Strong margin improvement and transformative tech acquisition

- Record level operating result and highest operating margin in more than a decade
  - Our strategy, investments and actions are paying off and resulting in increased profitability in all business segments

- Modernized and more efficient business operations – three programs closed end of 2021
  - Cost savings targets achieved in key areas and good benefit realization in North America towards the end of the year. Stronger foundation to enhance client value and drive operating margin improvement

- Transformative acquisition of Stanley Security announced – positioning Securitas as a leading security solutions partner
  - Over 50 percent of the profit contribution will be generated from high-margin electronic security going forward
Ending the year with good momentum

- **Organic sales growth** 4 percent (1) and 10 percent (4) real sales growth in solutions and electronic security in Q4
  - Strong client value proposition and commercial momentum with gradual recovery of C-19 portfolio reductions. New sales with improved margins.

- **Operating margin** 5.9 percent (5.3) in Q4, with improvements throughout the Group
  - Profitability focus and active portfolio management strengthened all business segments
  - The cost-savings program initiated during 2020 and lower levels of provisioning compared to 2020 supported as well
  - Materially reduced government grants and support in the fourth quarter
  - Price and wage balance on par – well positioned for 2022
  - Proposed dividend SEK 4.40 (4.00)

- **Strong operating cash flow** of 93 percent in 2021
Security Services North America

Reduced corona-related extra sales, strong profitable growth of new sales

Organic sales growth 0% (4) in Q4, 3% (2) in FY

- Strong growth in new sales and price increases achieved, negative impact due to lower corona-related extra sales in Guarding
- Gradual improvement in mainly Electronic Security and Critical Infrastructure Services
- Client retention 86% (91)
- Security Solutions and Electronic Security represented 18% (17) of total sales in FY
- Previously communicated contract loss of healthcare contract as of December 2, 2021 will have full impact in Q1 2022
Security Services North America

Continued strong operating margin trajectory

Operating margin 7.1% (6.4) in Q4, 6.8% (5.9) in FY

- Improved operating margin in Guarding despite lower corona-related extra sales
- Positive impact from SSNA business transformation in Q4
- Electronic Security improved, supported by the acquisition of FE Moran Security Solutions
- Strong performance in Pinkerton
- Last year impacted by a higher level of provisioning
**Organic sales growth 5% (-1) in Q4, 5% (-2) in FY**

- Almost all countries had positive organic sales growth, reflecting the gradual recovery
- Good new sales at improved margins
- Double digit real sales growth in Security Solutions and Electronic Security in Q4, representing 25% (24) of total sales in FY
- Airport security continues to recover
- Client retention 92% (90)
Security Services Europe

Broad-based improvement and strong recovery in the airport security business

Operating margin 6.3% (6.0) in Q4, 5.8% (4.6) in FY

- Most countries contributed to the development
- The improvement was supported by the cost-savings program
- Improved profitability in the airport security contract portfolio and corona-related high-margin extra sales important factors in 2021
- Materially lower level of government grants in Q4
- Last year impacted by a higher level of provisioning
Serukses

Solid development in Spain and Latin America

Organic sales growth

Organic sales growth 11% (-1) in Q4, 6% (2) in FY

- Solid development in Spain with 8% (1) organic sales growth in Q4
- Improvements in Latin America, with price increases in Argentina as the main driver
- Double digit real sales growth of Security Solutions and Electronic Security in Q4, representing 30% (30) of total sales in FY
- Client retention 94% (93)
Strong recovery from the pandemic – strategic actions paying off

Operating margin 6.3% (5.3) in Q4, 5.7% (4.5) in FY

- The improvement was primarily driven by Spain in 2021 with a strong performance across the business, further supported by efficiency gains from the integration of Techco Security
- In Latin America, the operating margin was supported by portfolio refinement programs in Peru and Argentina
- The cost-savings program initiated in 2020 also had a positive impact
- Last year impacted by a higher level of provisioning
Financials

Andreas Lindback
CFO
## A strong fourth quarter and full year

**MSEK**

<table>
<thead>
<tr>
<th></th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>FY 2021</th>
<th>FY 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>28 049</td>
<td>26 477</td>
<td>107 700</td>
<td>107 954</td>
</tr>
<tr>
<td><strong>Organic sales growth, %</strong></td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td><strong>Operating income before amort.</strong></td>
<td>1 646</td>
<td>1 404</td>
<td>5 978</td>
<td>4 892</td>
</tr>
<tr>
<td><strong>Operating margin, %</strong></td>
<td>5.9</td>
<td>5.3</td>
<td>5.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Amort. of acquisition-related intangible assets</td>
<td>-99</td>
<td>-79</td>
<td>-290</td>
<td>-286</td>
</tr>
<tr>
<td>Acquisition-related costs</td>
<td>-49</td>
<td>-47</td>
<td>-122</td>
<td>-137</td>
</tr>
<tr>
<td>Items affecting comparability</td>
<td>-356</td>
<td>-422</td>
<td>-871</td>
<td>-640</td>
</tr>
<tr>
<td><strong>Operating income after amortization</strong></td>
<td>1 142</td>
<td>856</td>
<td>4 695</td>
<td>3 829</td>
</tr>
<tr>
<td>Financial income and expenses</td>
<td>-83</td>
<td>-118</td>
<td>-364</td>
<td>-500</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>1 059</td>
<td>738</td>
<td>4 331</td>
<td>3 329</td>
</tr>
<tr>
<td><strong>Tax, %</strong></td>
<td>29.7</td>
<td>29.0</td>
<td>27.6</td>
<td>27.4</td>
</tr>
<tr>
<td><strong>Net income for the period</strong></td>
<td>745</td>
<td>524</td>
<td>3 134</td>
<td>2 416</td>
</tr>
<tr>
<td><strong>EPS, SEK</strong></td>
<td>2.05</td>
<td>1.45</td>
<td>8.59</td>
<td>6.63</td>
</tr>
<tr>
<td><strong>EPS, SEK before IAC</strong></td>
<td>2.85</td>
<td>2.38</td>
<td>10.41</td>
<td>8.02</td>
</tr>
</tbody>
</table>

- **Strong operating margin improvement** vs both 2020 and 2019 with all-time high 2021 FY operating income
- **Corona-related government grants and support of MSEK 50 (230) in Q4 and MSEK 550 (780) in FY**
  - mostly related to temporary unemployment
  - as partial compensation for increased idle-time cost
- **Net items affecting comparability of MSEK -356 (-422) in Q4**
  - MSEK -111: cost-savings program related to C-19
  - MSEK -183: transformation programs
  - MSEK -62: relating to the acquisition of Stanley Security
- **Financial income and expenses positively impacted by lower interest rates and exchange rates**
- **Tax: 27.6% (27.4) for the full year**
Items affecting comparability: Three programs closed, solid value realization execution
- Accounting impact (non-cash) from IFRS IC’s agenda decision related to cloud computing

<table>
<thead>
<tr>
<th>FY 2021</th>
<th>Programs</th>
<th>MSEK</th>
<th>AFA*</th>
<th>MSEK</th>
<th>Stanley</th>
<th>MSEK</th>
<th>Net IAC</th>
<th>MSEK</th>
</tr>
</thead>
</table>

**Transformation programs - Global IS/IT & North America**, announced Q4 2018
- Total program cost at announcement: MSEK -850
- Cloud computing: No material impact
- Programs closed in line with initial announcement – Total program cost MSEK -868

**C19 and 11 Exits**, announced Q2 2020 and Q4 2020
- Total program cost range at announcement: MSEK -350 to -500 (C19) and MSEK -100 (11 Exits)
- Cloud computing: No impact
- Program closed within announced total – Total program cost MSEK -579

**Transformation programs – Europe and Ibero-America**, announced Q4 2020
- Cloud computing: MSEK ~250 CAPEX to IAC transfer (non-cash) over 2022-23. No material historical impact.
- Estimated IAC-range of MSEK -500 to -600 in 2022 including cloud computing impact

**Stanley Security acquisition**
- Total MUSD -135 (app. BSEK -1.2) acquisition-related cost, majority in 2022-2023
  - Q4 2021: MSEK -62

* See the Full Year Report for further details
Reduced impact from FX in the quarter compared to the full year

### Q4 2021 vs. Q4 2020

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Change</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
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<td>2.05</td>
<td>1.45</td>
<td>41</td>
</tr>
<tr>
<td>EPS, SEK, before IAC</td>
<td>2.85</td>
<td>2.38</td>
<td>20</td>
</tr>
</tbody>
</table>

* Including acquisitions and adjusted FX

### FY 2021 vs. FY 2020

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<td>5 978</td>
<td>4 892</td>
<td>22</td>
</tr>
<tr>
<td>EPS, SEK</td>
<td>8.59</td>
<td>6.63</td>
<td>30</td>
</tr>
<tr>
<td>EPS, SEK, before IAC</td>
<td>10.41</td>
<td>8.02</td>
<td>30</td>
</tr>
</tbody>
</table>

* Including acquisitions and adjusted FX

### FX SEK End-Rates

<table>
<thead>
<tr>
<th></th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>9.05</td>
<td>8.19</td>
<td>10.5</td>
</tr>
<tr>
<td>EUR</td>
<td>10.24</td>
<td>10.05</td>
<td>1.9</td>
</tr>
<tr>
<td>ARS</td>
<td>0.09</td>
<td>0.10</td>
<td>-10.0</td>
</tr>
</tbody>
</table>
Strong cash flow performance

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q4 2021</th>
<th>Q4 2020</th>
<th>FY 2021</th>
<th>FY 2020</th>
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</thead>
<tbody>
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<td>Operating income before amortization</td>
<td>1 646</td>
<td>1 404</td>
<td>5 978</td>
<td>4 892</td>
</tr>
<tr>
<td>Net investments in non-current assets</td>
<td>-90</td>
<td>-20</td>
<td>-120</td>
<td>-97</td>
</tr>
<tr>
<td>Change in accounts receivable</td>
<td>462</td>
<td>-166</td>
<td>117</td>
<td>123</td>
</tr>
<tr>
<td>Change in other operating capital employed</td>
<td>142</td>
<td>309</td>
<td>-399</td>
<td>2 289</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>2 160</td>
<td>1 527</td>
<td>5 576</td>
<td>7 207</td>
</tr>
<tr>
<td>Cash flow from operating activities, %</td>
<td>131</td>
<td>109</td>
<td>93</td>
<td>147</td>
</tr>
<tr>
<td>Financial income and expenses paid</td>
<td>-35</td>
<td>-46</td>
<td>-312</td>
<td>-401</td>
</tr>
<tr>
<td>Current taxes paid</td>
<td>-369</td>
<td>-61</td>
<td>-1 265</td>
<td>-862</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1 756</td>
<td>1 420</td>
<td>3 999</td>
<td>5 944</td>
</tr>
</tbody>
</table>

- Cash flow positively impacted by good collections and reduced days sales outstanding
- 2020 was supported by BSEK 1.3 from corona-related relief measures regarding payment timing of social security and VAT in North America and Europe
- Approx. MSEK 600 of these timing reliefs were paid in 2021, and the remaining approx. MSEK 600 will be paid in 2022
- Net investments of MSEK -120 in FY results from
  - Investments of MSEK -2 824
  - Reversal of depreciation of MSEK 2 704
- Capital expenditure <3% of Group sales annually, including transformation programs
Reduced net debt to EBITDA-ratio, well ahead of Group target

MSEK

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt Jan 1, 2021</td>
<td>-14 335</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>3 999</td>
</tr>
<tr>
<td>Acquisitions/Divestitures</td>
<td>-1 366</td>
</tr>
<tr>
<td>IAC</td>
<td>-602</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>-1 460</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>107</td>
</tr>
<tr>
<td>Change in net debt</td>
<td>678</td>
</tr>
<tr>
<td>Revaluation</td>
<td>-56</td>
</tr>
<tr>
<td>Translation</td>
<td>-838</td>
</tr>
<tr>
<td>Net debt Dec 31, 2021</td>
<td>-14 551</td>
</tr>
</tbody>
</table>

Net debt to EBITDA-ratio

- FY2017: 2.0
- FY2018: 2.3
- FY2019: 2.2
- FY2020: 2.1
- FY2021: 1.9

Before IFRS 16

After IFRS 16
Solid financing in place, preparing for Stanley Security closing

- Solid financing in place, no financial covenants
- Good liquidity at year end: BSEK 4.8
- RCF extended to 2026 and is fully undrawn
- 2022 MEUR 350 maturity to be refinanced in Q1
- Bridge facility connected to the BUSD 3.2 Stanley Security transaction signed. The facility was subsequently syndicated among 7 core relationship banks.
- Bridge to be refinanced after completion by a mix of equity and long-term debt, including a rights issue of approx. USD 915 million.
- S&P BBB rating from Standard & Poor’s. CreditWatch Negative on announced acquisition of Stanley Security.
- Remain committed to investment grade rating
Accelerating our leadership in the industry
Transforming the profile of Securitas

Securitas
A leading guarding company with electronic security & solutions capabilities

A leading intelligent security solutions partner

STANLEY Security
A leader in commercial electronic security with highly innovative solutions
The future value drivers of the security industry are based on presence, the use of data and tech-enabled solutions.
Securitas and Stanley Security – forming a winning team

— Transforms Securitas’ position as a leading intelligent security solutions provider, with initially over 50% of the profit contribution generated from security solutions and electronic security

— Strong commercial opportunity, enhancing the client proposition, unlocking growth and transforming the margin profile by an acquisition with a strong cultural fit

— Very well received by our clients – very positive feedback relating to the future opportunities of the combination

— Strong value creation in a highly synergistic combination, with EPS accretion in the first full year post completion (excluding items affecting comparability and costs associated with the transaction)

— Closing process progresses according to plan with estimated closing in H1 2022

— Integration and value creation planning well advanced and on track

— Together with ongoing initiatives will enable substantial operating margin improvement over time
Solid progress with the transformation programs. The first three programs closed at the end of 2021

Modernization and efficiency

MODERNIZING GLOBAL IS/IT

SSNA BUSINESS TRANSFORMATION

C-19 COST SAVINGS AND 11 MARKET ExITS

SSEU & SSIA BUSINESS TRANSFORMATION

Targeted impacts

Group: MSEK 300 savings upon completion by 2022

SSNA: Up to 0.5% margin benefit by 2022, gradual improvement in 2021

C-19: 2 year pay-back period

Exit: Focus and less complexity

SSEU: Around 6.5% OPM by 2024. First impact 2022

SSIA: Around 6.0% OPM by 2024
North-American business transformation

Successful implementation – up to 0.5% margin benefit by 2022 – on track

End-to-end digitalization

Core processes
- Order to cash
- Purchase to pay
- Recruitment to pay

State-of-the-art applications
- Clients & contract management
- Workforce management
- Human capital management
- Finance and reporting

Extensively rolled-out
- 10 000+ clients
- 120 000 employees
- 4 000 line and support staff
- Cloud and mobile enabled

Key benefits

Improved client management & interaction
- Digitalization of client experience
- Improved HR management
- Data based risk insights improving security

Improved portfolio management capabilities
- Reduced unbilled overtime
- Reduced wage creep
- Daily contract price / wage transparency

Strengthened HR capabilities
- Digitalization of employee experience
- Better and faster recruitment processes
- Reduced recruitment spend

Financial efficiencies
- Automated billing
- More accurate billing
- Faster invoicing

Value creation

Client and workforce retention

Improved price/wage management

Digital foundation to enhance client value

Increased operating margin

Improved cash flow
Ending the year on a strong note and with record-high profitability: 4% (1) organic sales growth and 5.9% (5.3) operating margin

Building the new Securitas – a modern, digitized and innovative security solutions partner:

- Continued strong focus on contract profitability
- Full preparation on-going for Stanley Security closing, integration and value creation
- Full benefit realization of SSNA transformation program
- Price/wage focus going into 2022 – well positioned

Investor Day on March 21 cancelled – Strategy update will be arranged once the acquisition is closed in H1 2022
To insert Background picture in this layout:

1. Right click on the background.
2. Choose Format Picture or texture fill and Insert a picture from file.