

# SECURITAS AB INTERIM REPORT

January–September 2020



## JULY–SEPTEMBER 2020

- Total sales MSEK 26 501 (28 214)
- Organic sales growth 0 percent (4)
- Operating income before amortization MSEK 1 327 (1 574)
- Operating margin 5.0 percent (5.6)
- Items affecting comparability (IAC) MSEK -112 (-60), relating to IS/IT transformation programs and the cost savings program in the Group
- Earnings per share SEK 2.08 (2.56)
- Earnings per share, before IAC, SEK 2.31 (2.68)
- Cash flow from operating activities 199 percent (138)
- Reinstated dividend proposal SEK 4.80 (4.40) per share to be resolved at an EGM in December

## JANUARY–SEPTEMBER 2020

- Total sales MSEK 81 477 (82 642)
- Organic sales growth 0 percent (5)
- Operating income before amortization MSEK 3 488 (4 241)
- Operating margin 4.3 percent (5.1)
- Items affecting comparability (IAC) MSEK -218 (-126), relating to IS/IT transformation programs and the cost savings program in the Group
- Earnings per share SEK 5.18 (6.82)
- Earnings per share, before IAC, SEK 5.63 (7.07)
- Net debt/EBITDA 1.9 (2.5)
- Cash flow from operating activities 163 percent (72)
- Significant impact and uncertainty related to the corona pandemic

## Comments from the President and CEO



Showing  
resilience  
in a  
turbulent  
time

The corona pandemic continued to have negative impact on the Group's operations in the third quarter, but the overall business situation improved compared to the second quarter. The Group's organic sales growth was 0 percent (4) in the quarter and 0 percent (5) for the first nine months, with all business segments improving during the quarter. The airport security business is still heavily impacted by the corona pandemic, with the largest negative impact in Security Services Europe. We have been able to offset some of the portfolio reductions with increased extra sales, helping our clients with their security needs related to the corona pandemic.

Security solutions and electronic security sales was 22 percent (21) of total Group sales. The installation business within electronic security is negatively impacted by the corona pandemic, but improved in the third quarter compared to the second quarter.

The Group's operating margin was 5.0 percent (5.6) in the third quarter and 4.3 percent (5.1) in the first nine months, with all business segments behind last year mainly due to the corona pandemic. The operating margin was supported by cost saving actions and government grants but hampered by increased provisioning. The price and wage balance was on par in the first nine months.

The operating result, adjusted for changes in exchange rates,

declined by 8 percent in the third quarter and by 15 percent in the first nine months. Earnings per share, before items affecting comparability, amounted to SEK 5.63 (7.07).

The Group delivered a strong cash flow in the first nine months, also when excluding the effects from corona-related government support measures. We have re-initiated acquisition activities and in the third quarter we announced the strategically important acquisition of STANLEY Security's electronic security businesses in five countries. The acquisition was closed on November 2.

In light of the improving financial performance and the solid financial position under a continued prudent approach, the Board of Directors has decided to reinstate the dividend proposal of SEK 4.80 (4.40) per share earlier withdrawn on April 28.

### Preparing for a strong future

Although we experienced improvements in the general business environment in the third quarter compared to the second quarter, much uncertainty remains regarding the duration and long-term implications of the pandemic. We maintain focus on our four main priorities to handle the corona pandemic: the health and safety of our employees, delivery of our services to our clients and supporting their new needs, managing cash flow and cost.

In the second quarter we announced a cost savings program in the Group,

addressing the profitability in parts of our business due to the corona pandemic. We have started to implement this program in the third quarter and restructuring costs of MSEK 59 were recognized as items affecting comparability. The first savings will start impacting in the fourth quarter and gradually increase thereafter. We earlier estimated a range of restructuring costs of MSEK 350–500 with a payback period of 2 years. The final amount of restructuring will largely depend on changes related to government grants and the development of the airport security business. We expect to finalize the program at the end of the second quarter 2021.

Despite the challenging situation with the corona pandemic we maintain high focus on our transformation programs: the business transformation in Security Services North America and the global IS/IT transformation. During the third quarter, we implemented an important part of the business transformation program in Security Services North America.

The Securitas team has shown great strength and commitment throughout these difficult times with a strong focus on adapting to our clients' needs. Our resilience, combined with our strong offering of protective services and solutions, gives us a competitive advantage also in turbulent times.

Magnus Ahlqvist  
President and CEO

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# January–September summary

## FINANCIAL SUMMARY

MSEK	Q3		Change, %		9M		Change, %		Full year	Change, %
	2020	2019	Total	Real	2020	2019	Total	Real	2019	Total
<b>Sales</b>	<b>26 501</b>	<b>28 214</b>	<b>-6</b>	<b>1</b>	<b>81 477</b>	<b>82 642</b>	<b>-1</b>	<b>1</b>	<b>110 899</b>	<b>9</b>
Organic sales growth, %	0	4			0	5			4	
<b>Operating income before amortization</b>	<b>1 327</b>	<b>1 574</b>	<b>-16</b>	<b>-8</b>	<b>3 488</b>	<b>4 241</b>	<b>-18</b>	<b>-15</b>	<b>5 738</b>	<b>8</b>
Operating margin, %	5.0	5.6			4.3	5.1			5.2	
Amortization of acquisition-related intangible assets	-66	-67			-207	-203			-271	
Acquisition-related costs	-10	-5			-90	-34			-62	
Items affecting comparability*	-112	-60			-218	-126			-209	
<b>Operating income after amortization</b>	<b>1 139</b>	<b>1 442</b>	<b>-21</b>	<b>-13</b>	<b>2 973</b>	<b>3 878</b>	<b>-23</b>	<b>-20</b>	<b>5 196</b>	<b>16</b>
Financial income and expenses	-101	-149			-382	-438			-578	
<b>Income before taxes</b>	<b>1 038</b>	<b>1 293</b>	<b>-20</b>	<b>-9</b>	<b>2 591</b>	<b>3 440</b>	<b>-25</b>	<b>-21</b>	<b>4 618</b>	<b>15</b>
<b>Net income for the period</b>	<b>759</b>	<b>936</b>	<b>-19</b>	<b>-9</b>	<b>1 892</b>	<b>2 490</b>	<b>-24</b>	<b>-20</b>	<b>3 362</b>	<b>11</b>
Earnings per share, SEK	2.08	2.56	-19	-9	5.18	6.82	-24	-20	9.20	11
EPS before items affecting comparability, SEK	2.31	2.68	-14	-3	5.63	7.07	-20	-16	9.61	5
Cash flow from operating activities, %	199	138			163	72			85	
Free cash flow	2 409	1 830			4 524	1 840			3 268	
Net debt to EBITDA ratio	-	-			1.9	2.5			2.2	

\* Refer to note 6 on page 22 for further information.

### EXTRAORDINARY GENERAL MEETING IN SECURITAS AB

An Extraordinary General Meeting (EGM) in Securitas AB will be held on Wednesday, December 9, 2020. The EGM will, in accordance with temporary legislation, be held only by postal voting. A notice of the EGM will be published in a separate press release. More information regarding the EGM will also be published at the company's website securitas.com.

### REINSTATED DIVIDEND PROPOSAL

The Board of Directors proposes to reinstate a dividend for 2019 of SEK 4.80 (4.40) per share to be resolved by an Extraordinary General Meeting. The total proposed dividend amounts to 52 percent of net income and 50 percent of net income before items affecting comparability. Friday, December 11, 2020, is proposed as the record date for the dividend.

## ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

%	Organic sales growth				Operating margin			
	Q3		9M		Q3		9M	
	2020	2019	2020	2019	2020	2019	2020	2019
Security Services North America	2	4	1	5	6.4	6.7	5.7	6.2
Security Services Europe	-1	1	-2	2	5.1	5.9	4.1	5.3
Security Services Ibero-America	0	12	3	15	4.5	4.7	4.3	4.7
<b>Group</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>5</b>	<b>5.0</b>	<b>5.6</b>	<b>4.3</b>	<b>5.1</b>

# Group development

## JULY-SEPTEMBER 2020

### Sales development

Sales amounted to MSEK 26 501 (28 214) and organic sales growth to 0 percent (4). All business segments were negatively impacted by the corona pandemic through reduced service levels, mainly within the aviation segment, and lower installations sales. The decline was to some extent offset by increased extra sales that amounted to 17 percent (14) of total sales. The negative impact on sales from the corona pandemic reduced during the third quarter compared to the second quarter. Security Services North America delivered organic sales growth of 2 percent (4) with the main negative impact from the business units Electronic Security and Critical Infrastructure Services, partially offset by strong corona-related extra sales within Guarding. Security Services Europe had -1 percent (1), negatively impacted by reduced airport security including the previously communicated contract loss in Norway. Security Services Ibero-America had 0 percent (12), a decline primarily related to Argentina, Peru and Spain.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 1 percent (4).

Sales of security solutions and electronic security sales amounted to MSEK 5 763 (5 849) or 22 percent (21) of total sales in the third quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (6).

### Operating income before amortization

Operating income before amortization was MSEK 1 327 (1 574) which, adjusted for changes in exchange rates, represented a real change of -8 percent (3). The operating income was supported by corona-related government grants and support of approximately MSEK 200 in the quarter. These grants and support relate primarily to partial unemployment support where there are increased cost levels from idle time. The operating income was supported by short-term cost saving actions but hampered by increased levels of provisioning of approximately MSEK 150 to reflect the increased risk in the business environment throughout the Group, relating primarily to accounts receivable.

The Group's operating margin was 5.0 percent (5.6), a decline stemming from all business segments. The corona pandemic impacted all business segments to various extent, but with main negative impact from Security Services Europe. The operating margin was supported by grants and by short-term cost saving actions but hampered by increased levels of provisioning, as mentioned above.

### Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -66 (-67).

Acquisition related costs were MSEK -10 (-5). For further information refer to note 5.

Items affecting comparability were MSEK -112 (-60), related to the transformation programs as earlier announced and the cost savings program in the Group announced in the second quarter 2020. For further information refer to note 6.

### Financial income and expenses

Financial income and expenses amounted to MSEK -101 (-149). The financial income and expenses were positively impacted by the favourable net debt development and the exchange rates for the interest income and expenses but also by a non-recurring foreign currency gain that was realized in the third quarter.

### Income before taxes

Income before taxes amounted to MSEK 1 038 (1 293).

### Taxes, net income and earnings per share

The Group's tax rate was 26.9 percent (27.6). The tax rate before tax on items affecting comparability was 26.5 percent (27.6).

Net income was MSEK 759 (936).

Earnings per share amounted to SEK 2.08 (2.56). Earnings per share before items affecting comparability amounted to SEK 2.31 (2.68).

## JANUARY-SEPTEMBER 2020

### Sales development

Sales amounted to MSEK 81 477 (82 642) and organic sales growth to 0 percent (5). All business segments were negatively impacted by the corona pandemic. Organic sales growth in Security Services North America was 1 percent (5), with the decline mainly from the business units Electronic Security and Critical Infrastructure Services. Security Services Europe had -2 percent (2), with significant corona-related impact from reduced airport security as well as the previously communicated contract terminations. Security Services Ibero-America declined to 3 percent (15), primarily related to Peru and Spain.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 1 percent (7).

Sales of security solutions and electronic security sales amounted to MSEK 17 595 (17 145) or 22 percent (21) of total sales in the first nine months. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (11).

### Operating income before amortization

Operating income before amortization was MSEK 3 488 (4 241) which, adjusted for changes in exchange rates, represented a real change of -15 percent (5). The operating income was supported by corona-related government grants and support of approximately MSEK 550 in the first nine months, mostly within Security Services Europe. These grants and support relate primarily to partial unemployment support where there are increased cost levels from idle time. The operating income was hampered by increased levels of provisioning of approximately MSEK 450 to reflect the increased risk in the business environment mainly related to employee benefits and collection of outstanding accounts receivable.

The Group's operating margin was 4.3 percent (5.1). The corona pandemic impacted all business segments to various extent, but with main negative impact from Security Services Europe. Continued strategy-related investments at Group level, included under Other in the segment reporting, also impacted the Group's operating margin. Total price adjustments in the Group were on par with wage cost increases in the first nine months.

### Operating income after amortization

Amortization of acquisition related intangible assets amounted to MSEK -207 (-203).

Acquisition related costs were MSEK -90 (-34). For further information refer to note 5.

Items affecting comparability were MSEK -218 (-126), related to the IS/IT transformation programs as earlier announced and the cost savings program in the Group announced in the second quarter 2020. For further information refer to note 6.

### Financial income and expenses

Financial income and expenses amounted to MSEK -382 (-438). The financial income and expenses were positively impacted by the favourable net debt development and the exchange rates for the interest income and expenses but also by a non-recurring foreign currency gain that was realized in the third quarter.

### Income before taxes

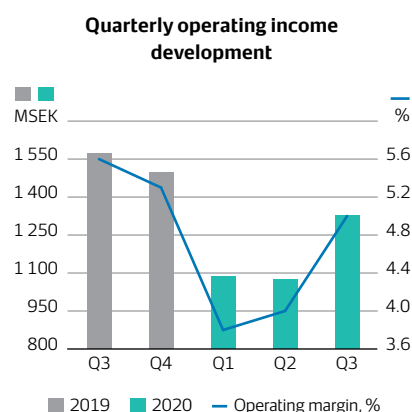
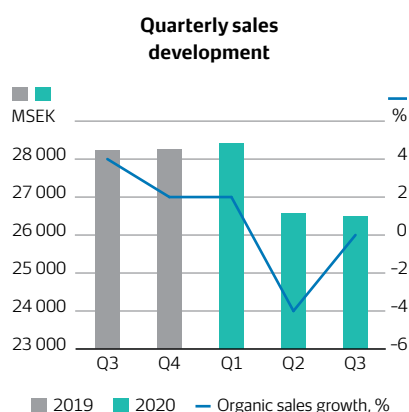
Income before taxes amounted to MSEK 2 591 (3 440).

### Taxes, net income and earnings per share

The Group's tax rate was 27.0 percent (27.6). The tax rate before tax on items affecting comparability was 26.8 percent (27.5).

Net income was MSEK 1 892 (2 490).

Earnings per share amounted to SEK 5.18 (6.82). Earnings per share before items affecting comparability amounted to SEK 5.63 (7.07).



# Development in the Group's business segments

## Security Services North America

Security Services North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units – Guarding, Electronic Security, Pinkerton Corporate Risk Management and Critical Infrastructure Services. Guarding includes on-site, mobile and remote guarding and the unit for global and national accounts, as well as Canada and Mexico. There are also specialized client segment units, such as aviation, healthcare, manufacturing and oil and gas.

MSEK	Q3		Change, %		9M		Change, %		Full year
	2020	2019	Total	Real	2020	2019	Total	Real	2019
<b>Total sales</b>	<b>11 606</b>	<b>12 491</b>	<b>-7</b>	<b>2</b>	<b>36 233</b>	<b>36 110</b>	<b>0</b>	<b>1</b>	<b>48 499</b>
Organic sales growth, %	2	4			1	5			4
Share of Group sales, %	44	44			44	44			44
<b>Operating income before amortization</b>	<b>742</b>	<b>840</b>	<b>-12</b>	<b>-2</b>	<b>2 060</b>	<b>2 251</b>	<b>-8</b>	<b>-7</b>	<b>3 003</b>
Operating margin, %	6.4	6.7			5.7	6.2			6.2
Share of Group operating income, %	56	53			59	53			52

### July–September 2020

Organic sales growth was 2 percent (4). The decline in organic sales growth was related to the business units Electronic Security and Critical Infrastructure Services and was mainly related to negative impact from the corona pandemic. In Electronic Security, the main impact derived from the installation business which, however, improved compared to the second quarter. Critical Infrastructure Services continued to be impacted by the corona-related restrictions although organic sales growth improved compared to the second quarter. Organic sales growth in Guarding was good in the quarter, as the business unit was able to compensate temporary reduced portfolio sales with increased extra sales, both corona-related. Extra sales in the business segment amounted to 19 percent of total sales (14).

Security solutions and electronic security sales represented MSEK 2 078 (2 289) or 18 percent (18) of total sales in the business segment in the third quarter.

The operating margin was 6.4 percent (6.7) and was hampered by enhanced levels of provisioning to reflect the increased risk in the business environment primarily related to collection of outstanding accounts receivable. The operating margin in Guarding continued to be supported by the corona-related change in business mix with increased share of extra sales. Cost saving measures continued to limit the negative leverage from the reduced sales.

The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating

income in Swedish kronor. The real change was -2 percent (8) in the third quarter.

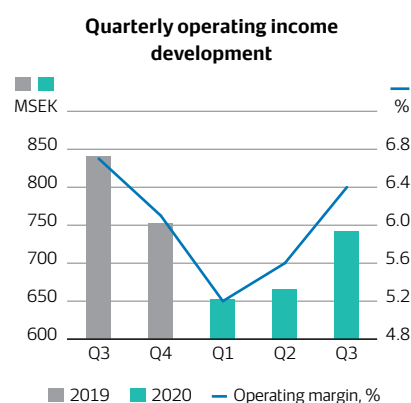
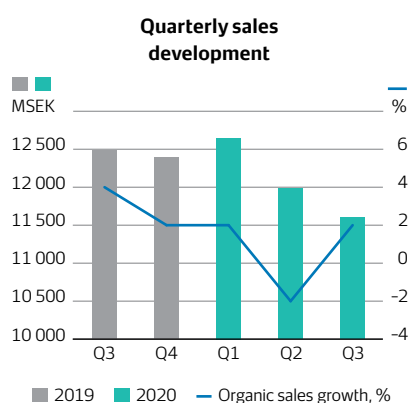
### January–September 2020

Organic sales growth was 1 percent (5), on a strong comparative. The negative impacts from the corona pandemic were seen primarily within the business units Electronic Security and Critical Infrastructure Services. Organic sales growth in Guarding was stable in the first nine months, as the business unit was able to compensate temporary reduced portfolio sales with increased extra sales, both corona-related. The client retention rate was 91 percent (90), but does not include corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 6 417 (6 566) or 18 percent (18) of total sales in the business segment in the first nine months.

The operating margin was 5.7 percent (6.2), a decline primarily related to the sales decline in the business units Electronic Security and Critical Infrastructure Services. The operating margin in Guarding was supported from the corona-related change in business mix with increased share of extra sales. The operating margin was hampered by enhanced levels of provisioning to reflect the increased risk in the business environment related to employee benefits and collection of outstanding accounts receivable.

The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was -7 percent (11) in the first nine months.



## Security Services Europe

Security Services Europe provides protective services across Europe with operations in 27 countries, whereof 15 countries provide airport security. The full range of protective services includes on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management. In addition there is a specialized unit for global client contracts.

MSEK	Q3		Change, %		9M		Change, %		Full year
	2020	2019	Total	Real	2020	2019	Total	Real	2019
<b>Total sales</b>	<b>11 284</b>	<b>11 914</b>	<b>-5</b>	<b>-1</b>	<b>33 867</b>	<b>35 191</b>	<b>-4</b>	<b>-2</b>	<b>47 248</b>
Organic sales growth, %	-1	1			-2	2			2
Share of Group sales, %	43	42			42	43			43
<b>Operating income before amortization</b>	<b>574</b>	<b>699</b>	<b>-18</b>	<b>-13</b>	<b>1 387</b>	<b>1 852</b>	<b>-25</b>	<b>-23</b>	<b>2 582</b>
Operating margin, %	5.1	5.9			4.1	5.3			5.5
Share of Group operating income, %	43	44			40	44			45

### July-September 2020

Organic sales growth was -1 percent (1), mainly explained by the impact from the corona pandemic on airport security where the situation, however, improved somewhat compared to the second quarter. Furthermore, the previously communicated contract loss in Norway hampered organic sales growth. Several countries had positive organic sales growth and extra sales was close to 19 percent (17) of total sales.

Security solutions and electronic security sales represented MSEK 2 638 (2 632) or 23 percent (22) of total sales in the business segment.

The operating margin was 5.1 percent (5.9). The decline related to the effects from the corona pandemic on airport security and from enhanced levels of provisioning to reflect the increased risk in the business environment primarily related to the collection of outstanding accounts receivable. Corona-related government grants in several countries have to some extent offset the negative impact, including related idle time cost. The operating margin was supported by some of the Nordic countries and the electronic security business in Turkey.

The Swedish krona exchange rate strengthened against foreign currencies, primarily the Euro, which had a negative effect on operating income in Swedish kronor. The real change was -13 percent (0) in the third quarter.

### January-September 2020

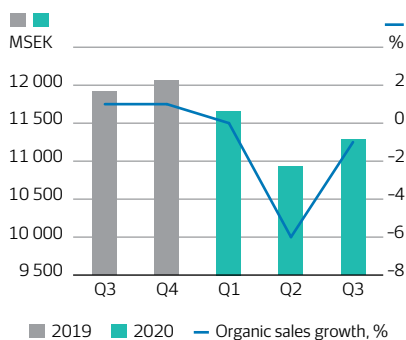
Organic sales growth was -2 percent (2). The decline was mainly explained by significant negative impact on airport security due to the corona pandemic that started in March. Lower installation sales within electronic security also hampered organic sales growth as did the previously communicated contract losses in France, the UK and Norway. A few countries had positive organic sales growth, predominantly Sweden. The client retention rate was 91 percent (90), but does not include corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 7 891 (7 730) or 23 percent (22) of total sales in the business segment.

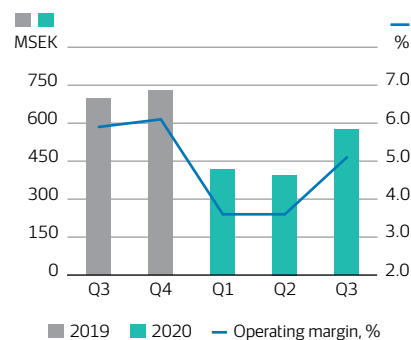
The operating margin was 4.1 percent (5.3) and was primarily burdened by the effects of the corona pandemic with significant impact from airport security, and from enhanced levels of provisioning to reflect the increased risk in the business environment primarily related to the collection of outstanding accounts receivable. Corona-related government grants in several countries have to some extent offset the negative impact, including related idle time cost. The operating margin was supported by some of the Nordic countries.

The Swedish krona exchange rate strengthened against foreign currencies, primarily the Euro, which had a negative effect on operating income in Swedish kronor. The real change was -23 percent (3) in the first nine months.

Quarterly sales development



Quarterly operating income development



## Security Services Ibero-America

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

MSEK	Q3		Change, %		9M		Change, %		Full year
	2020	2019	Total	Real	2020	2019	Total	Real	2019
<b>Total sales</b>	<b>3 045</b>	<b>3 290</b>	<b>-7</b>	<b>3</b>	<b>9 549</b>	<b>9 836</b>	<b>-3</b>	<b>6</b>	<b>13 099</b>
Organic sales growth, %	0	12			3	15			14
Share of Group sales, %	11	12			12	12			12
<b>Operating income before amortization</b>	<b>138</b>	<b>154</b>	<b>-10</b>	<b>-6</b>	<b>410</b>	<b>458</b>	<b>-10</b>	<b>-2</b>	<b>614</b>
Operating margin, %	4.5	4.7			4.3	4.7			4.7
Share of Group operating income, %	10	10			12	11			11

### July-September 2020

Organic sales growth was 0 percent (12). Organic sales growth in Latin America declined due to effects from the corona pandemic primarily on airport security and continued weak performance in Peru. The timing of price increases in Argentina also impacted the year-on-year comparison negatively. Spain showed positive organic sales growth in the third quarter, although still hampered by the previously communicated reductions of short-term security solutions contracts. Extra sales was on a similar level in the quarter as the corresponding quarter in 2019.

Security solutions and electronic security sales represented MSEK 900 (853) or 30 percent (26) of total sales in the business segment, supported by the Techco Security acquisition in Spain in 2020.

The operating margin was 4.5 percent (4.7), negatively impacted primarily by the corona pandemic. The operating margin was to some extent supported by corona-related government grants and support in certain countries off-setting costs for idle time. The operating margin was hampered by enhanced levels of provisioning to reflect the increased risk in the business environment primarily related to the collection of outstanding accounts receivable.

The Swedish krona exchange rate strengthened against the Argentinian peso and the Euro, which had a negative impact on operating income in Swedish kronor. The real change in the segment was -6 percent (18) in the third quarter.

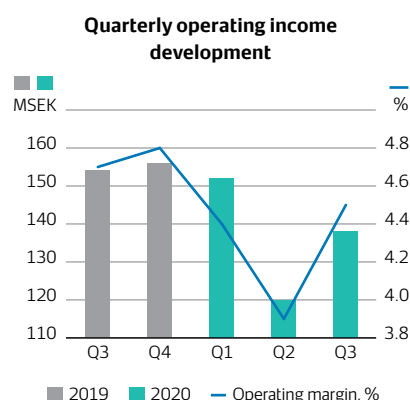
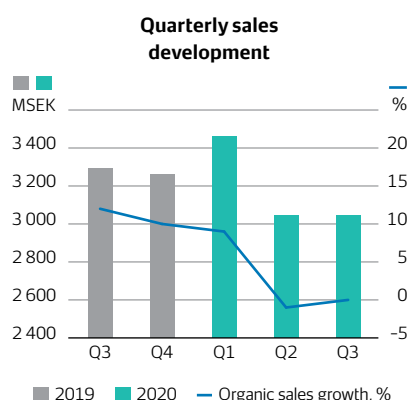
### January-September 2020

Organic sales growth was 3 percent (15), on a strong comparative that included double digit sales growth in Spain. Organic sales growth in Spain was 1 percent in the first nine months due to the effects from the corona pandemic as well as from the previously communicated reductions of short-term security solutions contracts. The impact from the corona pandemic showed a mixed picture in Latin America, with significant negative impact from airport security in several countries. Peru had negative organic sales growth whereas price increases in Argentina supported organic sales growth. The client retention rate was 94 percent (91) but does not include corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 2 805 (2 656) or 29 percent (27) of total sales in the business segment, supported by the Techco Security acquisition in Spain in 2020.

The operating margin was 4.3 percent (4.7), and the decline related primarily to the corona pandemic. However, the operating margin was to some extent supported by corona-related government grants and support in certain countries. The operating margin in Peru was negative and the general environment in Argentina remains challenging. The operating margin was hampered by enhanced levels of provisioning to reflect the increased risk in the business environment primarily related to the collection of outstanding accounts receivable.

The Swedish krona exchange rate strengthened against the Argentinian peso and the Euro, which had a negative impact on operating income in Swedish kronor. The real change in the segment was -2 percent (12) in the first nine months.



# Cash flow

## July-September 2020

Cash flow from operating activities amounted to MSEK 2 639 (2 170), equivalent to 199 percent (138) of operating income before amortization.

The impact from changes in accounts receivable was MSEK 86 (305). Changes in other operating capital employed were MSEK 1 242 (390), positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and in North America of approximately MSEK 400. The timing is a result of various government support measures in relation to the corona pandemic that allows for postponement of payments. There is also a favorable payroll timing in the US operations compared to the third quarter last year.

Free cash flow was MSEK 2 409 (1 830), equivalent to 239 percent (174) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -82 (-7).

Cash flow from items affecting comparability amounted to MSEK -78 (-54). Refer to note 6 for further information.

Cash flow from financing activities was MSEK -1 400 (-953) due to a net decrease in borrowings.

Cash flow for the period was MSEK 849 (816).

## January-September 2020

Cash flow from operating activities amounted to MSEK 5 680 (3 049), equivalent to 163 percent (72) of operating income before amortization.

The impact from changes in accounts receivable was MSEK 289 (-94), positively impacted by collections and by the lower organic sales growth. Changes in other operating capital employed were MSEK 1 980 (-812), positively

impacted by the timing of payments relating to payroll taxes and value added tax in Europe and in North America of approximately MSEK 1 300. The timing is a result of various government support measures in relation to the corona pandemic that allows for postponement of payments. The timing of the European payments are expected to be neutral on a full-year basis while the North American cash flow will be positively impacted also in the full year with payments due in 2021 and into 2022.

Financial income and expenses paid was MSEK -355 (-385) and current taxes paid was MSEK -801 (-824).

Cash flow from operating activities include net investments in non-current tangible and intangible assets, amounting to MSEK -77 (-286). The net investments include capital expenditures in equipment for solution contracts and is the result of investments of MSEK -2 114 (-2 287) and reversal of depreciation of MSEK 2 037 (2 001).

Free cash flow was MSEK 4 524 (1 840), equivalent to 187 percent (66) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -510 (-389), of which purchase price payments accounted for MSEK -495 (-370), assumed net debt for MSEK 50 (45) and acquisition related costs paid for MSEK -65 (-64).

Cash flow from items affecting comparability amounted to MSEK -217 (-197). Refer to note 6 for further information.

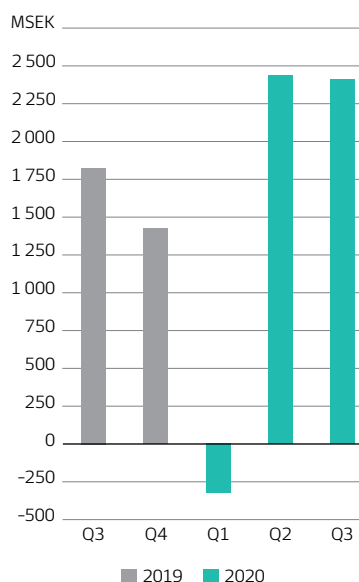
Cash flow from financing activities was MSEK -433 (-1 014) due to a net decrease in borrowings.

Cash flow for the period was MSEK 3 364 (240). The closing balance for liquid funds after translation differences of MSEK -109 was MSEK 7 203 (3 948 as of December 31, 2019).

### Free cash flow

MSEK	Jan-Sep 2020
<b>Operating income before amortization</b>	<b>3 488</b>
Net investments	-77
Change in accounts receivable	289
Change in other operating capital employed	1 980
<b>Cash flow from operating activities</b>	<b>5 680</b>
Financial income and expenses paid	-355
Current taxes paid	-801
<b>Free cash flow</b>	<b>4 524</b>

### Quarterly free cash flow





# Capital employed and financing

## Capital employed as of September 30, 2020

The Group's operating capital employed was MSEK 10 285 (13 100 as of December 31, 2019), corresponding to 10 percent of sales (12 as of December 31, 2019), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 656.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2020 in conjunction with the business plan process for 2021. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2020. No impairment losses were recognized in 2019 either.

The Group's total capital employed was MSEK 33 963 (37 140 as of December 31, 2019). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 1 285. The return on capital employed was 14 percent (15 as of December 31, 2019).

## Financing as of September 30, 2020

The Group's net debt amounted to MSEK 13 535 (17 541 as of December 31, 2019). The net debt was positively impacted mainly by the free cash flow of MSEK 4 524, while it was negatively impacted mainly by payments for acquisitions of MSEK -510.

The net debt to EBITDA ratio was 1.9 (2.5). The free cash flow to net debt ratio amounted to 0.44 (0.18). The interest coverage ratio amounted to 8.7 (9.1).

On April 6, 2020, Securitas' existing MEUR 440 and MUS\$ 550 revolving credit facility (RCF) was early matured and replaced with a new facility with 10 key relationship banks. This new credit facility now comprises one tranche of MEUR 938 and matures in 2025 with the possibility to extend to 2027. It was undrawn at September 30, 2020. There was no new debt drawn down in the third quarter. Further information regarding financial instruments and credit facilities is provided in note 8.

Standard and Poor's rating for Securitas was BBB/A-2 with a stable outlook.

Shareholders' equity amounted to MSEK 20 428 (19 599 as of December 31, 2019). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK 987. Refer to the statement of comprehensive income on page 14 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of September 30, 2020. Refer to page 17 for further information.

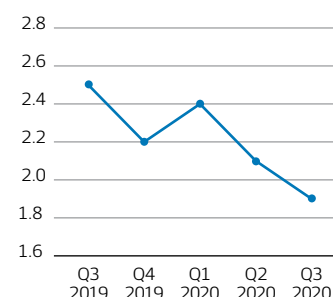
### Capital employed and financing

MSEK	Sep 30, 2020
Operating capital employed	10 285
Goodwill	21 930
Acquisition related intangible assets	1 418
Shares in associated companies	330
<b>Capital employed</b>	<b>33 963</b>
Net debt	13 535
Shareholders' equity	20 428
<b>Financing</b>	<b>33 963</b>

### Net debt development

MSEK	
<b>Jan 1, 2020</b>	<b>-17 541</b>
Free cash flow	4 524
Acquisitions	-510
Items affecting comparability	-217
Lease liabilities	-77
<b>Change in net debt</b>	<b>3 720</b>
Revaluation	-12
Translation	298
<b>Sep 30, 2020</b>	<b>-13 535</b>

### Net debt to EBITDA ratio



# Acquisitions

## ACQUISITIONS JANUARY-SEPTEMBER 2020 (MSEK)

Company	Business segment <sup>1)</sup>	Included from	Acquired share <sup>2)</sup>	Annual sales <sup>3)</sup>	Enterprise value <sup>4)</sup>	Goodwill	Acq. related intangible assets
<b>Opening balance</b>						<b>22 157</b>	<b>1 563</b>
Techco Security, Spain and Portugal <sup>6)</sup>	Security Services Ibero-America	Jan 8	100	520	146	117	34
Fredon Security, Australia <sup>6)</sup>	Other	Jan 9	100	240	154	151	66
Other acquisitions <sup>5, 6)</sup>		-	-	23	144	33	12
<b>Total acquisitions January-September 2020</b>				<b>783</b>	<b>444</b>	<b>301</b>	<b>112</b>
Amortization of acquisition related intangible assets						-	-207
Translation differences and remeasurement for hyperinflation						-528	-50
<b>Closing balance</b>						<b>21 930</b>	<b>1 418</b>

<sup>1)</sup> Refers to business segment with main responsibility for the acquisition.

<sup>2)</sup> Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.

<sup>3)</sup> Estimated annual sales.

<sup>4)</sup> Purchase price paid plus acquired net debt but excluding any deferred considerations.

<sup>5)</sup> Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Global Elite Group, Iverify (step acquisition), the US, Cezzam, France, DAK, Turkey, SCI Proteccion Contra Incendios, Spain, Blueprint (contract portfolio) and Staysafe, Australia. Related also to deferred considerations paid in the US, Sweden, the UK, Germany, France, Turkey, Portugal, Australia and Hong Kong.

<sup>6)</sup> 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 -29. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 395.

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 17. Transaction costs and revaluation of deferred considerations can be found in note 5 on page 22.

### Techco Security, Spain and Portugal

Securitas reinforces its leadership position within the electronic security market in Spain through the acquisition of Techco Security, a leading electronic security company. Techco Security offers a comprehensive range of integrated security services including installation, maintenance and remote guarding services as well as access control, electronic alarm surveillance and fire protection, and supports clients through two operations centers in Madrid and Barcelona. The company has approximately 520 employees with a strong footprint across Spain and Portugal. The acquisition was closed and consolidated into Securitas as of January 8, 2020.

### Fredon Security, Australia

Securitas has acquired Fredon Security, founded in 2012 as a division within Fredon Group, an Australian engineering and building services company. Fredon Security is specialized in high-end electronic security solutions including system design, engineering, installation, commissioning and maintenance. The company has approximately 110 employees with a strong footprint across Australia's key geographical markets; Melbourne, Canberra, Brisbane, Perth and Sydney, where it is headquartered. Through strong organic growth the company has established a robust market position in the technology, commercial and government client segments. The acquisition was consolidated into Securitas as of January 9, 2020.

## ACQUISITIONS AFTER THE THIRD QUARTER

### STANLEY Security in Germany, Portugal, Switzerland, Singapore and India

Securitas has acquired STANLEY Security's electronic security businesses in Germany, Portugal, Switzerland, Singapore and India. The acquisition is aligned with Securitas' ambition to double the size of its security solutions and electronic security business and expands Securitas' electronic security footprint and capabilities. The purchase price is estimated to MUSD 64 (MSEK 563). The acquired entities provide an integrated electronic security offering to their clients - from design to installation and from maintenance to alarm monitoring - based on a complete portfolio of advanced security solutions such as access control, intrusion, video, fire and integrated systems. The business has approximately 580 highly skilled employees operating in five countries through 20 branch offices out of which 11 are located in Germany. The business also has two alarm monitoring centers, one in Germany and one in Portugal.

Total sales of the in-scope business amounted to MUSD 85 (MSEK 748) in 2019, mainly driven from installation sales, recurring monthly revenue and maintenance services. The acquisition-related costs are expected to be MSEK 60, some to be recognized in 2020 but mostly in 2021. The acquisition is expected to be EPS accretive as of 2022. The acquisition has been approved by customary regulatory authorities and was closed on November 2, 2020, and was consolidated in Securitas as of the same date.

## Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2019 Annual Report and to note 11 on page 24. 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.

### Cost savings program initiated in the Group

Securitas announced and initiated a cost savings program in the Group during the second quarter. We earlier estimated a range of restructuring costs of MSEK 350-500. The final amount will largely depend on changes related to government grants and the development of the airport security business. As previously announced, the program is expected to be finalized end of the second quarter 2021. In the third quarter, restructuring costs of MSEK 59 were recognized as items affecting comparability. The payback period is about 2 years and the savings will have a gradually increasing positive impact starting in the fourth quarter 2020.

### Competition authority investigation in Belgium

Securitas is aware that competition authorities are conducting investigations into the security sector in Belgium and is cooperating fully. The Group currently assesses that the result or the financial position of the Group will not be materially affected by this investigation.

### Dividend and Extraordinary General Meeting

Due to the uncertainty caused by the corona pandemic, the Annual General Meeting resolved, in accordance with the Board's revised proposal, that no dividend should be distributed. The Board has now, in light of the improving financial performance and the solid financial position under a continued prudent approach, proposed to reinstate a dividend proposal for 2019 of SEK 4.80 (4.40) per share to be resolved by an Extraordinary General Meeting on December 9, 2020.

## Risks and uncertainties

Risk management is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract and acquisition risks, operational assignment risks and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2019.

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

Securitas as well as other companies are currently facing the challenge of the corona pandemic. As disclosed in this interim report, the corona pandemic has negatively impacted the Group's result, and poses an additional challenge when making estimates and judgments. Securitas sees reductions in sales due to reductions in regular service levels mostly related to the aviation segment. These reductions are causing costs for idle time to some extent supported by government grants. It is currently unclear when regular services levels will

return to normal levels and to what extent any costs will be further supported by government grants. Many government grants and other relief measures have also been introduced in a short time frame and include requirements that need to be fulfilled in order to be eligible for the grants. This adds new elements to the judgment in preparing the statement of income and balance sheet as well as disclosures. Further, increased risks are noticed related to the general macro economic environment, throughout the Group and mostly related to employee benefits and collection of outstanding accounts receivable. Further, it is unclear what type of impact the corona pandemic will have on the mid term economical development of the different markets and geographies in which we operate.

For the forthcoming three-month period, the financial impact of the corona pandemic as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2019 and, where applicable, under the heading Other significant events above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

# Parent Company operations

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

## January-September 2020

The Parent Company's income amounted to MSEK 805 (877) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK -331 (2 278). The decrease compared with last year is mainly explained by lower dividends received from subsidiaries. Income before taxes amounted to MSEK -42 (2 488).

## As of September 30, 2020

The Parent Company's non-current assets amounted to MSEK 46 864 (46 157 as of December 31, 2019) and mainly comprise shares in subsidiaries of MSEK 44 724 (43 911 as of December 31, 2019). Current assets amounted to MSEK 5 266 (5 944 as of December 31, 2019) of which liquid funds accounted for MSEK 1 457 (1 596 as of December 31, 2019).

Shareholders' equity amounted to MSEK 29 247 (29 276 as of December 31, 2019). The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 883 (22 825 as of December 31, 2019) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 25.

# Annual General Meeting 2021

Securitas' Annual General Meeting will be held on Wednesday, May 5, 2021, in Stockholm, Sweden.

Stockholm, November 3, 2020

Magnus Ahlqvist  
President and Chief Executive Officer

This report has not been reviewed by the company's auditors.

# Consolidated financial statements

## STATEMENT OF INCOME

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Sales	26 212	28 106	80 499	81 435	109 560
Sales, acquired business	289	108	978	1 207	1 339
<b>Total sales<sup>2)</sup></b>	<b>26 501</b>	<b>28 214</b>	<b>81 477</b>	<b>82 642</b>	<b>110 899</b>
Organic sales growth, % <sup>3)</sup>	0	4	0	5	4
Production expenses	-21 740	-23 238	-67 503	-68 233	-91 588
<b>Gross income</b>	<b>4 761</b>	<b>4 976</b>	<b>13 974</b>	<b>14 409</b>	<b>19 311</b>
Selling and administrative expenses	-3 453	-3 416	-10 550	-10 209	-13 637
Other operating income <sup>2)</sup>	8	9	28	26	34
Share in income of associated companies	11	5	36	15	30
<b>Operating income before amortization</b>	<b>1 327</b>	<b>1 574</b>	<b>3 488</b>	<b>4 241</b>	<b>5 738</b>
Operating margin, %	5.0	5.6	4.3	5.1	5.2
Amortization of acquisition related intangible assets	-66	-67	-207	-203	-271
Acquisition related costs <sup>5)</sup>	-10	-5	-90	-34	-62
Items affecting comparability <sup>6)</sup>	-112	-60	-218	-126	-209
<b>Operating income after amortization</b>	<b>1 139</b>	<b>1 442</b>	<b>2 973</b>	<b>3 878</b>	<b>5 196</b>
Financial income and expenses <sup>7, 8)</sup>	-101	-149	-382	-438	-578
<b>Income before taxes</b>	<b>1 038</b>	<b>1 293</b>	<b>2 591</b>	<b>3 440</b>	<b>4 618</b>
Net margin, %	3.9	4.6	3.2	4.2	4.2
Current taxes	-220	-375	-686	-998	-1 200
Deferred taxes	-59	18	-13	48	-56
<b>Net income for the period</b>	<b>759</b>	<b>936</b>	<b>1 892</b>	<b>2 490</b>	<b>3 362</b>
<b>Whereof attributable to:</b>					
Equity holders of the Parent Company	758	935	1 892	2 488	3 357
Non-controlling interests	1	1	0	2	5
Earnings per share before and after dilution (SEK)	2.08	2.56	5.18	6.82	9.20
Earnings per share before and after dilution and before items affecting comparability (SEK)	2.31	2.68	5.63	7.07	9.61

## STATEMENT OF COMPREHENSIVE INCOME

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Net income for the period</b>	<b>759</b>	<b>936</b>	<b>1 892</b>	<b>2 490</b>	<b>3 362</b>
<b>Other comprehensive income for the period</b>					
<b>Items that will not be reclassified to the statement of income</b>					
Remeasurements of defined benefit pension plans net of tax	-18	-63	19	-58	31
<b>Total items that will not be reclassified to the statement of income<sup>9)</sup></b>	<b>-18</b>	<b>-63</b>	<b>19</b>	<b>-58</b>	<b>31</b>
<b>Items that subsequently may be reclassified to the statement of income</b>					
Remeasurement for hyperinflation net of tax <sup>7)</sup>	12	35	38	77	79
Cash flow hedges net of tax	-8	5	-49	22	36
Cost of hedging net of tax	-4	-2	38	17	12
Net investment hedges net of tax	122	-297	-28	-655	-346
Other comprehensive income from associated companies, translation differences	-2	19	-15	37	14
Translation differences	-525	822	-944	1 552	405
<b>Total items that subsequently may be reclassified to the statement of income<sup>9)</sup></b>	<b>-405</b>	<b>582</b>	<b>-960</b>	<b>1 050</b>	<b>200</b>
<b>Other comprehensive income for the period<sup>9)</sup></b>	<b>-423</b>	<b>519</b>	<b>-941</b>	<b>992</b>	<b>231</b>
<b>Total comprehensive income for the period</b>	<b>336</b>	<b>1 455</b>	<b>951</b>	<b>3 482</b>	<b>3 593</b>
<b>Whereof attributable to:</b>					
Equity holders of the Parent Company	336	1 453	955	3 478	3 587
Non-controlling interests	0	2	-4	4	6

Notes 2-9 refer to pages 20-24.

**STATEMENT OF CASH FLOW**

<b>Operating cash flow MSEK</b>	<b>Jul-Sep 2020</b>	<b>Jul-Sep 2019</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Jan-Dec 2019</b>
<b>Operating income before amortization</b>	<b>1 327</b>	<b>1 574</b>	<b>3 488</b>	<b>4 241</b>	<b>5 738</b>
Investments in non-current tangible and intangible assets	-685	-800	-2 114	-2 287	-3 010
Reversal of depreciation	669	701	2 037	2 001	2 690
Change in accounts receivable	86	305	289	-94	-239
Change in other operating capital employed	1 242	390	1 980	-812	-277
<b>Cash flow from operating activities</b>	<b>2 639</b>	<b>2 170</b>	<b>5 680</b>	<b>3 049</b>	<b>4 902</b>
Cash flow from operating activities, %	199	138	163	72	85
Financial income and expenses paid	-24	-41	-355	-385	-443
Current taxes paid	-206	-299	-801	-824	-1 191
<b>Free cash flow</b>	<b>2 409</b>	<b>1 830</b>	<b>4 524</b>	<b>1 840</b>	<b>3 268</b>
Free cash flow, %	239	174	187	66	83
Cash flow from investing activities, acquisitions and divestitures	-82	-7	-510	-389	-574
Cash flow from items affecting comparability <sup>6)</sup>	-78	-54	-217	-197	-303
Cash flow from financing activities	-1 400	-953	-433	-1 014	-1 699
<b>Cash flow for the period</b>	<b>849</b>	<b>816</b>	<b>3 364</b>	<b>240</b>	<b>692</b>

<b>Cash flow MSEK</b>	<b>Jul-Sep 2020</b>	<b>Jul-Sep 2019</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Jan-Dec 2019</b>
Cash flow from operations	2 958	2 530	6 252	3 755	5 747
Cash flow from investing activities	-481	-537	-1 761	-1 894	-2 534
Cash flow from financing activities	-1 628	-1 177	-1 127	-1 621	-2 521
<b>Cash flow for the period</b>	<b>849</b>	<b>816</b>	<b>3 364</b>	<b>240</b>	<b>692</b>

<b>Change in net debt MSEK</b>	<b>Jul-Sep 2020</b>	<b>Jul-Sep 2019</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Jan-Dec 2019</b>
<b>Opening balance</b>	<b>-15 932</b>	<b>-20 460</b>	<b>-17 541</b>	<b>-14 513</b>	<b>-14 513</b>
Cash flow for the period	849	816	3 364	240	692
Change in lease liabilities	-46	-60	-77	-3 475	-3 332
Change in loans	1 400	953	433	-592	93
<b>Change in net debt before revaluation and translation differences</b>	<b>2 203</b>	<b>1 709</b>	<b>3 720</b>	<b>-3 827</b>	<b>-2 547</b>
Revaluation of financial instruments <sup>8)</sup>	-14	4	-12	49	60
Translation differences	208	-668	298	-1 124	-541
<b>Change in net debt</b>	<b>2 397</b>	<b>1 045</b>	<b>4 006</b>	<b>-4 902</b>	<b>-3 028</b>
<b>Closing balance</b>	<b>-13 535</b>	<b>-19 415</b>	<b>-13 535</b>	<b>-19 415</b>	<b>-17 541</b>

Notes 6 and 8 refer to pages 22-23.

## CAPITAL EMPLOYED AND FINANCING

MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
<b>Operating capital employed</b>	<b>10 285</b>	<b>13 968</b>	<b>13 100</b>
Operating capital employed as % of sales	10	13	12
Return on operating capital employed, %	40	47	50
Goodwill	21 930	22 801	22 157
Acquisition related intangible assets	1 418	1 507	1 563
Shares in associated companies	330	504	320
<b>Capital employed</b>	<b>33 963</b>	<b>38 780</b>	<b>37 140</b>
Return on capital employed, %	14	14	15
<b>Net debt</b>	<b>-13 535</b>	<b>-19 415</b>	<b>-17 541</b>
<b>Shareholders' equity</b>	<b>20 428</b>	<b>19 365</b>	<b>19 599</b>
Net debt equity ratio, multiple	0.66	1.00	0.89

## BALANCE SHEET

MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	21 930	22 801	22 157
Acquisition related intangible assets	1 418	1 507	1 563
Other intangible assets	1 908	1 768	1 813
Right-of-use assets	3 443	3 642	3 489
Other tangible non-current assets	3 380	3 642	3 546
Shares in associated companies	330	504	320
Non-interest-bearing financial non-current assets	1 780	1 871	1 799
Interest-bearing financial non-current assets	629	464	437
<b>Total non-current assets</b>	<b>34 818</b>	<b>36 199</b>	<b>35 124</b>
<b>Current assets</b>			
Non-interest-bearing current assets	22 187	24 009	22 984
Other interest-bearing current assets	214	136	134
Liquid funds	7 203	3 548	3 948
<b>Total current assets</b>	<b>29 604</b>	<b>27 693</b>	<b>27 066</b>
<b>TOTAL ASSETS</b>	<b>64 422</b>	<b>63 892</b>	<b>62 190</b>

MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Attributable to equity holders of the Parent Company	20 414	19 337	19 569
Non-controlling interests	14	28	30
<b>Total shareholders' equity</b>	<b>20 428</b>	<b>19 365</b>	<b>19 599</b>
Equity ratio, %	32	30	32
<b>Long-term liabilities</b>			
Non-interest-bearing long-term liabilities	328	325	361
Long-term lease liabilities	2 644	2 724	2 610
Other interest-bearing long-term liabilities	12 722	17 221	17 216
Non-interest-bearing provisions	2 468	2 774	2 484
<b>Total long-term liabilities</b>	<b>18 162</b>	<b>23 044</b>	<b>22 671</b>
<b>Current liabilities</b>			
Non-interest-bearing current liabilities and provisions	19 617	17 865	17 686
Current lease liabilities	893	973	944
Other interest-bearing current liabilities	5 322	2 645	1 290
<b>Total current liabilities</b>	<b>25 832</b>	<b>21 483</b>	<b>19 920</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>64 422</b>	<b>63 892</b>	<b>62 190</b>



**CHANGES IN SHAREHOLDERS' EQUITY**

MSEK	Sep 30, 2020			Sep 30, 2019			Dec 31, 2019		
	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
<b>Opening balance January 1, 2020 / 2019</b>	<b>19 569</b>	<b>30</b>	<b>19 599</b>	<b>17 632</b>	<b>25</b>	<b>17 657</b>	<b>17 632</b>	<b>25</b>	<b>17 657</b>
Total comprehensive income for the period	955	-4	951	3 478	4	3 482	3 587	6	3 593
Transactions with non-controlling interests	-	-12	-12	-	-1	-1	-	-1	-1
Share based incentive schemes	-110	-	-110 <sup>1)</sup>	-167	-	-167	-44	-	-44
Dividend paid to the shareholders of the Parent Company	-	-	-	-1 606	-	-1 606	-1 606	-	-1 606
<b>Closing balance September 30 / December 31, 2020 / 2019</b>	<b>20 414</b>	<b>14</b>	<b>20 428</b>	<b>19 337</b>	<b>28</b>	<b>19 365</b>	<b>19 569</b>	<b>30</b>	<b>19 599</b>

<sup>1)</sup> Refers to a swap agreement in Securitas AB shares of MSEK -110, hedging the share portion of Securitas share based incentive scheme 2019.

**DATA PER SHARE**

SEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Share price, end of period	137.25	150.80	137.25	150.80	161.45
Earnings per share before and after dilution <sup>1, 2, 3)</sup>	2.08	2.56	5.18	6.82	9.20
Earnings per share before and after dilution and before items affecting comparability <sup>1, 2, 3)</sup>	2.31	2.68	5.63	7.07	9.61
Dividend	-	-	-	-	4.80 <sup>5)</sup>
P/E-ratio after dilution and before items affecting comparability	-	-	-	-	17
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding <sup>1, 3)</sup>	364 933 897	364 933 897	364 933 897	364 933 897	364 933 897
Average number of shares outstanding <sup>1, 3, 4)</sup>	364 933 897	364 933 897	364 933 897	365 013 567	364 993 486

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

<sup>2)</sup> 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.

<sup>3)</sup> On June 24, 2019, 125 000 shares were repurchased.

<sup>4)</sup> Used for calculation of earnings per share.

<sup>5)</sup> Withdrawn dividend proposal of SEK 4.80 on April 28, 2020. Reinstated dividend proposal of SEK 4.80 to be resolved at an Extraordinary General Meeting in December 2020.

# Segment overview July–September 2020 and 2019

## JULY-SEPTEMBER 2020

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	11 593	11 284	3 045	579	-	26 501
Sales, intra-group	13	0	0	0	-13	-
<b>Total sales</b>	<b>11 606</b>	<b>11 284</b>	<b>3 045</b>	<b>579</b>	<b>-13</b>	<b>26 501</b>
Organic sales growth, %	2	-1	0	-	-	0
<b>Operating income before amortization</b>	<b>742</b>	<b>574</b>	<b>138</b>	<b>-127</b>	<b>-</b>	<b>1 327</b>
<i>of which share in income of associated companies</i>	1	-	-	10	-	11
Operating margin, %	6.4	5.1	4.5	-	-	5.0
Amortization of acquisition related intangible assets	-20	-36	-4	-6	-	-66
Acquisition related costs	-6	-1	-1	-2	-	-10
Items affecting comparability	-27	-59	0	-26	-	-112
<b>Operating income after amortization</b>	<b>689</b>	<b>478</b>	<b>133</b>	<b>-161</b>	<b>-</b>	<b>1 139</b>
Financial income and expenses	-	-	-	-	-	-101
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 038</b>

## JULY-SEPTEMBER 2019

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	12 481	11 914	3 289	530	-	28 214
Sales, intra-group	10	0	1	2	-13	-
<b>Total sales</b>	<b>12 491</b>	<b>11 914</b>	<b>3 290</b>	<b>532</b>	<b>-13</b>	<b>28 214</b>
Organic sales growth, %	4	1	12	-	-	4
<b>Operating income before amortization</b>	<b>840</b>	<b>699</b>	<b>154</b>	<b>-119</b>	<b>-</b>	<b>1 574</b>
<i>of which share in income of associated companies</i>	-5	-	-	10	-	5
Operating margin, %	6.7	5.9	4.7	-	-	5.6
Amortization of acquisition related intangible assets	-18	-41	-3	-5	-	-67
Acquisition related costs	0	-4	0	-1	-	-5
Items affecting comparability	-28	-24	0	-8	-	-60
<b>Operating income after amortization</b>	<b>794</b>	<b>630</b>	<b>151</b>	<b>-133</b>	<b>-</b>	<b>1 442</b>
Financial income and expenses	-	-	-	-	-	-149
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 293</b>

# Segment overview January–September 2020 and 2019

## JANUARY–SEPTEMBER 2020

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	36 220	33 867	9 549	1 841	-	81 477
Sales, intra-group	13	0	0	1	-14	-
<b>Total sales</b>	<b>36 233</b>	<b>33 867</b>	<b>9 549</b>	<b>1 842</b>	<b>-14</b>	<b>81 477</b>
Organic sales growth, %	1	-2	3	-	-	0
<b>Operating income before amortization</b>	<b>2 060</b>	<b>1 387</b>	<b>410</b>	<b>-369</b>	<b>-</b>	<b>3 488</b>
<i>of which share in income of associated companies</i>	3	-	-	33	-	36
Operating margin, %	5.7	4.1	4.3	-	-	4.3
Amortization of acquisition related intangible assets	-62	-112	-12	-21	-	-207
Acquisition related costs	-25	-3	-52	-10	-	-90
Items affecting comparability	-96	-68	-1	-53	-	-218
<b>Operating income after amortization</b>	<b>1 877</b>	<b>1 204</b>	<b>345</b>	<b>-453</b>	<b>-</b>	<b>2 973</b>
Financial income and expenses	-	-	-	-	-	-382
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 591</b>

## JANUARY–SEPTEMBER 2019

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	36 097	35 191	9 835	1 519	-	82 642
Sales, intra-group	13	0	1	4	-18	-
<b>Total sales</b>	<b>36 110</b>	<b>35 191</b>	<b>9 836</b>	<b>1 523</b>	<b>-18</b>	<b>82 642</b>
Organic sales growth, %	5	2	15	-	-	5
<b>Operating income before amortization</b>	<b>2 251</b>	<b>1 852</b>	<b>458</b>	<b>-320</b>	<b>-</b>	<b>4 241</b>
<i>of which share in income of associated companies</i>	-12	-	-	27	-	15
Operating margin, %	6.2	5.3	4.7	-	-	5.1
Amortization of acquisition related intangible assets	-50	-120	-18	-15	-	-203
Acquisition related costs	-9	-20	0	-5	-	-34
Items affecting comparability	-60	-40	-1	-25	-	-126
<b>Operating income after amortization</b>	<b>2 132</b>	<b>1 672</b>	<b>439</b>	<b>-365</b>	<b>-</b>	<b>3 878</b>
Financial income and expenses	-	-	-	-	-	-438
<b>Income before taxes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 440</b>

# 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. The interim report comprises pages 1-26 and pages 1-13 are thus an integrated part of this financial report.

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 75 to 81 in the Annual Report for 2019. The accounting principles are also available on the Group's website [www.securitas.com](http://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 42 on page 131 in the Annual Report for 2019.

### Adoption and impact of new and revised IFRS 2020

Amendments to IFRS 9 Financial Instruments related to hedge accounting came into effect as of January 1, 2020. The purpose of the amendments is to reduce the effects on hedge accounting following the IBOR-reform and they should be applied to all hedge relationships that are directly affected by the IBOR-reform. Securitas chose to early-adopt these amendments as from January 1, 2019. The amendments are assessed to have no impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2020 are assessed to have any impact on the Group's financial statements.

### Introduction and effect of new and revised IFRS 2021 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2021 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 3 and 4 in this interim report as well as to note 3 in the Annual Report 2019.

## NOTE 2 Revenue

MSEK	Jul-Sep 2020	%	Jul-Sep 2019	%	Jan-Sep 2020	%	Jan-Sep 2019	%	Jan-Dec 2019	%
Guarding services <sup>1)</sup>	20 128	76	21 672	77	61 941	76	63 419	77	84 887	77
Security solutions and electronic security	5 763	22	5 849	21	17 595	22	17 145	21	23 290	21
Other <sup>1)</sup>	610	2	693	2	1 941	2	2 078	2	2 722	2
<b>Total sales</b>	<b>26 501</b>	<b>100</b>	<b>28 214</b>	<b>100</b>	<b>81 477</b>	<b>100</b>	<b>82 642</b>	<b>100</b>	<b>110 899</b>	<b>100</b>
Other operating income	8	0	9	0	28	0	26	0	34	0
<b>Total revenue</b>	<b>26 509</b>	<b>100</b>	<b>28 223</b>	<b>100</b>	<b>81 505</b>	<b>100</b>	<b>82 668</b>	<b>100</b>	<b>110 933</b>	<b>100</b>

<sup>1)</sup> Comparatives have been restated for business that relates to risk management services.

### Guarding services

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

### Security solutions and electronic security

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

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

Electronic security consists of the sale of alarm installations comprising design and installation (time, material and related expenses). Revenue is recognized as per the contract, either upon completion of the conditions in the contract, or over time based on the percentage of completion. Remote guarding (in the form of

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

### Other

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

### Other operating income

Other operating income consists in its entirety of trade mark fees for the use of the Securitas brand name.

### Revenue per segment

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

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep 2020	Jul-Sep 2019
Guarding services <sup>1)</sup>	8 918	9 509	8 646	9 282	2 145	2 437	432	457	-13	-13	20 128	21 672
Security solutions and electronic security	2 078	2 289	2 638	2 632	900	853	147	75	-	-	5 763	5 849
Other <sup>1)</sup>	610	693	-	-	-	-	-	-	-	-	610	693
<b>Total sales</b>	<b>11 606</b>	<b>12 491</b>	<b>11 284</b>	<b>11 914</b>	<b>3 045</b>	<b>3 290</b>	<b>579</b>	<b>532</b>	<b>-13</b>	<b>-13</b>	<b>26 501</b>	<b>28 214</b>
Other operating income	-	-	-	-	-	-	8	9	-	-	8	9
<b>Total revenue</b>	<b>11 606</b>	<b>12 491</b>	<b>11 284</b>	<b>11 914</b>	<b>3 045</b>	<b>3 290</b>	<b>587</b>	<b>541</b>	<b>-13</b>	<b>-13</b>	<b>26 509</b>	<b>28 223</b>

<sup>1)</sup> Comparatives have been restated for business that relates to risk management services.

Note 2, cont.

MSEK	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Guarding services <sup>1)</sup>	27 875	27 466	25 976	27 461	6 744	7 180	1 360	1 330	-14	-18	61 941	63 419
Security solutions and electronic security	6 417	6 566	7 891	7 730	2 805	2 656	482	193	-	-	17 595	17 145
Other <sup>1)</sup>	1 941	2 078	-	-	-	-	-	-	-	-	1 941	2 078
<b>Total sales</b>	<b>36 233</b>	<b>36 110</b>	<b>33 867</b>	<b>35 191</b>	<b>9 549</b>	<b>9 836</b>	<b>1 842</b>	<b>1 523</b>	<b>-14</b>	<b>-18</b>	<b>81 477</b>	<b>82 642</b>
Other operating income	-	-	-	-	-	-	28	26	-	-	28	26
<b>Total revenue</b>	<b>36 233</b>	<b>36 110</b>	<b>33 867</b>	<b>35 191</b>	<b>9 549</b>	<b>9 836</b>	<b>1 870</b>	<b>1 549</b>	<b>-14</b>	<b>-18</b>	<b>81 505</b>	<b>82 668</b>

<sup>1)</sup> Comparatives have been restated for business that relates to risk management services.

### NOTE 3 Organic sales growth and currency changes

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

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jul-Sep %	Jan-Sep 2020	Jan-Sep 2019	Jan-Sep %
<b>Total sales</b>	<b>26 501</b>	<b>28 214</b>	<b>-6</b>	<b>81 477</b>	<b>82 642</b>	<b>-1</b>
Currency change from 2019	2 123	-		1 903	-	
<b>Currency adjusted sales growth</b>	<b>28 624</b>	<b>28 214</b>	<b>1</b>	<b>83 380</b>	<b>82 642</b>	<b>1</b>
Acquisitions/divestitures	-289	-		-978	-4	
<b>Organic sales growth</b>	<b>28 335</b>	<b>28 214</b>	<b>0</b>	<b>82 402</b>	<b>82 638</b>	<b>0</b>
<b>Operating income before amortization</b>	<b>1 327</b>	<b>1 574</b>	<b>-16</b>	<b>3 488</b>	<b>4 241</b>	<b>-18</b>
Currency change from 2019	125	-		121	-	
<b>Currency adjusted operating income before amortization</b>	<b>1 452</b>	<b>1 574</b>	<b>-8</b>	<b>3 609</b>	<b>4 241</b>	<b>-15</b>
<b>Operating income after amortization</b>	<b>1 139</b>	<b>1 442</b>	<b>-21</b>	<b>2 973</b>	<b>3 878</b>	<b>-23</b>
Currency change from 2019	114	-		111	-	
<b>Currency adjusted operating income after amortization</b>	<b>1 253</b>	<b>1 442</b>	<b>-13</b>	<b>3 084</b>	<b>3 878</b>	<b>-20</b>
<b>Income before taxes</b>	<b>1 038</b>	<b>1 293</b>	<b>-20</b>	<b>2 591</b>	<b>3 440</b>	<b>-25</b>
Currency change from 2019	133	-		135	-	
<b>Currency adjusted income before taxes</b>	<b>1 171</b>	<b>1 293</b>	<b>-9</b>	<b>2 726</b>	<b>3 440</b>	<b>-21</b>
<b>Net income for the period</b>	<b>759</b>	<b>936</b>	<b>-19</b>	<b>1 892</b>	<b>2 490</b>	<b>-24</b>
Currency change from 2019	96	-		97	-	
<b>Currency adjusted net income for the period</b>	<b>855</b>	<b>936</b>	<b>-9</b>	<b>1 989</b>	<b>2 490</b>	<b>-20</b>
<b>Net income attributable to equity holders of the Parent Company</b>	<b>758</b>	<b>935</b>	<b>-19</b>	<b>1 892</b>	<b>2 488</b>	<b>-24</b>
Currency change from 2019	96	-		97	-	
<b>Currency adjusted net income attributable to equity holders of the Parent Company</b>	<b>854</b>	<b>935</b>	<b>-9</b>	<b>1 989</b>	<b>2 488</b>	<b>-20</b>
Average number of shares outstanding	364 933 897	364 933 897		364 933 897	365 013 567	
<b>Currency adjusted earnings per share</b>	<b>2.34</b>	<b>2.56</b>	<b>-9</b>	<b>5.45</b>	<b>6.82</b>	<b>-20</b>

### NOTE 4 Definitions and calculation of key ratios

The calculations below relate to the period January–September 2020.

#### 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:  $(4\,985 + 31) / 575 = 8.7$

#### 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:  $4\,524 / (3\,488 - 382 - 1 - 686) = 187\%$

#### Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.  
Calculation:  $5\,952 / 13\,535 = 0.44$

#### 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:  $13\,535 / (4\,291 + 275 + 2\,726) = 1.9$

#### Operating capital employed as % of total sales

Operating capital employed as a percentage of total sales adjusted for the full-year sales of acquired entities.  
Calculation:  $10\,285 / 107\,637 = 10\%$

#### 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:  $(4\,985 - 301) / ((10\,285 + 13\,100) / 2) = 40\%$

#### 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:  $(4\,985 - 301) / 33\,963 = 14\%$

#### Net debt equity ratio

Net debt in relation to shareholders' equity.  
Calculation:  $13\,535 / 20\,428 = 0.66$

**NOTE 5** Acquisition related costs

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Restructuring and integration costs	-6	-3	-77	-15	-18
Transaction costs	-3	-1	-10	-16	-24
Revaluation of deferred considerations	-1	-1	-3	-3	65
Step acquisitions	-	-	-	-	-85
<b>Total acquisition related costs</b>	<b>-10</b>	<b>-5</b>	<b>-90</b>	<b>-34</b>	<b>-62</b>

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

**NOTE 6** Items affecting comparability

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Recognized in the statement of income</b>					
IS/IT transformation programs, Group <sup>1)</sup>	-53	-60	-159	-126	-209
Cost savings program, Group	-59	-	-59	-	-
<b>Total recognized in the statement of income before tax</b>	<b>-112</b>	<b>-60</b>	<b>-218</b>	<b>-126</b>	<b>-209</b>
Taxes	26	16	54	32	57
<b>Total recognized in the statement of income after tax</b>	<b>-86</b>	<b>-44</b>	<b>-164</b>	<b>-94</b>	<b>-152</b>
<b>Cash flow impact</b>					
IS/IT transformation programs, Group <sup>1)</sup>	-45	-36	-161	-99	-171
Cost savings program, Group	-27	-	-27	-	-
Cost savings program, Security Services Europe	-6	-18	-29	-98	-132
<b>Total cash flow impact</b>	<b>-78</b>	<b>-54</b>	<b>-217</b>	<b>-197</b>	<b>-303</b>

<sup>1)</sup> Related to the business transformation program in Security Services North America and the global IS/IT transformation program.

**NOTE 7** Remeasurement for hyperinflation

The impact on the consolidated statement of income from IAS 29 Financial reporting in Hyperinflationary economies is illustrated below. The index used by Securitas for the remeasurement of the financial statements is the consumer price index with base period January 2003.

**EXCHANGE RATES AND INDEX**

	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Exchange rate SEK/ARS	0.12	0.17	0.16
Index	20.97	15.34	17.15

**NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME**

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Financial income and expenses	2	3	8	13	25
<b>Total monetary gain</b>	<b>2</b>	<b>3</b>	<b>8</b>	<b>13</b>	<b>25</b>

**NOTE 8** Financial instruments and credit facilities**Revaluation of financial instruments**

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

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

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
<b>Recognized in the statement of income</b>					
Revaluation of financial instruments	0	0	1	-1	-1
Deferred tax	-	-	-	-	-
<b>Impact on net income</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>-1</b>	<b>-1</b>
<b>Recognized in the statement of comprehensive income</b>					
Cash flow hedges	-10	7	-62	28	45
Cost of hedging	-4	-3	49	22	16
Deferred tax	2	-1	2	-11	-13
<b>Total recognized in the statement of comprehensive income</b>	<b>-12</b>	<b>3</b>	<b>-11</b>	<b>39</b>	<b>48</b>
Total revaluation before tax	-14	4	-12	49	60
Total deferred tax	2	-1	2	-11	-13
<b>Total revaluation after tax</b>	<b>-12</b>	<b>3</b>	<b>-10</b>	<b>38</b>	<b>47</b>

**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 2019.

Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2019.

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
<b>September 30, 2020</b>				
Financial assets at fair value through profit or loss	-	20	-	<b>20</b>
Financial liabilities at fair value through profit or loss	-	-3	-395	<b>-398</b>
Derivatives designated for hedging with positive fair value	-	289	-	<b>289</b>
Derivatives designated for hedging with negative fair value	-	-213	-	<b>-213</b>
<b>December 31, 2019</b>				
Financial assets at fair value through profit or loss	-	13	-	<b>13</b>
Financial liabilities at fair value through profit or loss	-	-14	-425	<b>-439</b>
Derivatives designated for hedging with positive fair value	-	213	-	<b>213</b>
Derivatives designated for hedging with negative fair value	-	-194	-	<b>-194</b>

**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 2019.

MSEK	Sep 30, 2020		Dec 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 622	10 805	14 194	14 475
Short-term loan liabilities	3 720	3 729	-	-
<b>Total financial instruments by category</b>	<b>14 342</b>	<b>14 534</b>	<b>14 194</b>	<b>14 475</b>

**SUMMARY OF CREDIT FACILITIES AS OF SEPTEMBER 30, 2020**

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	USD	40	0	2020
EMTN FRN private placement	USD	40	0	2021
EMTN FRN private placement	USD	60	0	2021
EMTN FRN private placement	USD	40	0	2021
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
EMTN Eurobond, 1.25% fixed	EUR	350	0	2022
EMTN Eurobond, 1.125% fixed	EUR	350	0	2024
EMTN FRN private placement	USD	50	0	2024
EMTN FRN private placement	USD	105	0	2024
EMTN Eurobond, 1.25% fixed	EUR	300	0	2025
Multi Currency Revolving Credit Facility	EUR (or equivalent)	938	938	2025
Commercial Paper (uncommitted)	SEK	5 000	4 680	n/a

**NOTE 9** Deferred tax on other comprehensive income

MSEK	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Jan-Dec 2019
Deferred tax on remeasurements of defined benefit pension plans	5	23	-3	20	-11
Deferred tax on cash flow hedges	2	-2	13	-6	-9
Deferred tax on cost of hedging	0	1	-11	-5	-4
Deferred tax on net investment hedges	-33	81	8	178	94
<b>Total deferred tax on other comprehensive income</b>	<b>-26</b>	<b>103</b>	<b>7</b>	<b>187</b>	<b>70</b>

**NOTE 10** Pledged assets

MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Pension balances, defined contribution plans	141	121	124
<b>Total pledged assets</b>	<b>141</b>	<b>121</b>	<b>124</b>

**NOTE 11** Contingent liabilities

MSEK	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Guarantees	-	-	-
Guarantees related to discontinued operations	15	16	16
<b>Total contingent liabilities</b>	<b>15</b>	<b>16</b>	<b>16</b>

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 38 in the Annual Report 2019 as well as to the section Other significant events in this report.



# Parent Company

## STATEMENT OF INCOME

MSEK	Jan-Sep 2020	Jan-Sep 2019
License fees and other income	805	877
<b>Gross income</b>	<b>805</b>	<b>877</b>
Administrative expenses	-490	-466
<b>Operating income</b>	<b>315</b>	<b>411</b>
Financial income and expenses	-331	2 278
<b>Income after financial items</b>	<b>-16</b>	<b>2 689</b>
Appropriations	-26	-201
<b>Income before taxes</b>	<b>-42</b>	<b>2 488</b>
Taxes	-8	-155
<b>Net income for the period</b>	<b>-50</b>	<b>2 333</b>

## BALANCE SHEET

MSEK	Sep 30, 2020	Dec 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Shares in subsidiaries	44 724	43 911
Shares in associated companies	112	112
Other non-interest-bearing non-current assets	791	759
Interest-bearing financial non-current assets	1 237	1 375
<b>Total non-current assets</b>	<b>46 864</b>	<b>46 157</b>
<b>Current assets</b>		
Non-interest-bearing current assets	1 031	654
Other interest-bearing current assets	2 778	3 694
Liquid funds	1 457	1 596
<b>Total current assets</b>	<b>5 266</b>	<b>5 944</b>
<b>TOTAL ASSETS</b>	<b>52 130</b>	<b>52 101</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Restricted equity	7 737	7 737
Non-restricted equity	21 510	21 539
<b>Total shareholders' equity</b>	<b>29 247</b>	<b>29 276</b>
<b>Untaxed reserves</b>	<b>703</b>	<b>687</b>
<b>Long-term liabilities</b>		
Non-interest-bearing long-term liabilities/provisions	330	296
Interest-bearing long-term liabilities	12 704	17 189
<b>Total long-term liabilities</b>	<b>13 034</b>	<b>17 485</b>
<b>Current liabilities</b>		
Non-interest-bearing current liabilities	1 210	1 161
Interest-bearing current liabilities	7 936	3 492
<b>Total current liabilities</b>	<b>9 146</b>	<b>4 653</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>52 130</b>	<b>52 101</b>

# Financial information

## PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on November 3, 2020, at **2:30 p.m. (CET)** where President and CEO Magnus Ahlqvist and CFO Bart Adam will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:

US: **+1 631 913 1422**  
Sweden: **+46 8 566 426 51**  
UK: **+44 333 3000 804**

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

To follow the audio cast of the telephone conference via the web, please follow the link [www.securitas.com/investors/webcasts](http://www.securitas.com/investors/webcasts).

A recorded version of the audio cast will be available at [www.securitas.com/investors/webcasts](http://www.securitas.com/investors/webcasts) after the telephone conference.

## FOR FURTHER INFORMATION, PLEASE CONTACT:

Micaela Sjökvist, Head of Investor Relations.  
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## FINANCIAL INFORMATION CALENDAR

February 4, 2021, 8.00 a.m. (CET)

May 5, 2021, app. 1.00 p.m. (CET)

May 5, 2021

July 29, 2021, app. 1.00 p.m. (CET)

October 29, 2021, app. 1.00 p.m. (CET)

Full Year Report January–December 2020

Interim Report January–March 2021

Annual General Meeting 2021

Interim Report January–June 2021

Interim Report January–September 2021

For further information regarding Securitas IR activities, refer to [www.securitas.com/investors/financial-calendar](http://www.securitas.com/investors/financial-calendar)

## ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 56 countries. Our operations are organized in three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. We also have operations in Africa, the Middle East and Asia, which form the AMEA division. Securitas serves a wide range of clients of all sizes in a variety of industries and segments. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. Securitas clients' are found in all different industries and they are of all sizes. We adapt our security solutions based on the risks and needs of each client through increased client engagement and continuously enhanced knowledge. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

### Group strategy

At Securitas, we are leading the transformation of the security industry by putting our clients at the heart

of our business. We solve our clients' security needs by offering qualified and engaged people, in-depth expertise and innovation within each of our protective services, the ability to combine services into solutions and by using data to add further intelligence. To execute on our strategy to become the intelligent protective services partner, we are focusing on four areas: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

### Group financial targets

Securitas has three financial targets:

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

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

This is information that Securitas AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 1:00 p.m. (CET) on Tuesday, November 3, 2020.

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