Securitas

Interim Report

Q2 2023 | January–June 2023

2

April–June 2023

39 909
Total sales, MSEK

6.6%
Operating margin

2.05
Earnings per share, SEK

- Total sales MSEK 39 909 (30 535)
- Organic sales growth 11 percent (6)
- Operating income before amortization MSEK 2 620 (1 760)
- Operating margin 6.6 percent (5.8)
- Items affecting comparability (IAC) MSEK –311 (–226), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share before and after dilution SEK 2.05 (2.32)*
- Earnings per share before and after dilution, before IAC, SEK 2.46 (2.77)*
- Cash flow from operating activities 46 percent (53)

JANUARY–JUNE 2023

- Total sales MSEK 77 660 (59 133)
- Organic sales growth 11 percent (5)
- Operating income before amortization MSEK 4 800 (3 212)
- Operating margin 6.2 percent (5.4)
- Items affecting comparability (IAC) MSEK –592 (–360), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share before and after dilution SEK 3.71 (4.24)*
- Earnings per share before and after dilution, before IAC, SEK 4.49 (4.91)*
- Reported net debt/EBITDA 3.7 (2.2), adjusted net debt/EBITDA 3.7**
- Cash flow from operating activities 29 percent (25)

* Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.
** Includes STANLEY Security's 12 months adjusted estimated EBITDA.

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Comments from the President and CEO

"Strong margin development in North America and Europe"

In a period of global macroeconomic uncertainty, we delivered yet another strong quarter with 11 percent (6) organic sales growth and an operating margin of 6.6 percent (5.8). We recorded 12 percent real sales growth in our technology and solutions business, excluding STANLEY Security, demonstrating that we are on the right track. Overall, organic sales growth in the Group continued to be driven primarily by price increases, although volume growth was good within technology and solutions and in the airport security business.

The operating margin improved to 6.6 percent (5.8), driven by North America and Europe with the contribution from the STANLEY Security acquisition and related cost benefits, together with strong growth and margin development in our technology and solutions business.

Our integration and value creation processes with STANLEY Security are progressing according to plan. We have realized substantial cost benefits in our Technology business primarily in North America, and expect further benefits over the coming quarters. We see significant client interest in our strengthened offering and have material commercial synergy opportunities in our sales pipeline.

Within our security services business we maintain sharp focus on quality and actively managing contracts with lower profitability. These efforts are progressing well throughout the Group, and especially in Europe the profitability improved as a result. In Europe, we saw strong margin development, also compared to the first quarter of 2023, as start-up costs in the airport security business were reduced and cost control improved. Furthermore, we were on par with price increases and wage costs in the Group in the first half year.

During the summer we were glad to announce that we have extended and expanded our global security services contract and partnership with a leading global technology company.

The Group's operating cash flow was 46 percent (53) of the operating result in the second quarter. The first half year is normally weaker from a seasonality perspective, and we continue to have a high cash flow focus across the business to ensure a healthy full-year outcome.

TRANSFORMING IN LINE WITH OUR STRATEGY

Leadership in technology and solutions as well as in digital capabilities are core to the execution of our strategy. With STANLEY Security we are number two in the global security technology market and the combined solutions offering is truly unique. The transformation programs we have implemented in North America and are implementing in Europe and Ibero-America fundamentally shift our digital capabilities as a company, digitalizing our clients, people, operational and financial processes end-to-end.

A central part of the transformation program in Europe is the creation of a specialized solutions organization that is now in place, delivering solutions sales and profit growth. As communicated earlier, we have decided to delay parts of the program that relate to systems integration with the STANLEY integration to maximize cost efficiency and benefits. We expect to conclude these activities during 2024.

On July 25, we divested our entire operation in Argentina due to the weak macroeconomic prospects and challenging business environment in combination with a limited opportunity to execute our long-term strategy with healthy financial performance. As part of our strategy we continue to assess our business mix and presence to further sharpen our performance and position as the leading security solutions and technology company.

We are executing according to plan while at the same time going through a period of extensive transformation – with modernization and digitalization of our business, integration of STANLEY Security and further sharpening the business. We still have a lot of work ahead of us but with our new capabilities, we are very well positioned to deliver superior value as the new Securitas.

Magnus Ahlqvist
President and CEO

January–June summary

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

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

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

In the balance sheet STANLEY Security is included as of June 30, 2023, but not in the first half year 2022 comparative. STANLEY Security is included in the balance sheet as of December 31, 2022.

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

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

FINANCIAL SUMMARY

	Q2		Change, %		H1		Change, %		Full year	Change, %
MSEK	2023	2022	Total	Real	2023	2022	Total	Real	2022	Total
Sales	**39 909**	**30 535**	**31**	**25**	**77 660**	**59 133**	**31**	**26**	**133 237**	**24**
Organic sales growth, %	*11*	*6*			*11*	*5*			*7*	
Operating income before amortization	**2 620**	**1 760**	**49**	**42**	**4 800**	**3 212**	**49**	**42**	**8 033**	**34**
Operating margin, %	*6.6*	*5.8*			*6.2*	*5.4*			*6.0*	
Amortization of acquisition-related intangible assets	–157	–61			–311	–122			–414	
Acquisition-related costs	–2	–15			–3	–25			–49	
Items affecting comparability[1]	–311	–226			–592	–360			–1 086	
Operating income after amortization	**2 150**	**1 458**	**47**	**39**	**3 894**	**2 705**	**44**	**36**	**6 484**	**38**
Financial income and expenses	–541	–61			–969	–156			–758	
Income before taxes	**1 609**	**1 397**	**15**	**11**	**2 925**	**2 549**	**15**	**8**	**5 726**	**32**
Net income for the period	**1 178**	**1 020**	**15**	**11**	**2 141**	**1 861**	**15**	**9**	**4 316**	**38**
Earnings per share, SEK[2]	2.05	2.32	–12	–15	3.71	4.24	–12	–17	9.20	29
Earnings per share, before items affecting comparability, SEK[2]	2.46	2.77	–11	–14	4.49	4.91	–9	–14	10.77	24
Cash flow from operating activities, %	*46*	*53*			*29*	*25*			*71*	
Free cash flow	542	496			–85	–191			3 422	
Net debt to EBITDA ratio	*–*	*–*			*3.7*	*2.2*			*4.0*	

[1] Refer to note 7 on page 28 for further information.
[2] Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT*

	Organic sales growth				Operating margin			
	Q2		H1		Q2		H1	
%	2023	2022	2023	2022	2023	2022	2023	2022
Securitas North America	7	–1	7	–1	8.3	7.4	8.0	6.9
Securitas Europe	13	9	13	9	5.9	5.5	5.5	5.2
Securitas Ibero-America	24	17	24	15	5.9	5.9	5.8	5.8
Group	**11**	**6**	**11**	**5**	**6.6**	**5.8**	**6.2**	**5.4**

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

FINANCIAL SUMMARY PER BUSINESS LINE

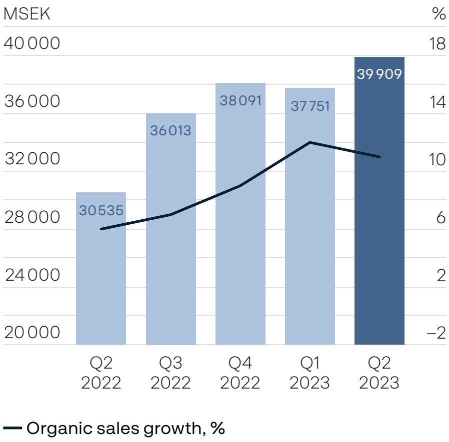
	Sales, MSEK		Real sales growth, %		Operating income before amortization, MSEK		Operating margin, %		% of Group sales		% of Group operating income before amortization	
Business line	Q2 2023	H1 2023	Q2 2023	H1 2023	Q2 2023	H1 2023	Q2 2023	H1 2023	Q2 2023	H1 2023	Q2 2023	H1 2023
Security services	26 380	51 324	12	11	1 356	2 433	5.1	4.7	66	66	52	50
Technology and solutions	12 764	24 785	73*	75*	1 309	2 525	10.3	10.2	32	32	50	53
Risk management services and costs for Group functions	765	1 551	–	–	–45	–158	–	–	2	2	–2	–3
Group	**39 909**	**77 660**	**25**	**26**	**2 620**	**4 800**	**6.6**	**6.2**	**100**	**100**	**100**	**100**

* Excluding STANLEY Security real sales growth was 12 percent in the second quarter and 12 percent for the first half year.

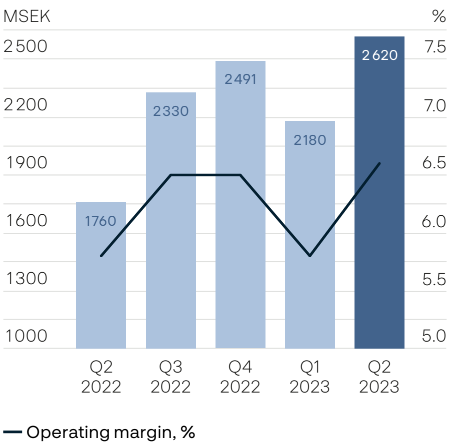
For further information regarding the revenue from the Group's business lines, refer to note 3.

Group development

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2023

SALES DEVELOPMENT

Sales amounted to MSEK 39 909 (30 535) and organic sales growth to 11 percent (6).

Securitas North America had 7 percent (–1) organic sales growth driven by the Guarding business unit. Securitas Europe showed 13 percent (9), with strong price increases across the business and good growth within the airport security business and technology and solutions. Securitas Ibero-America reported 24 percent (17), driven by price increases in the hyperinflationary environment in Argentina. Extra sales in the Group amounted to 13 percent (13) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 25 percent (6).

Technology and solutions sales amounted to MSEK 12 764 (7 095) or 32 percent (23) of total sales in the quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 73 percent (13) with the acquired STANLEY Security as the main contributor. Excluding STANLEY Security, real sales growth was 12 percent.

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 2 620 (1 760) which, adjusted for changes in exchange rates, represented a real change of 42 percent (8).

The Group's operating margin was 6.6 percent (5.8), an improvement mainly driven by Securitas North America where the business unit Technology, including the acquired STANLEY Security, was the main contributor. The operating margin in Securitas Europe improved primarily through growth within technology and solutions including STANLEY Security and active portfolio management. The Securitas Ibero-America operating margin was on par with last year.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –157 (–61), whereof MSEK –92 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –2 (–15). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK –311 (–226), whereof MSEK –170 (–57) related to the acquisition of STANLEY Security and MSEK –141 (–169) were related to the transformation programs in Europe and Ibero-America. For further information refer to note 7.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –541 (–61), whereof MSEK –402 (0) related to financing of the STANLEY Security acquisition. The impact from IAS 29 hyperinflation was MSEK 26 (30) relating to the net monetary gain. For further information refer to note 8. Financial income and expense also include foreign currency gains, net, of MSEK 23 (16). Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 1 609 (1 397).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 26.8 percent (27.0). The tax rate before tax on items affecting comparability was 26.5 percent (25.0).

Net income was MSEK 1 178 (1 020).

Earnings per share before and after dilution amounted to SEK 2.05 (2.32). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 2.46 (2.77).

JANUARY–JUNE 2023

SALES DEVELOPMENT

Sales amounted to MSEK 77 660 (59 133) and organic sales growth to 11 percent (5).

Securitas North America had 7 percent (–1) organic sales growth driven by the Guarding business unit. Securitas Europe showed 13 percent (9), coming from strong price increases across the business, good portfolio growth in the airport security business and within solutions, and increased installation sales. Securitas Ibero-America reported 24 percent (15), driven by price increases in the hyperinflationary environment in Argentina. Extra sales in the Group amounted to 12 percent (13) of total sales.

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

Technology and solutions sales amounted to MSEK 24 785 (13 660) or 32 percent (23) of total sales in the first half year. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 75 percent (11) with the acquired STANLEY Security as the main contributor. Excluding STANLEY Security, real sales growth was 12 percent.

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 4 800 (3 212) which, adjusted for changes in exchange rates, represented a real change of 42 percent (8).

The Group's operating margin was 6.2 percent (5.4), an improvement mainly driven by Securitas North America where the business unit Technology, including the acquired STANLEY Security, was the main contributor. The operating margin in Securitas Europe improved, supported by growth within technology and solutions including STANLEY Security and active portfolio management. In Securitas Ibero-America the operating margin was on par with last year. Price increases in the Group were on par with wage cost increases in the first six months.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –311 (–122), whereof MSEK –182 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –3 (–25). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK –592 (–360), whereof MSEK –285 (–70) related to the acquisition of STANLEY Security and MSEK –307 (–290) were related to the transformation programs in Europe and Ibero-America. For further information refer to note 7.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –969 (–156), whereof MSEK –712 (0) related to financing of the STANLEY Security acquisition. The impact from IAS 29 hyperinflation was MSEK 77 (42) relating to the net monetary gain. For further information refer to note 8. Financial income and expense also include foreign currency gains, net, of MSEK 36 (20). Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 2 925 (2 549).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 26.8 percent (27.0). The tax rate before tax on items affecting comparability was 26.6 percent (25.9).

Net income was MSEK 2 141 (1 861).

Earnings per share before and after dilution amounted to SEK 3.71 (4.24). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 4.49 (4.91).

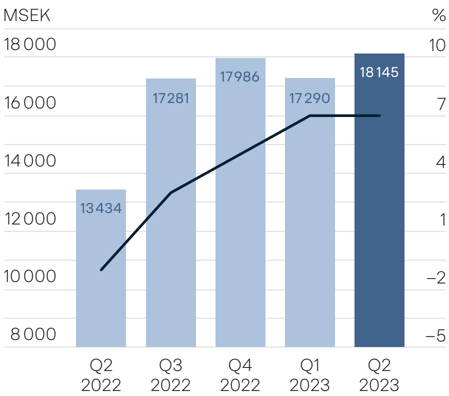
Development in the Group's business segments

Securitas North America

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

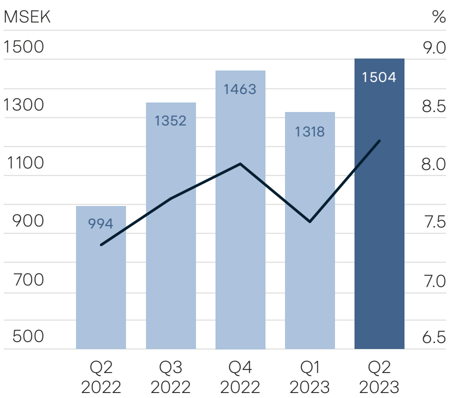
	Q2		Change, %		H1		Change, %		Full year
MSEK	2023	2022	Total	Real	2023	2022	Total	Real	2022
Total sales	**18 145**	**13 434**	**35**	**27**	**35 435**	**25 906**	**37**	**27**	**61 173**
Organic sales growth, %	*7*	*–1*			*7*	*–1*			*1*
Share of Group sales, %	*45*	*44*			*46*	*44*			*46*
Operating income before amortization	**1 504**	**994**	**51**	**44**	**2 822**	**1 796**	**57**	**48**	**4 611**
Operating margin, %	*8.3*	*7.4*			*8.0*	*6.9*			*7.5*
Share of Group operating income, %	*57*	*56*			*59*	*56*			*57*

QUARTERLY SALES DEVELOPMENT



— Organic sales growth, %

QUARTERLY OPERATING INCOME DEVELOPMENT



— Operating margin, %

APRIL–JUNE 2023

Organic sales growth was 7 percent (–1), primarily from strong growth in the Guarding business unit driven by price increases, good portfolio new sales and a significant global guarding contract renewed and expanded, as previously communicated. By comparison, the second quarter last year was hampered by the termination of two significant security contracts. The Technology business unit also supported organic sales growth with improved installation sales and a continued healthy backlog.

Technology and solutions sales accounted for MSEK 5 668 (2 586) or 31 percent (19) of total sales in the business segment, with real sales growth of 111 percent (10) in the second quarter. The acquired STANLEY Security business in North America was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 8.3 percent (7.4), driven by the acquired STANLEY Security business and strong cost synergies within the Technology business unit. The operating margin in Guarding was stable, supported by active portfolio management and leverage from the strong topline growth but burdened by cost of risk and medical expenses.

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 44 percent (3) in the second quarter.

JANUARY–JUNE 2023

Organic sales growth was 7 percent (–1), driven by the business unit Guarding with support from price increases, good portfolio new sales and a significant guarding contract renewed and expanded, as previously communicated. By comparison, the first six months last year were hampered by the termination of two significant security contracts. Organic sales growth was also supported by the Technology business unit from improved installation sales and a continued healthy backlog. The client retention rate was 88 percent (85).

Technology and solutions sales accounted for MSEK 11 083 (4 875) or 31 percent (19) of total sales in the business segment, with real sales growth of 118 percent (6) in the first half year. The acquired STANLEY Security business in North America was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 8.0 percent (6.9), driven by the acquired STANLEY Security business within the business unit Technology. The operating margin in Guarding improved supported by active portfolio management and leverage from the strong topline growth, and Pinkerton also improved in the first half year.

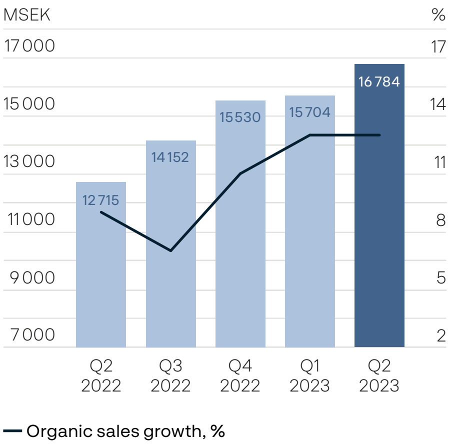
The Swedish krona exchange rate weakened against the US dollar, which had a positive impact on operating income in Swedish kronor. The real change was 48 percent (5) in the first half year.

Securitas Europe

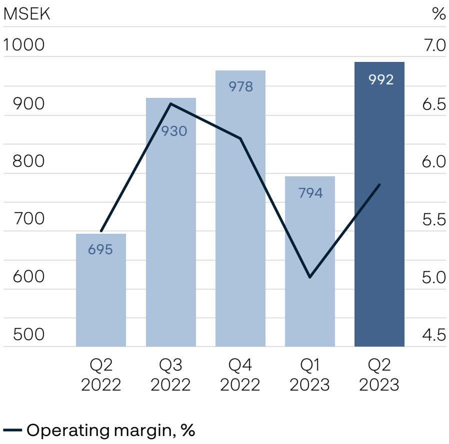
Securitas Europe provides protective services in 21 countries. The full range of protective services includes on-site, mobile and remote guarding, technology, fire and safety services and corporate risk management. In addition, there are three specialized units for global clients, technology and security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

	Q2		Change, %		H1		Change, %		Full year
MSEK	2023	2022	Total	Real	2023	2022	Total	Real	2022
Total sales	**16 784**	**12 715**	**32**	**26**	**32 488**	**24 727**	**31**	**26**	**54 409**
Organic sales growth, %	*13*	*9*			*13*	*9*			*9*
Share of Group sales, %	*42*	*42*			*42*	*42*			*41*
Operating income before amortization	**992**	**695**	**43**	**37**	**1 786**	**1 293**	**38**	**33**	**3 201**
Operating margin, %	*5.9*	*5.5*			*5.5*	*5.2*			*5.9*
Share of Group operating income, %	*38*	*39*			*37*	*40*			*40*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2023

Organic sales growth was 13 percent (9) in the quarter, driven by strong price increases, including the impact of the hyperinflationary environment in Türkiye. Organic sales growth was also supported by a positive portfolio development within the airport security business and in solutions, as well as increased installation sales.

Technology and solutions sales accounted for MSEK 5 610 (3 210) or 33 percent (25) of total sales in the business segment, with real sales growth of 68 percent (15) in the second quarter. The acquired STANLEY Security business in Europe was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 5.9 percent (5.5), an improvement primarily from growth within technology and solutions, including STANLEY Security and active portfolio management. However, increased costs related to labor shortage, such as higher costs for subcontracting, continued to hamper the operating margin.

The Swedish krona exchange rate weakened primarily against the euro but was partly offset by the development of the Turkish lira, which had a positive impact on operating income in Swedish kronor. The real change in operating income was 37 percent (10) in the second quarter.

JANUARY–JUNE 2023

Organic sales growth was 13 percent (9) in the first six months, driven by strong price increases, including the impact of the hyperinflationary environment in Türkiye. Positive portfolio development within the airport security business and in solutions, as well as increased installation sales, also supported organic sales growth. The client retention rate was 90 percent (91).

Technology and solutions sales accounted for MSEK 10 823 (6 269) or 33 percent (25) of total sales in the business segment, with real sales growth of 68 percent (15) in the first half year. The acquired STANLEY Security business in Europe was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 5.5 percent (5.2), an improvement mainly from growth within technology and solutions, including STANLEY Security and active portfolio management. However, the operating margin was hampered by start-up costs within the airport security business, increased costs related to labor shortage, such as higher costs for subcontracting, and negative leverage.

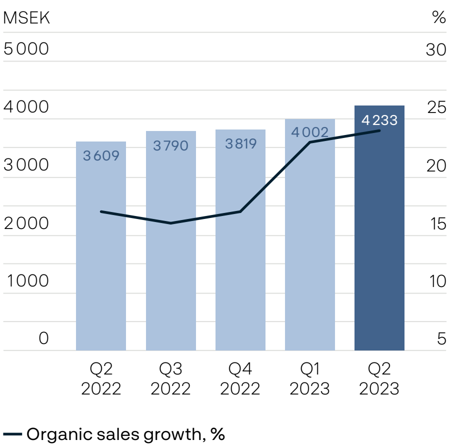
The Swedish krona exchange rate weakened primarily against the euro but was partly offset by the development of the Turkish lira, which had a positive impact on operating income in Swedish kronor. The real change in operating income was 33 percent (9) in the first half year.

Securitas Ibero-America

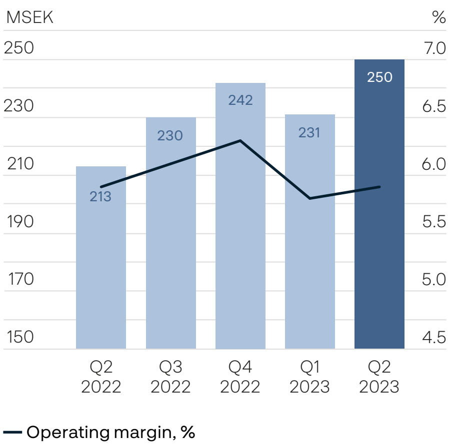
Securitas Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. The offered services include on-site, mobile and remote guarding, technology, fire and safety services, and corporate risk management.

	Q2		Change, %		H1		Change, %		Full year
MSEK	2023	2022	Total	Real	2023	2022	Total	Real	2022
Total sales	**4 233**	**3 609**	**17**	**24**	**8 235**	**6 995**	**18**	**24**	**14 604**
Organic sales growth, %	*24*	*17*			*24*	*15*			*16*
Share of Group sales, %	*11*	*12*			*11*	*12*			*11*
Operating income before amortization	**250**	**213**	**17**	**15**	**481**	**409**	**18**	**14**	**881**
Operating margin, %	*5.9*	*5.9*			*5.8*	*5.8*			*6.0*
Share of Group operating income, %	*10*	*12*			*10*	*13*			*11*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



APRIL–JUNE 2023

Organic sales growth was 24 percent (17), driven by price increases primarily in the hyperinflationary environment in Argentina. Organic sales growth in Spain was 3 percent (10), supported by price increases and improved installation sales, but held back by active portfolio management and a stronger comparative figure. In Latin America, organic sales growth continued on a high level driven by price increases.

Technology and solutions sales accounted for MSEK 1 305 (1 068) or 31 percent (30) of total sales in the business segment, with real sales growth of 17 percent (11) in the second quarter.

The operating margin was 5.9 percent (5.9), supported by higher margin technology and solutions sales and portfolio management. Continued wage pressure in Spain hampered, but the situation improved compared to the first quarter of 2023. The operating margin in Latin America declined compared to last year due to negative portfolio development in a few countries.

The Swedish krona exchange rate weakened primarily against the euro, but was partly offset by the development of the Argentinian peso, which had a positive impact on operating income in Swedish kronor. The real change in the segment was 15 percent (25) in the second quarter.

JANUARY–JUNE 2023

Organic sales growth was 24 percent (15), driven by price increases mainly in the hyperinflationary environment in Argentina. Organic sales growth in Spain was 5 percent (10), supported by price increases and improved installation sales, but held back by active portfolio management and a stronger comparative figure. Organic sales growth continued on a high level in Latin America driven by price increases. The client retention rate was 92 percent (92).

Technology and solutions sales accounted for MSEK 2 529 (2 078) or 31 percent (30) of total sales in the business segment, with real sales growth of 17 percent (10) in the first half year.

The operating margin was 5.8 percent (5.8), supported by higher margin technology and solutions sales and portfolio management, but hampered by wage pressure in Spain. The operating margin in Latin America declined compared to last year due to negative portfolio development in a few countries.

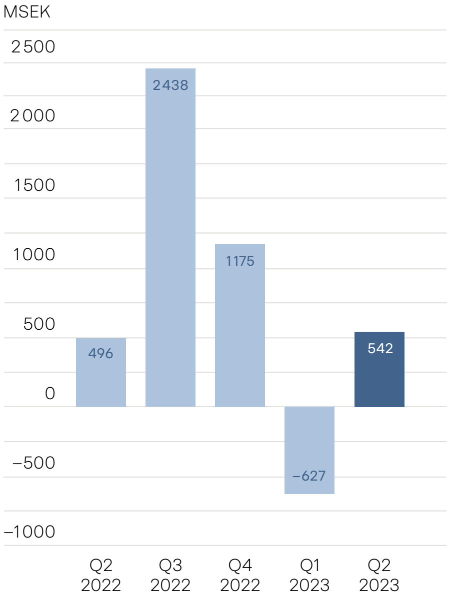
The Swedish krona exchange rate weakened primarily against the euro, but was partly offset by the development of the Argentinian peso, which had a positive impact on operating income in Swedish kronor. The real change in the segment was 14 percent (24) in the first half year.

Cash flow

FREE CASH FLOW

MSEK	Jan–Jun 2023
Operating income before amortization	**4 800**
Net investments	–293
Change in accounts receivable	–1 892
Change in other operating capital employed	–1 229
Cash flow from operating activities	**1 386**
Financial income and expenses paid	–872
Current taxes paid	–599
Free cash flow	**–85**

QUARTERLY FREE CASH FLOW



APRIL–JUNE 2023

Cash flow from operating activities amounted to MSEK 1 199 (927), equivalent to 46 percent (53) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 283 (–873) and was negatively impacted by organic sales growth. Changes in other operating capital employed were MSEK 86 (191).

Free cash flow was MSEK 542 (496), equivalent to 33 percent (39) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –23 (–31). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –344 (–241). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –92 (–646) due to dividend paid of MSEK –1 003 (–1 604) and a net increase in borrowings of MSEK 911 (958).

Cash flow for the period was MSEK 83 (–422).

JANUARY–JUNE 2023

Cash flow from operating activities amounted to MSEK 1 386 (798), equivalent to 29 percent (25) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 892 (–1 321) and was negatively impacted by organic sales growth. Changes in other operating capital employed were MSEK –1 229 (–899).

Financial income and expenses paid was MSEK –872 (–273) reflecting the increased interest cost relating mainly to the acquisition of STANLEY Security. Current taxes paid was MSEK –599 (–716).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –293 (–194), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –2 066 (–1 588) and reversal of depreciation of MSEK 1 773 (1 394).

Free cash flow was MSEK –85 (–191), equivalent to –3 percent (–8) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –28 (–38). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –680 (–508). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –70 (–843) due to dividend paid of MSEK –1 003 (–1 604) and a net increase in borrowings of MSEK 933 (761). A second dividend payment of MSEK –974 will be made during the fourth quarter compared to last year when the total dividend amount was paid in the second quarter. The total dividend amounts to MSEK 1 977 (1 604).

Cash flow for the period was MSEK –863 (–1 580). The closing balance for liquid funds after translation differences of MSEK 31 was MSEK 5 491 (6 323 as of December 31, 2022).

Capital employed and financing

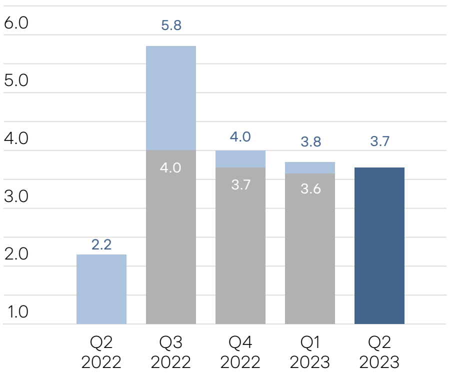
CAPITAL EMPLOYED AND FINANCING

MSEK	Jun 30, 2023
Operating capital employed	21 147
Goodwill	53 034
Acquisition-related intangible assets	7 069
Shares in associated companies	433
Capital employed	**81 683**
Net debt	43 779
Shareholders' equity	37 904
Financing	**81 683**

NET DEBT DEVELOPMENT

MSEK	Jan–Jun 2023
Jan 1, 2023	**–40 534**
Free cash flow	–85
Acquisitions/divestitures	–28
Items affecting comparability	–680
Dividend paid	–1 003
Lease liabilities	27
Change in net debt	**–1 769**
Revaluation	4
Translation	–1 480
Jun 30, 2023	**–43 779**

REPORTED NET DEBT/EBITDA



CAPITAL EMPLOYED AS OF JUNE 30, 2023

The Group's operating capital employed was MSEK 21 147 (18 377 as of December 31, 2022), corresponding to 13 percent of sales (13 as of December 31, 2022), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 652.

The Group's total capital employed was MSEK 81 683 (76 972 as of December 31, 2022). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 2 577. The return on capital employed was 10 percent (9 as of December 31, 2022).

FINANCING AS OF JUNE 30, 2023

The Group's net debt amounted to MSEK 43 779 (40 534 as of December 31, 2022). The net debt was impacted mainly by a dividend of MSEK –1 003, paid to the shareholders in May 2023, translation differences of MSEK –1 480, payments for items affecting comparability of MSEK –680, free cash flow of MSEK –85 and lease liabilities of MSEK 27.

The net debt to EBITDA ratio was 3.7 (2.2). The adjusted net debt to EBITDA ratio was 3.7*. The free cash flow to net debt ratio amounted to 0.08 (0.14). The interest coverage ratio amounted to 5.3 (14.7).

On June 30, 2023, Securitas had a Revolving Credit Facility with its eleven key relationship banks. The size of the facility amounted to MEUR 1 029, maturing 2027. The facility was undrawn on June 30, 2023.

A Swedish Commercial Paper Program amounts to MSEK 5 000. MSEK 1 620 was outstanding as of June 30, 2023.

A debt bridge facility was used to partly fund the acquisition of STANLEY Security. The original debt bridge facility amounted to MUSD 2 385 and has a final maturity date of July 22, 2024. In the first quarter of 2023 a majority of the bridge was refinanced through a MUSD 75 6-year Private Placement, a MEUR 1 100 term loan and a MEUR 300 Schuldschein loan. An additional MEUR 600 was repaid on April 4, 2023, from the proceeds of a 4-year Eurobond issue, reducing the bridge facility balance to MUSD 159 equivalent at end of June 2023. In July, 2023, the remaining balance of MUSD 159 of the debt bridge facility of MUSD 2 385 raised for the acquisition of STANLEY Security was repaid.

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

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

Shareholders' equity amounted to MSEK 37 904 (36 438 as of December 31, 2022). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 1 097. Refer to the statement of comprehensive income on page 18 for further information.

The total adjusted number of shares amounted to 572 917 552 (438 441 802) as of June 30, 2023. Refer to page 21 for further information.

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

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–JUNE 2023 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enterprise value [4,7]	Goodwill	Acq. related intangible assets
Opening balance						**51 021**	**7 180**
Other acquisitions and divestitures [5,6]		–	–	3	25	48	1
Total acquisitions and divestitures January–June 2023				**3**	**25**	**48**	**1**
Amortization of acquisition-related intangible assets						–	–311
Translation differences and remeasurement for hyperinflation						1 965	199
Closing balance						**53 034**	**7 069**

[1] Refers to business segment with main responsibility for the acquisition.
[2] Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
[3] Estimated annual sales.
[4] Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.
[5] Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: STANLEY Security, related to adjustments for several countries within North America and Europe, Draht+Schutz, Germany, Bewachungen ALWA (contract portfolio), Austria, DAK, Türkiye and Complete Security Integration, Australia. Related also to additional payment received for the divestiture of Securitas Egypt as well as to deferred considerations paid in the US, Türkiye, Spain and Australia.
[6] Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK –16. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 110.
[7] Cash flow from acquisitions and divestitures amounts to MSEK –28, which is the sum of enterprise value MSEK –25 and acquisition-related costs paid MSEK –3.

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 21. Transaction costs and revaluation of deferred considerations can be found in note 6 on page 27. Additional information regarding the acquisition of STANLEY Security can be found in note 13.

DIVESTITURES AFTER THE SECOND QUARTER

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas is exiting the country due the weak macroeconomic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability. Last 12 month's sales based on June 2023 of Securitas Argentina was BSEK 2.5, with an operating margin of below average in Securitas Ibero-America. The divestment will result in a capital loss that is estimated to approximately BSEK 3.5, which will be recognized as an item affecting comparability in the third quarter of 2023. The estimated capital loss mainly comprises accumulated foreign currency losses. This impact is net neutral in Group equity. The divestiture has limited cash flow impact.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2022 Annual Report and to note 12 on page 30. 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.

OTHER SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

DIVESTMENT OF SECURITAS ARGENTINA

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Last 12 month's sales based on June 2023 of Securitas Argentina was BSEK 2.5, with an operating margin of below average in Securitas Ibero-America. The divestment will result in a capital loss that is estimated to approximately BSEK 3.5, which will be recognized as an item affecting comparability in the third quarter of 2023. The estimated capital loss mainly comprises accumulated foreign currency losses. This impact is net neutral in Group equity. The divestiture has limited cash flow impact.

Risks and uncertainties

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

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

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

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

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

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

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

Parent Company operations

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

JANUARY–JUNE 2023

The Parent Company's income amounted to MSEK 982 (862) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 20 (5 299). The decrease compared with last year is mainly explained by lower dividends received from subsidiaries. Income before taxes amounted to MSEK 6 (5 601).

AS OF JUNE 30, 2023

The Parent Company's non-current assets amounted to MSEK 66 680 (66 354 as of December 31, 2022) and mainly comprise shares in subsidiaries of MSEK 64 076 (64 040 as of December 31, 2022). Current assets amounted to MSEK 13 855 (11 813 as of December 31, 2022) of which liquid funds accounted for MSEK 2 725 (2 376 as of December 31, 2022).

Shareholders' equity amounted to MSEK 46 474 (48 282 as of December 31, 2022). Total dividend amounts to MSEK 1 977 (1 604), whereof MSEK 1 003 (1 604) was paid to the shareholders in May 2023. A second dividend payment will be made during fourth quarter 2023 and has been reported as a non-interest-bearing current liability.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 34 061 (29 885 as of December 31, 2022) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 32.

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, 2023

Jan Svensson
Chair

Åsa Bergman
Member

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, 2023, 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, 2023

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Sales		35 517	30 389	69 036	58 842	124 944
Sales, acquired business		4 392	146	8 624	291	8 293
Total sales	**3**	**39 909**	**30 535**	**77 660**	**59 133**	**133 237**
Organic sales growth, %	*4*	*11*	*6*	*11*	*5*	*7*
Production expenses		–31 853	–24 845	–62 019	–48 290	–107 124
Gross income		**8 056**	**5 690**	**15 641**	**10 843**	**26 113**
Selling and administrative expenses		–5 469	–3 955	–10 899	–7 677	–18 182
Other operating income	3	16	12	30	24	52
Share in income of associated companies		17	13	28	22	50
Operating income before amortization		**2 620**	**1 760**	**4 800**	**3 212**	**8 033**
Operating margin, %		*6.6*	*5.8*	*6.2*	*5.4*	*6.0*
Amortization of acquisition-related intangible assets		–157	–61	–311	–122	–414
Acquisition-related costs	6	–2	–15	–3	–25	–49
Items affecting comparability	7	–311	–226	–592	–360	–1 086
Operating income after amortization		**2 150**	**1 458**	**3 894**	**2 705**	**6 484**
Financial income and expenses	8, 9	–541	–61	–969	–156	–758
Income before taxes		**1 609**	**1 397**	**2 925**	**2 549**	**5 726**
Net margin, %		*4.0*	*4.6*	*3.8*	*4.3*	*4.3*
Current taxes		–438	–418	–816	–720	–1 298
Deferred taxes		7	41	32	32	–112
Net income for the period		**1 178**	**1 020**	**2 141**	**1 861**	**4 316**
Whereof attributable to:						
Equity holders of the Parent Company		1 175	1 019	2 128	1 858	4 310
Non-controlling interests		3	1	13	3	6
Earnings per share before and after dilution (SEK)[1]		2.05	2.32	3.71	4.24	9.20
Earnings per share before and after dilution and before items affecting comparability (SEK)[1]		2.46	2.77	4.49	4.91	10.77

[1] Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net income for the period		**1 178**	**1 020**	**2 141**	**1 861**	**4 316**
Other comprehensive income for the period						
Items that will not be reclassified to the statement of income						
Remeasurements of defined benefit pension plans net of tax		3	106	2	200	70
Total items that will not be reclassified to the statement of income	**10**	**3**	**106**	**2**	**200**	**70**
Items that subsequently may be reclassified to the statement of income						
Remeasurement for hyperinflation net of tax	8	111	593	249	633	837
Cash flow hedges net of tax		–5	0	1	–2	–32
Cost of hedging net of tax		–1	–7	–1	–10	–6
Net investment hedges net of tax		–412	–483	–376	–614	–954
Other comprehensive income from associated companies, translation differences		16	18	15	23	22
Translation differences		1 558	1 970	1 458	2 517	3 582
Total items that subsequently may be reclassified to the statement of income	**10**	**1 267**	**2 091**	**1 346**	**2 547**	**3 449**
Other comprehensive income for the period	**10**	**1 270**	**2 197**	**1 348**	**2 747**	**3 519**
Total comprehensive income for the period		**2 448**	**3 217**	**3 489**	**4 608**	**7 835**
Whereof attributable to:						
Equity holders of the Parent Company		2 444	3 215	3 474	4 604	7 827
Non-controlling interests		4	2	15	4	8

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Operating income before amortization		**2 620**	**1 760**	**4 800**	**3 212**	**8 033**
Investments in non-current tangible and intangible assets		–1 119	–861	–2 066	–1 588	–3 567
Reversal of depreciation		895	710	1 773	1 394	3 120
Change in accounts receivable		–1 283	–873	–1 892	–1 321	–1 943
Change in other operating capital employed		86	191	–1 229	–899	77
Cash flow from operating activities		**1 199**	**927**	**1 386**	**798**	**5 720**
Cash flow from operating activities, %		*46*	*53*	*29*	*25*	*71*
Financial income and expenses paid		–354	–37	–872	–273	–657
Current taxes paid		–303	–394	–599	–716	–1 641
Free cash flow		**542**	**496**	**–85**	**–191**	**3 422**
Free cash flow, %		*33*	*39*	*–3*	*–8*	*57*
Cash flow from investing activities, acquisitions and divestitures	6	–23	–31	–28	–38	–32 274
Cash flow from items affecting comparability	7	–344	–241	–680	–508	–1 171
Cash flow from financing activities		–92	–646	–70	–843	31 393
Cash flow for the period		**83**	**–422**	**–863**	**–1 580**	**1 370**

Change in net debt MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Opening balance		**–41 308**	**–16 059**	**–40 534**	**–14 551**	**–14 551**
Cash flow for the period		83	–422	–863	–1 580	1 370
Change in lease liabilities		–13	42	27	–160	–1 274
Change in loans		–911	–958	–933	–761	–23 485
Change in net debt before revaluation and translation differences		**–841**	**–1 338**	**–1 769**	**–2 501**	**–23 389**
Revaluation of financial instruments	9	–4	–8	4	–15	–50
Translation differences		–1 626	–1 004	–1 480	–1 342	–2 544
Change in net debt		**–2 471**	**–2 350**	**–3 245**	**–3 858**	**–25 983**
Closing balance		**–43 779**	**–18 409**	**–43 779**	**–18 409**	**–40 534**

Cash flow MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Cash flow from operations		1 271	1 062	1 214	791	5 615
Cash flow from investing activities		–737	–585	–1 304	–1 041	–34 487
Cash flow from financing activities		–451	–899	–773	–1 330	30 242
Cash flow for the period		**83**	**–422**	**–863**	**–1 580**	**1 370**

Change in liquid funds MSEK	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Opening balance		5 359	3 687	6 323	4 809	4 809
Cash flow for the period		83	–422	–863	–1 580	1 370
Translation differences		49	83	31	119	144
Closing balance		**5 491**	**3 348**	**5 491**	**3 348**	**6 323**

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Operating capital employed		**21 147**	**14 050**	**18 377**
Operating capital employed as % of sales		*13*	*12*	*13*
Return on operating capital employed, %		*42*	*47*	*49*
Goodwill		53 034	25 832	51 021
Acquisition-related intangible assets		7 069	1 801	7 180
Shares in associated companies		433	378	394
Capital employed		**81 683**	**42 061**	**76 972**
Return on capital employed, %		*10*	*13*	*9*
Net debt		**–43 779**	**–18 409**	**–40 534**
Shareholders' equity		**37 904**	**23 652**	**36 438**
Net debt equity ratio, multiple		*1.15*	*0.78*	*1.11*

BALANCE SHEET

MSEK	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Goodwill		53 034	25 832	51 021
Acquisition-related intangible assets		7 069	1 801	7 180
Other intangible assets		2 703	2 036	2 556
Right-of-use assets		4 987	3 701	4 903
Other tangible non-current assets		4 327	3 716	4 160
Shares in associated companies		433	378	394
Non-interest-bearing financial non-current assets		4 258	1 918	4 136
Interest-bearing financial non-current assets		1 345	1 002	1 285
Total non-current assets		**78 156**	**40 384**	**75 635**
Current assets				
Non-interest-bearing current assets		37 856	26 226	33 371
Other interest-bearing current assets		296	147	177
Liquid funds		5 491	3 348	6 323
Total current assets		**43 643**	**29 721**	**39 871**
TOTAL ASSETS		**121 799**	**70 105**	**115 506**

MSEK	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company		**37 890**	23 640	36 424
Non-controlling interests		14	12	14
Total shareholders' equity		**37 904**	**23 652**	**36 438**
Equity ratio, %		*31*	*34*	*32*
Long-term liabilities				
Non-interest-bearing long-term liabilities		324	312	321
Long-term lease liabilities		3 581	2 824	3 558
Other interest-bearing long-term liabilities		38 456	17 041	41 784
Non-interest-bearing provisions		3 719	2 175	3 675
Total long-term liabilities		**46 080**	**22 352**	**49 338**
Current liabilities				
Non-interest-bearing current liabilities and provisions		**28 941**	21 060	26 753
Current lease liabilities		1 580	1 013	1 496
Other interest-bearing current liabilities		**7 294**	2 028	1 481
Total current liabilities		**37 815**	**24 101**	**29 730**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**121 799**	**70 105**	**115 506**

CHANGES IN SHAREHOLDERS' EQUITY

	Jun 30, 2023			Jun 30, 2022			Dec 31, 2022		
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, 2023/2022	**36 424**	**14**	**36 438**	**20 792**	**8**	**20 800**	**20 792**	**8**	**20 800**
Total comprehensive income for the period	3 474	15	3 489	4 604	4	4 608	7 827	8	7 835
Transactions with non-controlling interests	–	–15	–15	–	0	0	1	–2	–1
Share-based incentive schemes	–31	–	–31[1]	–152	–	–152	–104	–	–104
Rights issue	–	–	–	–	–	–	9 512	–	9 512
Dividend to the shareholders of the Parent Company[2]	–1 977	–	–1 977	–1 604	–	–1 604	–1 604	–	–1 604
Closing balance June 30/December 31, 2023/2022	**37 890**	**14**	**37 904**	**23 640**	**12**	**23 652**	**36 424**	**14**	**36 438**

[1] Refers to an adjustment of non-vested shares of MSEK 2 related to Securitas' short-term share-based incentive scheme 2021. Refers also to shares awarded under Securitas' long-term share-based incentive scheme 2020/2022 of MSEK –33.

[2] Total dividend amounts to MSEK –1 977, whereof MSEK –1 003 was paid to the shareholders in May 2023. A second dividend payment of MSEK –974 will be made during the fourth quarter 2023.

DATA PER SHARE

SEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Share price, end of period[1]	88.46	73.27	88.46	73.27	86.96
Earnings per share before and after dilution[1,2,3]	2.05	2.32	3.71	4.24	9.20
Earnings per share before and after dilution and before items affecting comparability[1,2,3]	2.46	2.77	4.49	4.91	10.77
Dividend	–	–	–	–	3.45[5]
P/E-ratio after dilution and before items affecting comparability	–	–	–	–	8
Share capital (SEK)	573 392 552	365 058 897	573 392 552	365 058 897	573 392 552
Number of shares outstanding[1,2]	572 917 552	438 441 802	572 917 552	438 441 802	572 917 552
Average number of shares outstanding[1,2,4]	572 917 552	438 441 802	572 917 552	438 441 802	468 284 366
Treasury shares	475 000	475 000	475 000	475 000	475 000

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

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

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

[4] Used for calculation of earnings per share.

[5] Dividend 2022 to be distributed to the shareholders in two payments of SEK 1.75 per share and SEK 1.70 per share, respectively. The first dividend of SEK 1.75 per share was distributed to the shareholders in May, 2023. The second dividend payment will be made during the fourth quarter 2023.

Segment overview April–June 2023 and 2022

APRIL–JUNE 2023

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Eliminations	Group
Sales, external	18 097	16 784	4 233	795	–	39 909
Sales, intra-group	48	0	0	1	–49	–
Total sales	**18 145**	**16 784**	**4 233**	**796**	**–49**	**39 909**
Organic sales growth, %	*7*	*13*	*24*	–	–	*11*
Operating income before amortization	**1 504**	**992**	**250**	**–126**	**–**	**2 620**
of which share in income of associated companies	*3*	*0*	–	*14*	–	*17*
Operating margin, %	*8.3*	*5.9*	*5.9*	–	–	*6.6*
Amortization of acquisition-related intangible assets	–76	–71	–1	–9	–	–157
Acquisition-related costs	–	–1	–	–1	–	–2
Items affecting comparability	–90	–201	–9	–11	–	–311
Operating income after amortization	**1 338**	**719**	**240**	**–147**	**–**	**2 150**
Financial income and expenses	–	–	–	–	–	–541
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 609**

APRIL–JUNE 2022

MSEK	Securitas North America	Securitas Europe	Securitas 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**

Segment overview January–June 2023 and 2022

JANUARY–JUNE 2023

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Eliminations	Group
Sales, external	35 330	32 487	8 235	1 608	–	77 660
Sales, intra-group	105	1	0	1	–107	–
Total sales	**35 435**	**32 488**	**8 235**	**1 609**	**–107**	**77 660**
Organic sales growth, %	*7*	*13*	*24*	–	–	*11*
Operating income before amortization	**2 822**	**1 786**	**481**	**–289**	–	**4 800**
of which share in income of associated companies	*4*	*0*	–	*24*	–	*28*
Operating margin, %	*8.0*	*5.5*	*5.8*	–	–	*6.2*
Amortization of acquisition-related intangible assets	–149	–142	–3	–17	–	–311
Acquisition-related costs	–	–2	–	–1	–	–3
Items affecting comparability	–156	–372	–29	–35	–	–592
Operating income after amortization	**2 517**	**1 270**	**449**	**–342**	–	**3 894**
Financial income and expenses	–	–	–	–	–	–969
Income before taxes	**–**	**–**	**–**	**–**	–	**2 925**

JANUARY–JUNE 2022

MSEK	Securitas North America	Securitas Europe	Securitas 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**

Notes

NOTE 1
Accounting principles

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

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

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 41 on page 122 in the Annual Report for 2022.

Introduction and effect of new and revised IFRS 2023

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

Introduction and effect of new and revised IFRS 2024 or later

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

Usage of key ratios not defined in IFRS

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

NOTE 2
Events after the balance sheet date

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas is exiting the country due the weak macro-economic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability. Last 12 month's sales based on June 2023 of Securitas Argentina was BSEK 2.5, with an operating margin of below average in Securitas Ibero-America. The divestment will result in a capital loss that is estimated to approximately BSEK 3.5, which will be recognized as an item affecting comparability in the third quarter of 2023. The estimated capital loss comprises mainly accumulated foreign currency losses. This impact is net neutral in Group equity. The divestiture has limited cash flow impact.

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

NOTE 3
Revenue

MSEK	Apr–Jun 2023	%	Apr–Jun 2022	%	Jan–Jun 2023	%	Jan–Jun 2022	%	Jan–Dec 2022	%
Security services[1]	26 380	66	22 694	74	51 324	66	44 020	74	93 032	70
Technology and solutions	12 764	32	7 095	23	24 785	32	13 660	23	36 983	28
Risk management services[1]	765	2	746	3	1 551	2	1 453	3	3 222	2
Total sales	**39 909**	**100**	**30 535**	**100**	**77 660**	**100**	**59 133**	**100**	**133 237**	**100**
Other operating income	16	0	12	0	30	0	24	0	52	0
Total revenue	**39 925**	**100**	**30 547**	**100**	**77 690**	**100**	**59 157**	**100**	**133 289**	**100**

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

Security services

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

Technology and solutions

This comprises two broad categories regarding technology and solutions.

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

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

Risk management services

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

Other operating income

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

Revenue per segment

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

	Securitas North America		Securitas Europe		Securitas Ibero-America		Other		Eliminations		Group	
MSEK	Apr–Jun 2023	Apr–Jun 2022	Apr–Jun 2023	Apr–Jun 2022	Apr–Jun 2023	Apr–Jun 2022	Apr–Jun 2023	Apr–Jun 2022	Apr–Jun 2023	Apr–Jun 2022	Apr–Jun 2023	Apr–Jun 2022
Security services[1]	11 712	10 102	11 174	9 505	2 928	2 541	575	553	–9	–7	26 380	22 694
Technology and solutions	5 668	2 586	5 610	3 210	1 305	1 068	221	231	–40	–	12 764	7 095
Risk management services[1]	765	746	–	–	–	–	–	–	–	–	765	746
Total sales	**18 145**	**13 434**	**16 784**	**12 715**	**4 233**	**3 609**	**796**	**784**	**–49**	**–7**	**39 909**	**30 535**
Other operating income	–	–	–	–	–	–	16	12	–	–	16	12
Total revenue	**18 145**	**13 434**	**16 784**	**12 715**	**4 233**	**3 609**	**812**	**796**	**–49**	**–7**	**39 925**	**30 547**

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

	Securitas North America		Securitas Europe		Securitas Ibero-America		Other		Eliminations		Group	
MSEK	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Jun 2023	Jan–Jun 2022
Security services[1]	22 801	19 578	21 665	18 458	5 706	4 917	1 168	1 076	–16	–9	51 324	44 020
Technology and solutions	11 083	4 875	10 823	6 269	2 529	2 078	441	438	–91	–	24 785	13 660
Risk management services[1]	1 551	1 453	–	–	–	–	–	–	–	–	1 551	1 453
Total sales	**35 435**	**25 906**	**32 488**	**24 727**	**8 235**	**6 995**	**1 609**	**1 514**	**–107**	**–9**	**77 660**	**59 133**
Other operating income	–	–	–	–	–	–	30	24	–	–	30	24
Total revenue	**35 435**	**25 906**	**32 488**	**24 727**	**8 235**	**6 995**	**1 639**	**1 538**	**–107**	**–9**	**77 690**	**59 157**

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

NOTE 4
Organic sales growth and currency changes

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

MSEK	Apr–Jun 2023	Apr–Jun 2022	%	Jan–Jun 2023	Jan–Jun 2022	%
Total sales	**39 909**	**30 535**	**31**	**77 660**	**59 133**	**31**
Currency change from 2022	–1 600	–		–3 324	–	
Real sales growth, adjusted for changes in exchange rates	**38 309**	**30 535**	**25**	**74 336**	**59 133**	**26**
Acquisitions/divestitures	–4 392	–83		–8 624	–166	
Organic sales growth	**33 917**	**30 452**	**11**	**65 712**	**58 967**	**11**
Operating income before amortization	**2 620**	**1 760**	**49**	**4 800**	**3 212**	**49**
Currency change from 2022	–128	–		–249	–	
Real operating income before amortization, adjusted for changes in exchange rates	**2 492**	**1 760**	**42**	**4 551**	**3 212**	**42**
Operating income after amortization	**2 150**	**1 458**	**47**	**3 894**	**2 705**	**44**
Currency change from 2022	–118	–		–225	–	
Real operating income after amortization, adjusted for changes in exchange rates	**2 032**	**1 458**	**39**	**3 669**	**2 705**	**36**
Income before taxes	**1 609**	**1 397**	**15**	**2 925**	**2 549**	**15**
Currency change from 2022	–57	–		–163	–	
Real income before taxes, adjusted for changes in exchange rates	**1 552**	**1 397**	**11**	**2 762**	**2 549**	**8**
Net income for the period	**1 178**	**1 020**	**15**	**2 141**	**1 861**	**15**
Currency change from 2022	–41	–		–119	–	
Real net income for the period, adjusted for changes in exchange rates	**1 137**	**1 020**	**11**	**2 022**	**1 861**	**9**
Net income attributable to equity holders of the Parent Company	**1 175**	**1 019**	**15**	**2 128**	**1 858**	**15**
Currency change from 2022	–42	–		–119	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	**1 133**	**1 019**	**11**	**2 009**	**1 858**	**8**
Average number of shares outstanding[1]	572 917 552	438 441 802		572 917 552	438 441 802	
Real earnings per share, adjusted for changes in exchange rates	**1.98**	**2.32**	**–15**	**3.51**	**4.24**	**–17**
Net income attributable to equity holders of the Parent Company	**1 175**	**1 019**	**15**	**2 128**	**1 858**	**15**
Items affecting comparability net of taxes	233	197		442	295	
Net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability	**1 408**	**1 216**	**16**	**2 570**	**2 153**	**19**
Currency change from 2022	–51	–		–138	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	**1 357**	**1 216**	**12**	**2 432**	**2 153**	**13**
Average number of shares outstanding[1]	572 917 552	438 441 802		572 917 552	438 441 802	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	**2.37**	**2.77**	**–14**	**4.24**	**4.91**	**–14**

[1] Comparatives have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.

NOTE 5
Definitions and calculation of key ratios

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

Interest coverage ratio

Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (9 621 + 132) / 1 840 = 5.3

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 1 386 / 4 800 = 29%

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: –85 / (4 800 – 969 – 4 – 816) = –3%

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 3 528 / 43 779 = 0.08

Net debt to EBITDA ratio

Net debt in relation to operating income after amortization (rolling 12 months) plus amortization of acquisition-related intangible assets (rolling 12 months) and depreciation (rolling 12 months).
Calculation: 43 779 / (7 673 + 603 + 3 499) = 3.7

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: 21 147 / 158 281 = 13%

Return on operating capital employed

Operating income before amortization (rolling 12 months) plus items affecting comparability (rolling 12 months) as a percentage of the average balance of operating capital employed.
Calculation: (9 621 – 1 318) / ((21 147 + 18 377) / 2) = 42%

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: (9 621 – 1 318) / 81 683 = 10%

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 43 779 / 37 904 = 1.15

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

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Restructuring and integration costs	0	–14	0	–23	–43
Transaction costs	–	0	–	0	–1
Revaluation of deferred considerations	–2	–1	–3	–2	–5
Total acquisition-related costs	**–2**	**–15**	**–3**	**–25**	**–49**
Cash flow impact from acquisitions and divestitures					
Purchase price payments	–20	–11	–25	–14	–32 817
Assumed net debt	–	1	–	10	606
Acquisition-related costs paid	–3	–21	–3	–34	–63
Total cash flow impact from acquisitions and divestitures	**–23**	**–31**	**–28**	**–38**	**–32 274**

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

NOTE 7
Items affecting comparability

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Recognized in the statement of income					
Transformation programs, Group[1]	–141	–169	–307	–290	–632
Acquisition of STANLEY Security[2]	–170	–57	–285	–70	–454
Total recognized in operating income after amortization	**–311**	**–226**	**–592**	**–360**	**–1 086**
Financial income and expenses[3]	–	–	–	–	–67
Total recognized in income before taxes	**–311**	**–226**	**–592**	**–360**	**–1 153**
Taxes[4]	78	29	150	65	422
Total recognized in net income for the period	**–233**	**–197**	**–442**	**–295**	**–731**
Cash flow impact					
Transformation programs, Group[1]	–126	–178	–297	–361	–744
Cost-savings program, Group[5]	–3	–15	–6	–26	–48
Cost-savings program, Securitas Europe[6]	0	0	0	–1	–1
Acquisition of STANLEY Security[2]	–215	–48	–377	–120	–378
Total cash flow impact	**–344**	**–241**	**–680**	**–508**	**–1 171**

[1] Related to the previously announced business transformation program in Securitas North America, Securitas Europe and Securitas Ibero-America, as well as the previously announced global IS/IT transformation program. The business transformation program in Securitas North America and the global IS/IT transformation program were finalized in 2021 but still impacted cash flow 2022.
[2] Related to transaction costs, restructuring and integration costs.
[3] Interest expense and fees relating to the MUSD 915 bridge facility repaid on October 18, 2022. This financing cost is considered as an item affecting comparability as it is repaid by the proceeds from the rights issue and will consequently not result in any further impact in the statement of income after October 18, 2022. The cost recognized above relates to the period July 22, 2022, to October 18, 2022.
[4] Including reversal of a tax provision in Spain of MSEK 151 in 2022.
[5] Related to the cost savings program in the Group that was communicated in 2020. Includes costs related to exit of business operations while cash flow related to exit of business operations is accounted for as cash flow from investing activities. This program was finalized in 2021 but still impacts cash flow.
[6] Related to the cost savings program in Securitas Europe. This program was finalized in 2018 but still impacts cash flow.

NOTE 8
Remeasurement for hyperinflation

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

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

EXCHANGE RATES AND INDEX

	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Exchange rate Argentina, SEK/ARS	0.04	0.08	0.06
Index, Argentina	105.30	47.99	68.66
Exchange rate Türkiye, SEK/TRY	0.41	0.61	0.56
Index, Türkiye	11.81	8.54	9.86

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net monetary gain, Argentina	26	13	48	25	56
Net monetary gain, Türkiye	0	17	29	17	78
Total financial income and expenses	**26**	**30**	**77**	**42**	**134**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Remeasurement, Argentina	80	49	141	89	210
Remeasurement, Türkiye	31	544	108	544	627
Total remeasurement impact recognized in other comprehensive income	**111**	**593**	**249**	**633**	**837**

NOTE 9
Financial instruments and credit facilities

Revaluation of financial instruments

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

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

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Recognized in the statement of income					
Revaluation of financial instruments	3	1	4	0	–2
Deferred tax	–	–	–	–	–
Impact on net income	**3**	**1**	**4**	**0**	**–2**
Recognized in the statement of comprehensive income					
Cash flow hedges	–6	1	1	–2	–40
Cost of hedging	–1	–10	–1	–13	–8
Deferred tax	1	2	0	3	10
Total recognized in the statement of comprehensive income	**–6**	**–7**	**0**	**–12**	**–38**
Total revaluation before tax	–4	–8	4	–15	–50
Total deferred tax	1	2	0	3	10
Total revaluation after tax	**–3**	**–6**	**4**	**–12**	**–40**

Fair value hierarchy

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

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
June 30, 2023				
Financial assets at fair value through profit or loss	–	22	–	**22**
Financial liabilities at fair value through profit or loss	–	–29	–110	**–139**
Derivatives designated for hedging with positive fair value	–	89	–	**89**
Derivatives designated for hedging with negative fair value	–	–1 049	–	**–1 049**
December 31, 2022				
Financial assets at fair value through profit or loss	–	20	–	**20**
Financial liabilities at fair value through profit or loss	–	–38	–128	**–166**
Derivatives designated for hedging with positive fair value	–	22	–	**22**
Derivatives designated for hedging with negative fair value	–	–1 060	–	**–1 060**

Financial instruments by category – carrying and fair values

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

	Jun 30, 2023		Dec 31, 2022	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	17 738	17 248	10 346	9 922
Short-term loan liabilities	4 614	4 562	–	–
Total financial instruments by category	**22 352**	**21 810**	**10 346**	**9 922**

SUMMARY OF DEBT FINANCING AS OF JUNE 30, 2023

Type	Currency	Total amount (million)	Available amount (million)	Maturity
Multicurrency Term Facilities[1]	USD	159	0	2024
EMTN Eurobond, 1.125 % fixed	EUR	350	0	2024
EMTN private placement, fixed	USD	50	0	2024
EMTN private placement, fixed	USD	105	0	2024
EMTN private placement, floating	SEK	2 000	0	2024
EMTN private placement, floating	SEK	1 500	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Schuldschein dual currency facility	EUR	53	0	2026
Revolving Credit Facility	EUR	1 029	1 029	2027
EMTN private placement, fixed	USD	40	0	2027
EMTN private placement, fixed	USD	60	0	2027
Dual currency Term Facilities	EUR	1 100	0	2027
EMTN Eurobond, 4.25 % fixed	EUR	600	0	2027
Schuldschein dual currency facility	EUR	245	0	2028
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
EMTN private placement, fixed	USD	75	0	2029
Commercial Paper (uncommitted)	SEK	5 000	3 380	n/a

[1] The original debt bridge facility amounted to MUSD 2 385 and has a final maturity date of July 22, 2024. In the first quarter of 2023 a majority of the bridge was refinanced through a MUSD 75 6-year Private Placement, a MEUR 1 100 term loan and a MEUR 300 Schuldschein loan. An additional MEUR 600 was repaid on April 4, 2023, from the proceeds of a 4-year Eurobond issue, reducing the bridge facility balance to MUSD 159 equivalent at end of June 2023. In July, 2023, the remaining balance of MUSD 159 of the debt bridge facility of MUSD 2 385 raised for the acquisition of STANLEY Security was repaid.

For further information regarding Multicurrency Term Facilities refer to Capital employed and financing on page 12.

NOTE 10
Deferred tax on other comprehensive income

MSEK	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Deferred tax on remeasurements of defined benefit pension plans	–2	–31	–2	–48	–21
Deferred tax on remeasurement for hyperinflation	–1	–12	–3	–12	–14
Deferred tax on cash flow hedges	1	–1	0	0	8
Deferred tax on cost of hedging	0	3	0	3	2
Deferred tax on net investment hedges	92	125	86	159	253
Deferred tax on net investment hedges included in translation differences	–62	–154	–48	–199	–235
Total deferred tax on other comprehensive income	**28**	**–70**	**33**	**–97**	**–7**

NOTE 11
Pledged assets

MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Pension balances, defined contribution plans[1]	223	181	229
Total pledged assets	**223**	**181**	**229**

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

NOTE 12
Contingent liabilities

MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Guarantees	–	–	–
Guarantees related to discontinued operations	17	16	16
Total contingent liabilities	**17**	**16**	**16**

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

NOTE 13
Acquisition of STANLEY Security

Consolidation

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

Preliminary purchase price allocation

The purchase price paid on July 22, 2022, amounted to MSEK 32 783 and the preliminary purchase price allocation includes goodwill of MSEK 23 771. The final purchase price will depend on the final outcome of net working capital reconciliation and adjustments for net debt. As of the date of the publication of this report this reconciliation was still ongoing.

In the preliminary purchase price allocation identifiable assets and liabilities are valued at fair value. Acquisition-related intangible assets have been identified in the preliminary allocation for customer-related, brand-related and technology-related intangible assets. Brand-related intangible assets are deemed to have an indefinite useful life and is not subject to amortization but will be tested yearly for impairment. Brand-related intangible assets amount to MSEK 417 out of a total of acquisition-related intangible assets of MSEK 5 450. Acquisition-related intangibles that are subject to amortization have a useful life estimated from eight to 15 years. Amortization amounted to MSEK –92 (0) for the second quarter and MSEK –182 (0) for the first six months 2023.

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

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

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

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

Transaction costs

Total transaction costs incurred from 2021 to June 30, 2023, amounted to MSEK –253, whereof MSEK –0 (–57) in the second quarter and MSEK –11 (–70) for the first six months 2023. Transaction costs are included in items affecting comparability. For further information see note 7.

ADJUSTMENTS OF PURCHASE PRICE ALLOCATION AS OF JULY 22, 2022

MSEK	Fair value acquisition balance
Operating non-current assets	–20
Accounts receivable	–6
Other current assets	–45
Other liabilities	29
Total operating capital employed	**–42**
Goodwill	42
Acquisition-related intangible assets	–
Total capital employed	**–**
Net debt	–
Total acquired net assets	**–**
Purchase price paid	–
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**–**

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
License fees and other income	982	862	1 975
Gross income	**982**	**862**	**1 975**
Administrative expenses	–567	–384	–1 173
Operating income	**415**	**478**	**802**
Financial income and expenses	20	5 299	10 292
Income after financial items	**435**	**5 777**	**11 094**
Appropriations	–429	–176	–201
Income before taxes	**6**	**5 601**	**10 893**
Taxes	62	–6	15
Net income for the period	**68**	**5 595**	**10 908**

BALANCE SHEET

MSEK	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS			
Non-current assets			
Shares in subsidiaries	64 076	49 804	64 040
Shares in associated companies	112	112	112
Other non-interest-bearing non-current assets	463	394	408
Interest-bearing financial non-current assets	2 029	1 415	1 794
Total non-current assets	**66 680**	**51 725**	**66 354**
Current assets			
Non-interest-bearing current assets	1 241	1 219	1 015
Other interest-bearing current assets	9 889	3 908	8 422
Liquid funds	2 725	767	2 376
Total current assets	**13 855**	**5 894**	**11 813**
TOTAL ASSETS	**80 535**	**57 619**	**78 167**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	7 936	7 729	7 936
Non-restricted equity	38 538	25 706	40 346
Total shareholders' equity	**46 474**	**33 435**	**48 282**
Untaxed reserves	**571**	**748**	**571**
Long-term liabilities			
Non-interest-bearing long-term liabilities/provisions	218	210	221
Interest-bearing long-term liabilities	13 383	16 995	17 527
Total long-term liabilities	**13 601**	**17 205**	**17 748**
Current liabilities			
Non-interest-bearing current liabilities	2 782	1 590	1 776
Interest-bearing current liabilities	17 107	4 641	9 790
Total current liabilities	**19 889**	**6 231**	**11 566**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**80 535**	**57 619**	**78 167**

Financial information

FINANCIAL INFORMATION CALENDAR

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

February 7, 2024, 8 a.m. (CET)
Full-Year Report
January–December 2023

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

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on July 28, 2023, at **2.30 p.m. (CEST)** where President and CEO Magnus Ahlqvist and CFO Andreas Lindback will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website **www.securitas.com**

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

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

For further information, please contact:
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ABOUT SECURITAS

Securitas is a world-leading safety and security solutions partner that helps make your world a safer place. Almost nine decades of deep experience means we see what others miss. By leveraging technology in partnership with our clients, combined with an innovative, holistic approach, we're transforming the security industry. With 358 000 employees in 45 markets, we see a different world and create sustainable value for our clients by protecting what matters most – their people and assets.

Group financial targets
Securitas has four financial targets:

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

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This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1.00 p.m. (CEST) on Friday, July 28, 2023.