–128	–		–187	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	**891**	**763**	**17**	**1 671**	**1 442**	**16**
Average number of shares outstanding	364 583 897	364 856 974		364 583 897	364 895 223	
Real earnings per share, adjusted for changes in exchange rates	**2.44**	**2.09**	**17**	**4.58**	**3.95**	**16**
Net income attributable to equity holders of the Parent Company	**1 019**	**763**	**34**	**1 858**	**1 442**	**29**
Items affecting comparability net of taxes	197	200		295	291	
Net income attributable to equity holders of the Parent Compan,y adjusted for items affecting comparability	**1 216**	**963**	**26**	**2 153**	**1 733**	**24**
Currency change from 2021	–158	–		–225	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	**1 058**	**963**	**10**	**1 928**	**1 733**	**11**
Number of shares	364 583 897	364 856 974		364 583 897	364 895 223	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	**2.90**	**2.64**	**10**	**5.29**	**4.75**	**11**

NOTE 5
Definitions and calculation of key ratios

The calculations below relate to the period January–June 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: (6 463 + 46) / 443 = 14.7

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 798 / 3 212 = 25%

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: –191 / (3 212 – 156 + 0 – 720) = –8%

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 2 635 / 18 409 = 0.14

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: 18 409 / (5 238 + 284 + 2 818) = 2.2

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: 14 050 / 121 310 = 12%

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: (6 463 – 836) / ((14 050 + 9 908) / 2) = 47%

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: (6 463 – 836) / 42 061 = 13%

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 18 409 / 23 652 = 0.78

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

MSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Restructuring and integration costs	–14	–11	–23	–34	–96
Transaction costs	0	–1	0	–6	–20
Revaluation of deferred considerations	–1	–1	–2	–2	–6
Total acquisition-related costs	**–15**	**–13**	**–25**	**–42**	**–122**
Cash flow impact from acquisitions and divestitures					
Purchase price payments	–11	–86	–14	–206	–1 247
Assumed net debt	1	–13	10	–36	3
Acquisition-related costs paid	–21	–17	–34	–53	–122
Total cash flow impact from acquisitions and divestitures	**–31**	**–116**	**–38**	**–295**	**–1 366**

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

NOTE 7
Items affecting comparability

MSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Recognized in the statement of income					
Transformation programs, Group[1]	–169	–147	–290	–251	–633
Cost-savings program, Group[2]	–	–112	–	–144	–290
Acquisition of Stanley Security	–57	–	–70	–	–62
Repayment AFA, Security Services Europe[3]	–	–	–	–	114
Total recognized in the statement of income before tax	**–226**	**–259**	**–360**	**–395**	**–871**
Taxes	29	59	65	104	206
Total recognized in the statement of income after tax	**–197**	**–200**	**–295**	**–291**	**–665**
Cash flow impact					
Transformation programs, Group[1]	–178	–144	–361	–216	–403
Cost-savings program, Group[2]	–15	–94	–26	–178	–279
Cost-savings program, Security Services Europe[4]	0	–3	–1	–17	–31
Acquisition of Stanley Security	–48	–	–120	–	–3
Repayment AFA, Security Services Europe[3]	–	–	–	–	114
Total cash flow impact	**–241**	**–241**	**–508**	**–411**	**–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 a lump-sum payment in 2021 from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.
[4] 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 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 2022 is also illustrated below.

EXCHANGE RATES AND INDEX

	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Exchange rate Argentina, SEK/ARS	0.08	0.09	0.09
Index, Argentina	47.99	29.36	35.23
Exchange rate Türkiye, SEK/TRY	0.61	n/a	n/a
Index, Türkiye	8.54	n/a	n/a

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net monetary gain, Argentina	13	3	25	11	20
Net monetary gain, Türkiye	17	n/a	17	n/a	n/a
Total financial income and expenses	**30**	**3**	**42**	**11**	**20**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Remeasurement, Argentina	49	24	89	47	92
Remeasurement, Türkiye	544	n/a	544	n/a	n/a
Total remeasurement impact recognized in other comprehensive income	**593**	**24**	**633**	**47**	**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 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	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Recognized in the statement of income					
Revaluation of financial instruments	1	0	0	0	0
Deferred tax	–	–	–	–	–
Impact on net income	**1**	**0**	**0**	**0**	**0**
Recognized in the statement of comprehensive income					
Cash flow hedges	1	18	–2	–43	–67
Cost of hedging	–10	22	–13	19	11
Deferred tax	2	–8	3	6	12
Total recognized in the statement of comprehensive income	**–7**	**32**	**–12**	**–18**	**–44**
Total revaluation before tax	–8	40	–15	–24	–56
Total deferred tax	2	–8	3	6	12
Total revaluation after tax	**–6**	**32**	**–12**	**–18**	**–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 2021. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 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
June 30, 2022				
Financial assets at fair value through profit or loss	–	8	–	**8**
Financial liabilities at fair value through profit or loss	–	–9	–130	**–139**
Derivatives designated for hedging with positive fair value	–	30	–	**30**
Derivatives designated for hedging with negative fair value	–	–792	–	**–792**
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 2021.

	Jun 30, 2022		Dec 31, 2021	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 129	9 849	10 155	10 258
Short-term loan liabilities	–	–	3 586	3 591
Total financial instruments by category	**10 129**	**9 849**	**13 741**	**13 849**

SUMMARY OF DEBT FINANCING AS OF JUNE 30, 2022

Type	Currency	Total amount (million)	Available amount (million)	Maturity
Multicurrency Term Facilities*	USD	3 300	3 300	2023
EMTN FRN private placement	EUR	50	0	2023
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	938	938	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
Commercial Paper (uncommitted)	SEK	5 000	3 520	n/a

* The Multicurrency Term Facilities mature on July 22, 2023. The facility of MUSD 915 can be extended to January 22, 2024 and the facility of MUSD 2 385 can be extended to July 22, 2024.

NOTE 10
Deferred tax on other comprehensive income

MSEK	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Deferred tax on remeasurements of defined benefit pension plans	–31	7	–48	–21	–76
Deferred tax on remeasurement for hyperinflation	–12	–	–12	–	–
Deferred tax on cash flow hedges	–1	–3	0	10	14
Deferred tax on cost of hedging	3	–5	3	–4	–2
Deferred tax on net investment hedges	125	–34	159	35	99
Deferred tax on net investment hedges included in translation differences	–154	45	–199	–45	–134
Total deferred tax on other comprehensive income	**–70**	**10**	**–97**	**–25**	**–99**

NOTE 11
Pledged assets

MSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Pension balances, defined contribution plans[1]	181	165	175
Total pledged assets	**181**	**165**	**175**

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

NOTE 12
Contingent liabilities

MSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
Guarantees	–	–	–
Guarantees related to discontinued operations	16	15	16
Total contingent liabilities	**16**	**15**	**16**

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 39 in the Annual Report 2021 as well as to the section Other significant events in this report.

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
License fees and other income	862	647	1 734
Gross income	**862**	**647**	**1 734**
Administrative expenses	–384	–326	–1 095
Operating income	**478**	**321**	**639**
Financial income and expenses	5 299	1 740	1 635
Income after financial items	**5 777**	**2 061**	**2 274**
Appropriations	–176	–153	–280
Income before taxes	**5 601**	**1 908**	**1 994**
Taxes	–6	–1	–14
Net income for the period	**5 595**	**1 907**	**1 980**

BALANCE SHEET

MSEK	Jun 30, 2022	Jun 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Shares in subsidiaries	49 804	44 201	44 932
Shares in associated companies	112	112	112
Other non-interest-bearing non-current assets	394	505	319
Interest-bearing financial non-current assets	1 415	850	810
Total non-current assets	**51 725**	**45 668**	**46 173**
Current assets			
Non-interest-bearing current assets	1 219	906	1 207
Other interest-bearing current assets	3 908	3 084	3 073
Liquid funds	767	1 394	1 070
Total current assets	**5 894**	**5 384**	**5 350**
TOTAL ASSETS	**57 619**	**51 052**	**51 523**
SHAREHOLDERS’ EQUITY AND LIABILITIES			
Shareholders’ equity			
Restricted equity	7 729	7 730	7 729
Non-restricted equity	25 706	21 602	21 719
Total shareholders’ equity	**33 435**	**29 332**	**29 448**
Untaxed reserves	**748**	**750**	**798**
Long-term liabilities			
Non-interest-bearing long-term liabilities/provisions	210	193	205
Interest-bearing long-term liabilities	16 995	11 788	12 199
Total long-term liabilities	**17 205**	**11 981**	**12 404**
Current liabilities			
Non-interest-bearing current liabilities	1 590	1 287	1 638
Interest-bearing current liabilities	4 641	7 702	7 235
Total current liabilities	**6 231**	**8 989**	**8 873**
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES	**57 619**	**51 052**	**51 523**

Financial information

FINANCIAL INFORMATION CALENDAR

August 24, 2022, 2.00 p.m. (CET)
Investor update

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

February 7, 2023, app. 1.00 p.m. (CET)
Full-year Report
January–December 2022

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

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on July 28, 2022, at **2.30 p.m. (CET)** where President and CEO Magnus Ahlqvist and CFO Andreas Lindback will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:
US: + 1 631 913 1422
Sweden: + 46 8 566 426 51
UK: + 44 333 3000 804
Please use the following pin code for the telephone conference: **621 490 78#**

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

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

For further information, please contact:
Micaela Sjökvist, 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: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

Group financial targets

Securitas has three financial targets:

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

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

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