Securitas

Interim Report January–September 2022

3

July–September 2022

36 013
Total sales, MSEK

6.5%
Operating margin

2.46
Earnings per share, SEK

- Total sales MSEK 36 013 (27 338)
- Organic sales growth 7 percent (4)
- Operating income before amortization MSEK 2 330 (1 605)
- Operating margin 6.5 percent (5.9)
- Items affecting comparability (IAC) MSEK –414 (–120), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share SEK 2.46 (2.15)*
- Earnings per share, before IAC, SEK 3.24 (2.34)*
- Cash flow from operating activities 122 percent (75)

JANUARY–SEPTEMBER 2022

- Total sales MSEK 95 146 (79 651)
- Organic sales growth 6 percent (4)
- Operating income before amortization MSEK 5 542 (4 332)
- Operating margin 5.8 percent (5.4)
- Items affecting comparability (IAC) MSEK –774 (–515), relating to the previously announced transformation programs and the acquisition of STANLEY Security
- Earnings per share SEK 6.70 (5.44)*
- Earnings per share, before IAC, SEK 8.15 (6.29)*
- Reported net debt/EBITDA 5.8 (2.1), adjusted net debt/EBITDA ratio 4.0**
- Cash flow from operating activities 66 percent (79)

* Comparatives have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.
** Adjusted for rights issue proceeds received in October 2022 and including STANLEY Security's 12 months adjusted estimated EBITDA.

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Comments from the President and CEO

> "Strong performance in the new Securitas"

The third quarter 2022 marks a major milestone as it is the first time we report as one company together with STANLEY Security. The most transformative acquisition in Securitas' history is concluded and was consolidated in Securitas as of July 22, 2022.

We are facing a global environment with increasing uncertainty and we are, as always, continuously working to ensure preparedness and strength also in more challenging times.

The development in the third quarter showed continued strong demand. Organic sales growth was 7 percent (4), with growth in all business segments, supported by good momentum within technology and solutions sales and by high price increases. Security Services North America returned, as expected, to positive organic sales growth and reported 3 percent. STANLEY Security had mid-single digit estimated organic sales growth in the third quarter.

Our investments in a stronger client offering are generating results with good commercial traction. We recently also renewed a significant global contract with expanded scope of services, reaffirming our position as the leading security solutions partner to many of the most well known brands world-wide.

Technology and solutions sales in the third quarter represented 30 percent (22) of Group sales and real sales growth excluding STANLEY Security was solid with double-digit growth throughout the business.

The operating result for the Group, adjusted for changes in exchange rates, increased by 30 percent in the third quarter with material contribution from the STANLEY Security acquisition and good development in the legacy business. The operating margin improved to 6.5 percent (5.9). Compared to the first half of 2022 the operating margin in the acquired STANLEY Security business improved as a result of pricing recovery, cost control and leverage, and initial execution on the value creation plan.

Our operations in North America delivered margin improvement also excluding STANLEY Security, as did Ibero-America continuing the positive trend from previous quarters. Europe improved with support from STANLEY Security, despite continued pressure from costs related to labor shortage and sickness. We have successfully managed a positive price and wage balance in the Group and a continued dynamic price increase approach is key to ensure quality delivery to our clients.

The Group operating cash flow was 122 percent of operating result in the quarter and will continue to be an important focus area to reduce our leverage position after the STANLEY Security acquisition.

CREATING THE FUTURE SECURITAS

We are now accelerating our journey with STANLEY Security. We have started to execute on our value creation plan and are in line with plan in terms of synergy execution in the third quarter. Bringing together our two great companies gives us a leading position in the industry. Combining our talent and expertise sets us up for stronger growth thanks to an outstanding client offering and we expect significant margin enhancement opportunities going forward. Together we have great potential to provide tech-enabled security solutions that create long-term value for our clients and shareholders.

The transformation program in North America which was finalized in 2021, is delivering value in the day-to-day operations and is an important enabler of the positive operating margin development. We are executing the business transformation program in Europe, although temporarily at a lower pace, 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 and we expect to realize financial and operational benefits in the years to come.

After the STANLEY Security acquisition, we announced new financial targets at the Investor update in August to reflect our ambition to build the new Securitas and achieve 8 percent operating margin by the end of 2025. Our strong performance in the third quarter gives us confidence that we are on the right track.

In October we completed the rights issue of MSEK 9 583 related to the STANLEY Security acquisition. The rights issue was well received and oversubscribed and I would like to thank all shareholders for your participation.

Magnus Ahlqvist
President and CEO

January–September 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 third quarter income statement from this date and in the nine-month income statement with the same amounts line by line. There are no income items relating to STANLEY Security in the comparatives except for transaction costs incurred by the Group prior to the date of acquisition.

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

In the balance sheet STANLEY Security is included as of September 30, 2022, while the balance sheet for comparative periods does not include STANLEY Security.

The contribution to the operating cash flow and the free cash flow is based on the cash flow attributable to the period July 22 to September 30, 2022. The contribution to the third quarter and nine-month cash flows are thus the same.

The consolidation of less than a quarter of the income statement while the balance sheet is impacted in full will impact certain key ratios and this should be considered when assessing these.

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

FINANCIAL SUMMARY

	Q3		Change, %		9M		Change, %		Full year	Change, %
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021	Total
Sales	**36 013**	**27 338**	**32**	**19**	**95 146**	**79 651**	**19**	**10**	**107 700**	**0**
Organic sales growth, %	*7*	*4*			*6*	*4*			*4*	
Operating income before amortization	**2 330**	**1 605**	**45**	**30**	**5 542**	**4 332**	**28**	**16**	**5 978**	**22**
Operating margin, %	*6.5*	*5.9*			*5.8*	*5.4*			*5.6*	
Amortization of acquisition-related intangible assets	–137	–63			–259	–191			–290	
Acquisition-related costs	–20	–31			–45	–73			–122	
Items affecting comparability[1]	–414	–120			–774	–515			–871	
Operating income after amortization	**1 759**	**1 391**	**26**	**11**	**4 464**	**3 553**	**26**	**12**	**4 695**	**23**
Financial income and expenses	–266	–96			–422	–281			–364	
Income before taxes	**1 493**	**1 295**	**15**	**–1**	**4 042**	**3 272**	**24**	**9**	**4 331**	**30**
Net income for the period	**1 081**	**946**	**14**	**–2**	**2 942**	**2 389**	**23**	**9**	**3 134**	**30**
Earnings per share, SEK[2]	2.46	2.15	14	–2	6.70	5.44	23	9	7.14	30
EPS before items affecting comparability, SEK[2]	3.24	2.34	38	22	8.15	6.29	30	15	8.66	30
Cash flow from operating activities, %	*122*	*75*			*66*	*79*			*93*	
Free cash flow	2 438	1 070			2 247	2 243			3 999	
Net debt to EBITDA ratio	*–*	*–*			*5.8*	*2.1*			*1.9*	

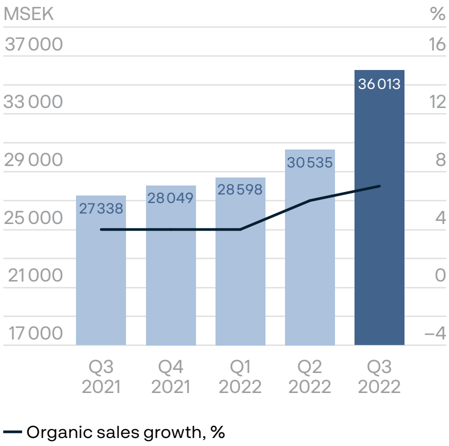
[1] Refer to note 7 on page 28 for further information.
[2] Comparatives have been adjusted for the rights issue completed on October 11, 2022. For further information refer to Data per share on page 21.

ORGANIC SALES GROWTH AND OPERATING MARGIN DEVELOPMENT PER BUSINESS SEGMENT

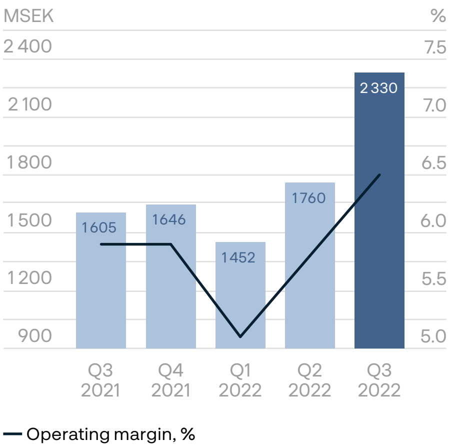
	Organic sales growth				Operating margin			
	Q3		9M		Q3		9M	
%	2022	2021	2022	2021	2022	2021	2022	2021
Security Services North America	3	1	0	4	7.8	7.1	7.3	6.7
Security Services Europe	7	6	8	4	6.6	6.4	5.7	5.7
Security Services Ibero-America	16	10	15	5	6.1	5.9	5.9	5.5
Group	**7**	**4**	**6**	**4**	**6.5**	**5.9**	**5.8**	**5.4**

Group development

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JULY–SEPTEMBER 2022

SALES DEVELOPMENT

Sales amounted to MSEK 36 013 (27 338) and organic sales growth to 7 percent (4). STANLEY Security's contribution to sales from the date of acquisition was MSEK 3 367 of which approximately 65 percent was consolidated into North America and approximately 35 percent into Europe.

Security Services North America had 3 percent (1) organic sales growth, primarily supported by the business units Guarding, Technology and Pinkerton. Security Services Europe had 7 percent (6), supported by strong price increases and positive portfolio development. Security Services Ibero-America showed 16 percent (10), with strong support from price increases and a solid performance in Spain. Extra sales in the Group amounted to 13 percent (14) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 19 percent (5).

Technology and solutions sales amounted to MSEK 10 976 (6 030) or 30 percent (22) of total sales in the quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 71 percent (7). The acquired STANLEY Security business increased the technology sales volume and supported real sales growth. The legacy business excluding STANLEY Security continued with strong momentum and double-digit real sales growth in the quarter, supporting the operating margin improvement.

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 2 330 (1 605) which, adjusted for changes in exchange rates, represented a real change of 30 percent (24).

The Group's operating margin was 6.5 percent (5.9), an improvement driven by all business segments.
In Security Services North America, the improvement was driven by Technology through the acquired STANLEY Security business, Guarding and Pinkerton. Security Services Europe improved mainly due to the acquired STANLEY Security business.

The operating margin in STANLEY Security's North American operations is currently higher than in the European operations. The operating margin improvement in Security Services Ibero-America stemmed primarily from a strong performance in the airport security business.

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –137 (–63), whereof MSEK –72 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –20 (–31). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK –414 (–120), whereof MSEK –226 (0) related to the acquisition of STANLEY Security and MSEK –188 (–73) 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 –266 (–96), whereof MSEK –170 (0) related to financing of the STANLEY Security acquisition. For further information refer to note 13. The impact from IAS 29 hyperinflation is MSEK 34 (3) 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 20 (0). 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 1 493 (1 295).

TAXES, NET INCOME AND EARNINGS PER SHARE
The Group's tax rate was 27.6 percent (26.9). The tax rate before tax on items affecting comparability was 27.3 percent (27.2).

Net income was MSEK 1 081 (946).

Earnings per share amounted to SEK 2.46 (2.15). Earnings per share before items affecting comparability amounted to SEK 3.24 (2.34).

JANUARY–SEPTEMBER 2022

SALES DEVELOPMENT
Sales amounted to MSEK 95 146 (79 651) and organic sales growth to 6 percent (4).

Organic sales growth was driven by Security Services Europe and Security Services Ibero-America. Security Services Europe had 8 percent (4), supported by price increases, good sales momentum within technology and solutions and the airport security business. Security Services Ibero-America showed 15 percent (5), primarily driven by Spain and price increases in Argentina. Security Services North America had 0 percent (4) organic sales growth, hampered by previously announced contract terminations and reduced corona-related extra sales but supported by good commercial momentum and price increases. Extra sales in the Group amounted to 13 percent (16) of total sales.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 10 percent (5).

Technology and solutions sales amounted to MSEK 24 636 (17 635) or 26 percent (22) of total sales in the first nine months. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 31 percent (7). The acquired STANLEY Security business increased the technology sales volume and supported real sales growth.

OPERATING INCOME BEFORE AMORTIZATION
Operating income before amortization was MSEK 5 542 (4 332) which, adjusted for changes in exchange rates, represented a real change of 16 percent (34).

The Group's operating margin was 5.8 percent (5.4), an improvement driven by all business segments and supported by the acquired STANLEY Security business. Total price adjustments in the Group were ahead of wage cost increases in the first nine months.

OPERATING INCOME AFTER AMORTIZATION
Amortization of acquisition-related intangible assets amounted to MSEK −259 (−191), whereof MSEK −72 (0) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK −45 (−73). For further information refer to Acquisitions and divestitures on page 13 and note 6.

Items affecting comparability were MSEK −774 (−515), whereof MSEK −478 (−165) related to the transformation programs in Europe and Ibero-America. Items affecting comparability also included MSEK −296 (0) relating to the acquisition of STANLEY Security. For further information refer to note 7.

FINANCIAL INCOME AND EXPENSES
Financial income and expenses amounted to MSEK −422 (−281), whereof MSEK −170 (0) related to financing of the STANLEY Security acquisition. For further information refer to note 13. The impact from IAS 29 hyperinflation is MSEK 76 (14) relating to the net monetary gain. For further information refer to note 8. Financial income and expense also include foreign currency gains (net) of MSEK 40 (9). 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 4 042 (3 272).

TAXES, NET INCOME AND EARNINGS PER SHARE
The Group's tax rate was 27.2 percent (27.0). The tax rate before tax on items affecting comparability was 26.5 percent (27.0).

Net income was MSEK 2 942 (2 389).

Earnings per share amounted to SEK 6.70 (5.44). Earnings per share before items affecting comparability amounted to SEK 8.15 (6.29).

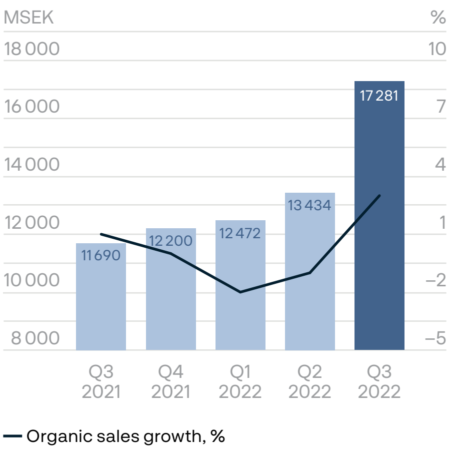
Development in the Group's business segments

Security Services North America

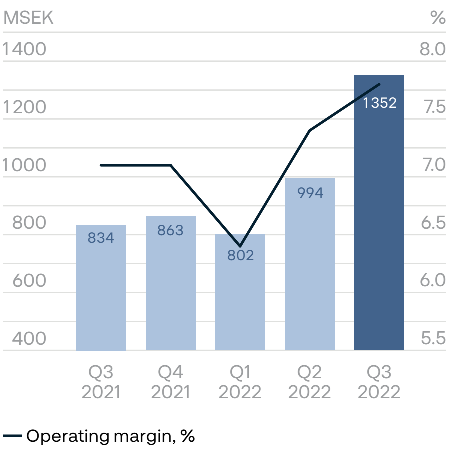
Security Services North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in four specialized units – Guarding, Technology, Pinkerton Corporate Risk Management and Critical Infrastructure Services. There is a unit for global and national clients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

	Q3		Change, %		9M		Change, %		Full year
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021
Total sales	**17 281**	**11 690**	**48**	**22**	**43 187**	**34 547**	**25**	**7**	**46 747**
Organic sales growth, %	*3*	*1*			*0*	*4*			*3*
Share of Group sales, %	*48*	*43*			*45*	*43*			*43*
Operating income before amortization	**1 352**	**834**	**62**	**36**	**3 148**	**2 328**	**35**	**16**	**3 191**
Operating margin, %	*7.8*	*7.1*			*7.3*	*6.7*			*6.8*
Share of Group operating income, %	*58*	*52*			*57*	*54*			*53*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JULY–SEPTEMBER 2022

Organic sales growth was 3 percent (1), primarily supported by the business units Guarding and Pinkerton. Successful price increase campaigns and good commercial activity drove organic sales growth in Guarding, on a somewhat weaker comparative. The terminated security contract within the healthcare client segment continued to hamper organic sales growth, as did lower corona-related extra sales albeit less than in previous quarters.

The business unit Technology had good organic sales growth in the third quarter deriving from the installation business. The installation order backlog was record high, but organic sales growth was held back by labor shortage and continued global supply chain issues albeit improved compared to previous quarters.

Technology and solutions sales were MSEK 5 184 (2 057) or 30 percent (18) of total sales in the business segment with real sales growth of 125 percent (1) in the third quarter. The acquired STANLEY Security business in North America increased the technology sales volume and supported real sales growth.

The operating margin was 7.8 percent (7.1), an improvement driven by Technology, Guarding and Pinkerton. The operating margin in Technology was supported by the acquired STANLEY Security business. Guarding improved with support from good portfolio management, the finalized business transformation program and the above-mentioned contract termination at below average operating margin. Pinkerton showed a continued strong performance in the third quarter.

The Swedish krona exchange rate weakened significantly against the US dollar, which had a positive impact on operating income in Swedish kronor. The real change was 36 percent (13) in the third quarter.

JANUARY–SEPTEMBER 2022

Organic sales growth was 0 percent (4). The decline was primarily related to the terminated security contract within the healthcare client segment and the termination of the airport security contract in Hawaii, as previously communicated. The lower level of corona-related extra sales also had a negative impact compared to the first nine months last year. Organic sales growth was positive in Technology, supported by improved installation sales in the third quarter although global supply chain issues and labor shortage still prevailed. The strong performance in Pinkerton supported organic sales growth in the first nine months. The client retention rate was 84 percent (89).

Technology and solutions sales were MSEK 10 059 (6 086) or 23 percent (18) of total sales in the business segment with real sales growth of 46 percent (4) in the first nine months. The acquired STANLEY Security business in North America increased the technology sales volume and supported real sales growth.

The operating margin was 7.3 percent (6.7), supported by all business units. The operating margin in Guarding improved, supported by the finalized business transformation program and the previously mentioned contract terminations at below average operating margins, whereas the lower level of corona-related extra sales and the impact of labor pressure hampered. The improvement in Technology was supported by the acquired STANLEY Security business. Pinkerton showed strong performance in the first nine months, and Critical Infrastructure Services improved the operating margin supported by active portfolio management.

The Swedish krona exchange rate weakened against the US dollar, which had a positive impact on operating income in Swedish kronor. The real change was 16 percent (22) in the first nine months.

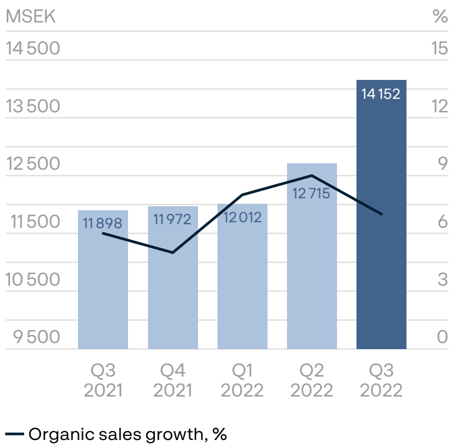
Security Services Europe

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

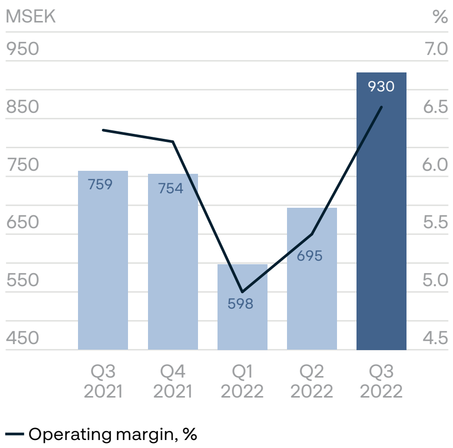
	Q3		Change, %		9M		Change, %		Full year
MSEK	2022*	2021	Total	Real	2022*	2021	Total	Real	2021
Total sales	**14 152**	**11 898**	**19**	**17**	**38 879**	**34 166**	**14**	**12**	**46 138**
Organic sales growth, %	*7*	*6*			*8*	*4*			*5*
Share of Group sales, %	*39*	*44*			*41*	*43*			*43*
Operating income before amortization	**930**	**759**	**23**	**21**	**2 223**	**1 942**	**14**	**14**	**2 696**
Operating margin, %	*6.6*	*6.4*			*5.7*	*5.7*			*5.8*
Share of Group operating income, %	*40*	*47*			*40*	*45*			*45*

* As of April 1, 2022, Securitas has adopted IAS 29 Financial reporting in hyperinflationary economies for our operations in Türkiye. When calculating the key ratios for organic sales growth percentage and real change percentage, the impact from the remeasurement is treated similarly to currency change. The calculated key ratio percentages are thus comparable as to how these were calculated before the adoption of IAS 29. The impact from IAS 29 is a remeasurement of sales with MSEK 36 in the third quarter and MSEK 47 for the first nine months 2022, and a remeasurement of operating income before amortization of MSEK 2 for the third quarter and MSEK 3 for the first nine months 2022.

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JULY–SEPTEMBER 2022

Organic sales growth was 7 percent (6) in the quarter, supported by strong price increases including impacts from the hyper inflationary environment in Türkiye. Positive portfolio development with good momentum within solutions and continued post-corona recovery within the airport security business also contributed.

Technology and solutions sales were MSEK 4 439 (2 843) or 31 percent (24) of total sales in the business segment with real sales growth of 56 percent (10) in the third quarter. The acquired STANLEY Security business in Europe increased the technology sales volume and supported real sales growth.

The operating margin was 6.6 percent (6.4), and the improvement was driven by the acquired STANLEY Security business. Active portfolio management also supported but was offset by higher sickness costs and increased costs related to labor shortage.

The Swedish krona exchange rate weakened primarily against the euro but was largely offset by the development of the Turkish lira. The real change of operating income was 21 percent (34) in the third quarter.

JANUARY–SEPTEMBER 2022

Organic sales growth was 8 percent (4) in the first nine months, supported by strong price increases including impacts from the hyper inflationary environment in Türkiye. There was good sales momentum within technology and solutions, and continued post-corona recovery also supported, particularly in the airport security business. The client retention rate was 91 percent (91).

Technology and solutions sales were MSEK 10 708 (8 242) or 28 percent (24) of total sales in the business segment, with real sales growth of 29 percent (9) in the first nine months. The acquired STANLEY Security business in Europe increased the technology sales volume and supported real sales growth.

The operating margin was 5.7 percent (5.7), supported by active portfolio management and the acquired STANLEY Security business. The contribution from previously acquired electronic security businesses also impacted the margin positively, whereas higher level of sickness costs and increased costs related to labor shortage hampered.

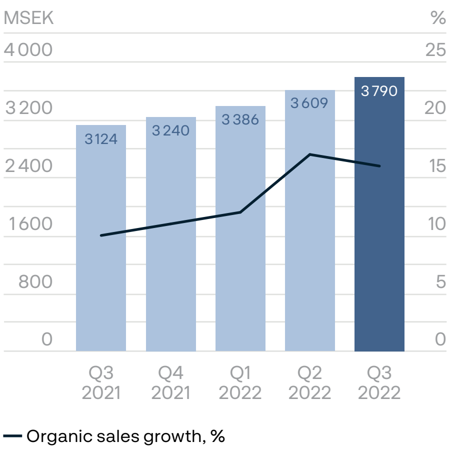
The Swedish krona exchange rate weakened primarily against the euro but was offset by the development of the Turkish lira. The real change of operating income was 14 percent (46) in the first nine months.

Security Services Ibero-America

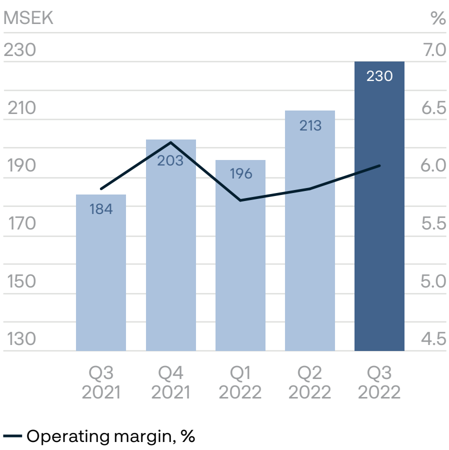
Security Services Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. The offered services include on-site, mobile and remote guarding, technology, fire and safety services, and corporate risk management.

	Q3		Change, %		9M		Change, %		Full year
MSEK	2022	2021	Total	Real	2022	2021	Total	Real	2021
Total sales	**3 790**	**3 124**	**21**	**16**	**10 785**	**9 046**	**19**	**15**	**12 286**
Organic sales growth, %	*16*	*10*			*15*	*5*			*6*
Share of Group sales, %	*11*	*11*			*11*	*11*			*11*
Operating income before amortization	**230**	**184**	**25**	**17**	**639**	**499**	**28**	**22**	**702**
Operating margin, %	*6.1*	*5.9*			*5.9*	*5.5*			*5.7*
Share of Group operating income, %	*10*	*11*			*12*	*12*			*12*

QUARTERLY SALES DEVELOPMENT



QUARTERLY OPERATING INCOME DEVELOPMENT



JULY–SEPTEMBER 2022

Organic sales growth was 16 percent (10), with strong support from price increases primarily impacted by the hyper inflationary environment in Argentina. Organic sales growth in Spain was 6 percent (5), a continued good performance but a decline compared to the second quarter due to active portfolio management and stronger comparatives. All Latin American countries had positive organic sales growth. Good momentum of technology and solutions sales supported organic sales growth and the post-corona recovery in the airport security business continued.

Technology and solutions sales were MSEK 1 102 (950) or 29 percent (30) of total sales in the business segment, with real sales growth of 10 percent (10) in the third quarter.

The operating margin was 6.1 percent (5.9), an improvement supported by a strong performance in the airport security business in Portugal.
The performance in Spain was solid in the third quarter. The operating margin in Latin America showed a mixed picture with primarily Peru ahead of last year, whereas market conditions in Argentina remained challenging.

The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor.
The real change in the segment was 17 percent (50) in the third quarter.

JANUARY–SEPTEMBER 2022

Organic sales growth was 15 percent (5) with Spain at 8 percent (4), showing a strong development across the business. Organic sales growth in Latin America improved compared to last year with most countries showing positive organic sales growth, although price increases in Argentina were the primary driver. There was good sales momentum within technology and solutions and continued post-corona recovery including in the airport security business also supported. The client retention rate was 92 percent (89).

Technology and solutions sales were MSEK 3 180 (2 756) or 29 percent (30) of total sales in the business segment, with real sales growth of 10 percent (6) in the first nine months.

The operating margin was 5.9 percent (5.5), an improvement driven by a strong performance in Spain and Portugal. Most of the Latin American countries improved compared to last year, while market conditions in Argentina remained challenging.

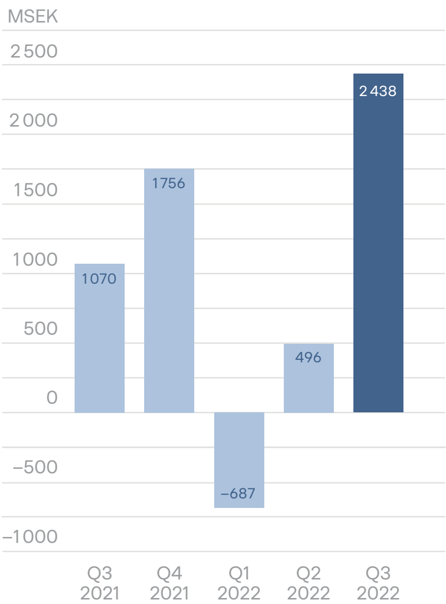
The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor.
The real change in the segment was 22 percent (34) in the first nine months.

Cash flow

FREE CASH FLOW

MSEK	Jan–Sep 2022
Operating income before amortization	**5 542**
Net investments	–311
Change in accounts receivable	–1 136
Change in other operating capital employed	–450
Cash flow from operating activities	**3 645**
Financial income and expenses paid	–414
Current taxes paid	–984
Free cash flow	**2 247**

QUARTERLY FREE CASH FLOW



JULY–SEPTEMBER 2022

Cash flow from operating activities amounted to MSEK 2 847 (1 203), equivalent to 122 percent (75) of operating income before amortization.

The impact from changes in accounts receivable was MSEK 185 (–105). Changes in other operating capital employed were MSEK 449 (–300). The comparatives were negatively impacted by the repayment of approximately MSEK 600 out of the previously postponed payroll tax balances in North America. Furthermore, the comparatives were also negatively impacted by payroll timing related to the regular payroll settlement in North America.

Free cash flow was MSEK 2 438 (1 070), equivalent to 147 percent (97) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –32 267 (–838). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –297 (–157). Refer to note 7 for further information.

Cash flow from financing activities was MSEK 32 401 (–287) due to a net increase in borrowings.

Cash flow for the period was MSEK 2 275 (–212).

JANUARY–SEPTEMBER 2022

Cash flow from operating activities amounted to MSEK 3 645 (3 416), equivalent to 66 percent (79) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 136 (–345). Changes in other operating capital employed were MSEK –450 (–541). The comparatives were negatively impacted by the repayment of approximately MSEK 600 out of the previously postponed payroll tax balances in North America whereas there was positive payroll timing in the Netherlands albeit with a smaller impact. Other than the remaining amount for payroll taxes to be paid later this year of approximately an additional MUSD 70 no material balances remain to be settled out of the various governmental schemes for postponement of various tax payments introduced during the corona pandemic.

Financial income and expenses paid was MSEK –414 (–277) and current taxes paid was MSEK –984 (–896).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –311 (–30), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –2 556 (–1 966) and reversal of depreciation of MSEK 2 245 (1 936).

Free cash flow was MSEK 2 247 (2 243), equivalent to 56 percent (73) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –32 305 (–1 133). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –805 (–568). Refer to note 7 for further information.

Cash flow from financing activities was MSEK 31 558 (–1 319) due to a net increase in borrowings of MSEK 33 162 (141) and dividend paid of MSEK –1 604 (–1 460).

Cash flow for the period was MSEK 695 (–777). The closing balance for liquid funds after translation differences of MSEK 227 was MSEK 5 731 (4 809 as of December 31, 2021).

Capital employed and financing

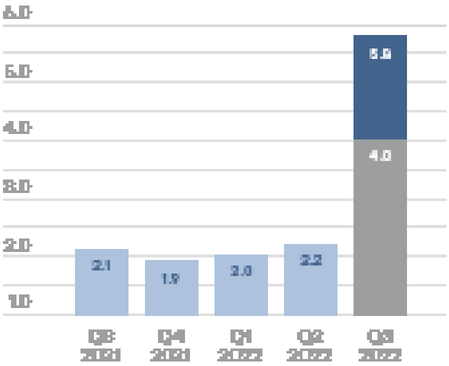
CAPITAL EMPLOYED AND FINANCING

MSEK	Sep 30, 2022
Operating capital employed	19 193
Goodwill	51 935
Acquisition-related intangible assets	7 601
Shares in associated companies	417
Capital employed	**79 146**
Net debt	52 113
Shareholders' equity	27 033
Financing	**79 146**

NET DEBT DEVELOPMENT

MSEK	Jan–Sep 2022
Jan 1, 2022	**–14 551**
Free cash flow	2 247
Acquisitions/divestitures	–32 305
Items affecting comparability	–805
Dividend paid	–1 604
Lease liabilities	–1 045
Change in net debt	**–33 512**
Revaluation	–49
Translation	–4 001
Sep 30, 2022	**–52 113**

REPORTED NET DEBT/EBITDA



Reported net debt/EBITDA
Adjusted net debt/EBITDA

CAPITAL EMPLOYED AS OF SEPTEMBER 30, 2022

The Group's operating capital employed was MSEK 19 193 (9 908 as of December 31, 2021), corresponding to 14 percent of sales (9 as of December 31, 2021), adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor increased the Group's operating capital employed by MSEK 2 411.

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

The Group's total capital employed was MSEK 79 146 (35 351 as of December 31, 2021). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 8 276. The return on capital employed was 8 percent (14 as of December 31, 2021).

FINANCING AS OF SEPTEMBER 30, 2022

The Group's net debt amounted to MSEK 52 113 (14 551 as of December 31, 2021). The net debt was primarily impacted by the acquisition of STANLEY Security of MSEK –32 313. It was further positively impacted by the free cash flow of MSEK 2 247 and negatively impacted mainly by translation differences of MSEK –4 001, a dividend of MSEK –1 604, paid to the shareholders in May 2022, an increase in lease liabilities of MSEK –1 045 of which the majority related to the acquisition of STANLEY Security and payments for items affecting comparability of MSEK –805.

The net debt to EBITDA ratio was 5.8 (2.1). The adjusted net debt/EBITDA ratio, adjusted for rights issue proceeds received in October 2022 and including STANLEY Security's 12 months adjusted estimated EBITDA, was 4.0. The free cash flow to net debt ratio amounted to 0.08 (0.23).

The interest coverage ratio amounted to 11.3 (12.9).

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

The Commercial Paper Program amounts to MSEK 5 000. On September 30, 2022, MSEK 600 was drawn.

On December 8, 2021, Securitas signed a Multicurrency Term Facilities Agreement with SEB. There were two facilities totaling MUSD 3 300. The purpose of the facilities was to fund the acquisition of STANLEY Security. The facilities were subsequently partly syndicated among seven core relationship banks, BBVA, CIC, Citi, Commerzbank, Danske, ING and Unicredit. The rights issue proceeds of MSEK 9 583 were received on October 14, 2022, and were used to fully pay down bridge facility A of MUSD 915 equivalent and connected rights issue fees. The debt bridge facility B of MUSD 2 385 has a final maturity date on July 22, 2024. Securitas plans to refinance the debt bridge facility B by a mix of long-term debt financing.

On July 26, 2022, Standard & Poor's downgraded Securitas' credit rating to BBB- with stable outlook after the completion of the STANLEY Security acquisition. Further information regarding financial instruments and credit facilities is provided in note 9.

Shareholders' equity amounted to MSEK 27 033 (20 800 as of December 31, 2021). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 4 275. Refer to the statement of comprehensive income on page 18 for further information.

The total adjusted number of shares amounted to 438 441 802 (438 441 802) as of September 30, 2022. Refer to page 21 for further information.

Acquisitions and divestitures

ACQUISITIONS AND DIVESTITURES JANUARY–SEPTEMBER 2022 (MSEK)

Company	Business segment [1]	Included from	Acquired share [2]	Annual sales [3]	Enterprise value [4]	Goodwill	Acq. related intangible assets
Opening balance						**23 373**	**1 732**
STANLEY Security	Security Services North America and Security Services Europe	Jul 22	– [5]	16 567 [6]	32 313	22 749	5 450
Other acquisitions and divestitures [7, 8]		–	–	–178	–65	–80	31
Total acquisitions and divestitures January–September 2022				**16 389**	**32 248** [9]	**22 669**	**5 481**
Amortization of acquisition related intangible assets						–	–259
Translation differences and remeasurement for hyperinflation						5 893	647
Closing balance						**51 935**	**7 601**

1) Refers to business segment with main responsibility for the acquisition.
2 Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3) Estimated annual sales.
4) Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.
5) No voting rights are stated since the acquisition is a combination of share purchase transactions and asset transactions.
6) Annual sales are estimated by an average SEK to USD currency rate of 9.98.
7) Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Supreme Security Systems, the US, NVS Bevakning (contract portfolio), Sweden, Dansk Sikkerhedsservice, Denmark, NIT Technologies, Belgium, DAK, Türkiye, Complete Security Integration, Australia and Digital Alarm Technologies, Singapore. Related also to divestitures of Securitas Teleassistance, France (additional payment), Securitas Bosnia and Herzegovina, Securitas Egypt (additional payment) and Securitas Electronic Security India (asset deal), as well as to deferred considerations paid in Sweden, Türkiye, Portugal and Australia.
8) Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK 7. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 143.
9) Cash flow from acquisitions and divestitures amounts to MSEK –32 305, which is the sum of enterprise value MSEK –32 248 and acquisition-related costs paid MSEK –57.

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.

STANLEY SECURITY

On December 8, 2021, Securitas announced it had signed an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. ("STANLEY Security") for a purchase price of MUSD 3 200 on a debt and cash free basis. All regulatory conditions were approved as communicated on July 14, 2022. The transaction was completed on July 22, 2022, and consolidated into Securitas as of the same date. Refer to note 13 for further information.

Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2021 Annual Report and to note 12 on page 31. 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.

New Group financial targets
Following the acquisition of STANLEY Security, that was completed and consolidated into Securitas as of July 22, 2022, the Group has defined new financial targets, aligned with the strategy to be a security solutions partner with world-leading technology and expertise and strongly positioned to deliver superior growth and increased margins:

- 8–10 percent technology & 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

The new margin target replaces the previous target of an average increase in earnings per share of 10 percent and the margin targets in the respective business segments related to the business transformation programs in the Group. The existing operating cash flow target of 70–80 percent of operating income before amortization remains the same, and the new capital structure target of a net debt to EBITDA ratio of below 3.0x replaces the previous net debt to EBITDA ratio of on average 2.5x. The dividend policy is unchanged, remaining in a range of 50–60 percent of annual net income over time.
The strategic transformation ambition – to double the security solutions and electronic security sales by 2023, compared to 2018, is discontinued as the ambition was fulfilled by the acquisition of STANLEY Security.

Final outcome of rights issue
The subscription period for the rights issue ended on October 11, 2022.
The final outcome of the rights issue shows that 206 212 455 shares, corresponding to approximately 99.0 percent of the offered shares, were subscribed for with subscription rights. The remaining 2 121 200 shares have been allotted to those who have subscribed for shares without subscription rights. The rights issue is therefore fully subscribed and Securitas has from the rights issue received proceeds of approximately MSEK 9 583 before the deduction of transaction costs.
The rights issue was thus fully subscribed and no guarantee commitments were utilized.

Through the rights issue, Securitas' share capital has increased by SEK 208 333 655, from SEK 365 058 897 to SEK 573 392 552 and the total number of shares has increased by 208 333 655. After the rights issue, the number of shares in Securitas amount to 573 392 552, divided between 26 938 371 shares of class A shares and 546 454 181 shares of class B.

Changes in Group Management

On October 18, 2022, Henrik Zetterberg, Chief Operating Officer Europe and a member of Group Management and with Securitas since 2014, was appointed to the role of Divisional President Europe as Peter Karlströmer leaves the company. All other Group Management members continue in their current roles. Peter Karlströmer, who has been with Securitas since 2019 as Divisional President Europe, has decided to leave Securitas to pursue opportunities outside of the company. This change will be effective immediately; however, Peter Karlströmer will remain in the company to support an orderly handover until December 31, 2022.

Risks and uncertainties

Risk management is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; contract and acquisition risks, operational assignment risks and financial risks. Securitas' approach to enterprise risk management is described in more detail in the Annual Report for 2021.

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

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

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

Our transformation program in Europe is being executed, although at a temporarily lower pace, 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 prgram 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 three-month period, the financial impact of the corona pandemic, the acquisition and integration of STANLEY Security including increased interest rates, the implementation of new platforms as part of our transformation programs, as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2021 and, where applicable, under the heading Other significant events above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Parent Company operations

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

JANUARY–SEPTEMBER 2022
The Parent Company's income amounted to MSEK 1 307 (969) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 10 106 (1 704). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 10 976 (1 852).

AS OF SEPTEMBER 30, 2022
The Parent Company's non-current assets amounted to MSEK 66 553 (46 173 as of December 31, 2021) and mainly comprise shares in subsidiaries of MSEK 64 150 (44 932 as of December 31, 2021). Current assets amounted to MSEK 11 839 (5 350 as of December 31, 2021) of which liquid funds accounted for MSEK 2 301 (1 070 as of December 31, 2021).

Shareholders' equity amounted to MSEK 38 785 (29 448 as of December 31, 2021). A dividend of MSEK 1 604 (1 460) was paid to the shareholders in May 2022.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 39 607 (22 075 as of December 31, 2021) and mainly consist of interest-bearing debt.

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

Annual General Meeting 2023

The Annual General Meeting will be held on Thursday, May 4, 2023, in Stockholm, Sweden.

Stockholm, November 8, 2022

Magnus Ahlqvist
President and Chief Executive Officer

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

Consolidated financial statements

STATEMENT OF INCOME

MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Sales		32 531	27 027	91 373	78 770	106 538
Sales, acquired business		3 482	311	3 773	881	1 162
Total sales	**3**	**36 013**	**27 338**	**95 146**	**79 651**	**107 700**
Organic sales growth, %	*4*	*7*	*4*	*6*	*4*	*4*
Production expenses		–28 646	–22 263	–76 936	–65 126	–87 855
Gross income		**7 367**	**5 075**	**18 210**	**14 525**	**19 845**
Selling and administrative expenses		–5 065	–3 491	–12 742	–10 252	–13 953
Other operating income	3	14	10	38	31	43
Share in income of associated companies		14	11	36	28	43
Operating income before amortization		**2 330**	**1 605**	**5 542**	**4 332**	**5 978**
Operating margin, %		*6.5*	*5.9*	*5.8*	*5.4*	*5.6*
Amortization of acquisition-related intangible assets		–137	–63	–259	–191	–290
Acquisition-related costs	6	–20	–31	–45	–73	–122
Items affecting comparability	7	–414	–120	–774	–515	–871
Operating income after amortization		**1 759**	**1 391**	**4 464**	**3 553**	**4 695**
Financial income and expenses	8, 9	–266	–96	–422	–281	–364
Income before taxes		**1 493**	**1 295**	**4 042**	**3 272**	**4 331**
Net margin, %		*4.1*	*4.7*	*4.2*	*4.1*	*4.0*
Current taxes		–409	–409	–1 129	–985	–1 389
Deferred taxes		–3	60	29	102	192
Net income for the period		**1 081**	**946**	**2 942**	**2 389**	**3 134**
Whereof attributable to:						
Equity holders of the Parent Company		1 079	944	2 937	2 386	3 133
Non-controlling interests		2	2	5	3	1
Earnings per share before and after dilution (SEK)		2.46	2.15	6.70	5.44	7.14
Earnings per share before and after dilution and before items affecting comparability (SEK)		3.24	2.34	8.15	6.29	8.66

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net income for the period		**1 081**	**946**	**2 942**	**2 389**	**3 134**
Other comprehensive income for the period						
Items that will not be reclassified to the statement of income						
Remeasurements of defined benefit pension plans net of tax		–134	4	66	108	294
Total items that will not be reclassified to the statement of income	**10**	**–134**	**4**	**66**	**108**	**294**
Items that subsequently may be reclassified to the statement of income						
Remeasurement for hyperinflation net of tax	8	113	18	746	65	92
Cash flow hedges net of tax		–24	17	–26	–16	–53
Cost of hedging net of tax		–4	–3	–14	12	9
Net investment hedges net of tax		–888	–100	–1 502	–236	–382
Other comprehensive income from associated companies, translation differences		26	8	49	13	22
Translation differences		3 211	363	5 728	977	1 428
Total items that subsequently may be reclassified to the statement of income	**10**	**2 434**	**303**	**4 981**	**815**	**1 116**
Other comprehensive income for the period	**10**	**2 300**	**307**	**5 047**	**923**	**1 410**
Total comprehensive income for the period		**3 381**	**1 253**	**7 989**	**3 312**	**4 544**
Whereof attributable to:						
Equity holders of the Parent Company		3 377	1 252	7 981	3 309	4 542
Non-controlling interests		4	1	8	3	2

STATEMENT OF CASH FLOW

Operating cash flow MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Operating income before amortization		**2 330**	**1 605**	**5 542**	**4 332**	**5 978**
Investments in non-current tangible and intangible assets		−968	−653	−2 556	−1 966	−2 824
Reversal of depreciation		851	656	2 245	1 936	2 704
Change in accounts receivable		185	−105	−1 136	−345	117
Change in other operating capital employed		449	−300	−450	−541	−399
Cash flow from operating activities		**2 847**	**1 203**	**3 645**	**3 416**	**5 576**
Cash flow from operating activities, %		*122*	*75*	*66*	*79*	*93*
Financial income and expenses paid		−141	−19	−414	−277	−312
Current taxes paid		−268	−114	−984	−896	−1 265
Free cash flow		**2 438**	**1 070**	**2 247**	**2 243**	**3 999**
Free cash flow, %		*147*	*97*	*56*	*73*	*95*
Cash flow from investing activities, acquisitions and divestitures	6	−32 267	−838	−32 305	−1 133	−1 366
Cash flow from items affecting comparability	7	−297	−157	−805	−568	−602
Cash flow from financing activities		32 401	−287	31 558	−1 319	−1 935
Cash flow for the period		**2 275**	**−212**	**695**	**−777**	**96**

Change in net debt MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Opening balance		**−18 409**	**−15 618**	**−14 551**	**−14 335**	**−14 335**
Cash flow for the period		2 275	−212	695	−777	96
Change in lease liabilities		−885	85	−1 045	162	107
Change in loans		−32 401	287	−33 162	−141	475
Change in net debt before revaluation and translation differences		**−31 011**	**160**	**−33 512**	**−756**	**678**
Revaluation of financial instruments	9	−34	18	−49	−6	−56
Translation differences		−2 659	−172	−4 001	−515	−838
Change in net debt		**−33 704**	**6**	**−37 562**	**−1 277**	**−216**
Closing balance		**−52 113**	**−15 612**	**−52 113**	**−15 612**	**−14 551**

Cash flow MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Cash flow from operations		3 050	1 506	3 841	3 467	5 980
Cash flow from investing activities		−32 834	−1 200	−33 875	−2 248	−3 029
Cash flow from financing activities		32 059	−518	30 729	−1 996	−2 855
Cash flow for the period		**2 275**	**−212**	**695**	**−777**	**96**

Change in liquid funds MSEK	Note	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Opening balance		3 348	4 156	4 809	4 720	4 720
Cash flow for the period		2 275	−212	695	−777	96
Translation differences		108	13	227	14	−7
Closing balance		**5 731**	**3 957**	**5 731**	**3 957**	**4 809**

CAPITAL EMPLOYED AND FINANCING

MSEK	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Operating capital employed		**19 193**	**10 069**	**9 908**
Operating capital employed as % of sales		*14*	*9*	*9*
Return on operating capital employed, %		*42*	*51*	*54*
Goodwill		51 935	22 802	23 373
Acquisition-related intangible assets		7 601	1 762	1 732
Shares in associated companies		417	328	338
Capital employed		**79 146**	**34 961**	**35 351**
Return on capital employed, %		*8*	*14*	*14*
Net debt		**–52 113**	**–15 612**	**–14 551**
Shareholders' equity		**27 033**	**19 349**	**20 800**
Net debt equity ratio, multiple		*1.93*	*0.81*	*0.70*

BALANCE SHEET

MSEK	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS				
Non-current assets				
Goodwill		51 935	22 802	23 373
Acquisition-related intangible assets		7 601	1 762	1 732
Other intangible assets		2 583	1 899	1 834
Right-of-use assets		4 719	3 249	3 348
Other tangible non-current assets		4 102	3 388	3 482
Shares in associated companies		417	328	338
Non-interest-bearing financial non-current assets		4 591	1 908	1 893
Interest-bearing financial non-current assets		1 407	447	494
Total non-current assets		**77 355**	**35 783**	**36 494**
Current assets				
Non-interest-bearing current assets		34 973	22 009	21 857
Other interest-bearing current assets		165	260	203
Liquid funds		5 731	3 957	4 809
Total current assets		**40 869**	**26 226**	**26 869**
TOTAL ASSETS		**118 224**	**62 009**	**63 363**

MSEK	Note	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Attributable to equity holders of the Parent Company		27 017	19 340	20 792
Non-controlling interests		16	9	8
Total shareholders' equity		**27 033**	**19 349**	**20 800**
Equity ratio, %		*23*	*31*	*33*
Long-term liabilities				
Non-interest-bearing long-term liabilities		329	289	270
Long-term lease liabilities		3 394	2 470	2 573
Other interest-bearing long-term liabilities		43 753	11 829	12 207
Non-interest-bearing provisions		3 965	2 511	2 278
Total long-term liabilities		**51 441**	**17 099**	**17 328**
Current liabilities				
Non-interest-bearing current liabilities and provisions		27 481	19 584	19 958
Current lease liabilities		1 503	893	897
Other interest-bearing current liabilities		10 766	5 084	4 380
Total current liabilities		**39 750**	**25 561**	**25 235**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**118 224**	**62 009**	**63 363**

CHANGES IN SHAREHOLDERS' EQUITY

MSEK	Sep 30, 2022			Sep 30, 2021			Dec 31, 2021		
	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total	Attributable to equity holders of the Parent Company	Non-controlling interests	Total
Opening balance January 1, 2022/2021	**20 792**	**8**	**20 800**	**17 697**	**10**	**17 707**	**17 697**	**10**	**17 707**
Total comprehensive income for the period	7 981	8	7 989	3 309	3	3 312	4 542	2	4 544
Transactions with non-controlling interests	–	0	0	–	–4	–4	–	–4	–4
Share-based incentive schemes	–152	–	–152[1]	–206	–	–206	13	–	13
Dividend paid to the shareholders of the Parent Company	–1 604	–	–1 604	–1 460	–	–1 460	–1 460	–	–1 460
Closing balance September 30/December 31, 2022/2021	**27 017**	**16**	**27 033**	**19 340**	**9**	**19 349**	**20 792**	**8**	**20 800**

[1] Refers to a swap agreement for shares in Securitas AB of MSEK –134, hedging the share portion of Securitas' short-term share-based incentive scheme 2021, and adjustment to grant date value of non-vested shares of MSEK –3, related to Securitas' short-term share-based incentive scheme 2020. Refers also to shares awarded under Securitas' long-term share-based incentive scheme 2019/2021 of MSEK –15.

DATA PER SHARE

SEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Share price, end of period[1]	77.60	115.62	77.60	115.62	103.65
Earnings per share before and after dilution[1,2,3]	2.46	2.15	6.70	5.44	7.14
Earnings per share before and after dilution and before items affecting comparability[1,2,3]	3.24	2.34	8.15	6.29	8.66
Dividend	–	–	–	–	3.66[5]
P/E-ratio after dilution and before items affecting comparability	–	–	–	–	12
Share capital (SEK)	365 058 897	365 058 897	365 058 897	365 058 897	365 058 897
Number of shares outstanding[1,2]	438 441 802	438 441 802	438 441 802	438 441 802	438 441 802
Average number of shares outstanding[1,2,4]	438 441 802	438 441 802	438 441 802	438 690 027	438 627 461
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 71.28 / SEK 85.72). The number of shares outstanding on October 11, 2022 increased by 208 333 655 shares in total and the total number of outstanding shares on that date was 572 917 552 shares. Total number of shares, including treasury shares, as per the same date was 573 392 552 shares with a share capital of SEK 573 392 552.

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

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

[4] Used for calculation of earnings per share.

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

Segment overview July–September 2022 and 2021

JULY–SEPTEMBER 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	17 243	14 152	3 790	828	–	36 013
Sales, intra-group	38	0	0	0	–38	–
Total sales	**17 281**	**14 152**	**3 790**	**828**	**–38**	**36 013**
Organic sales growth, %	*3*	*7*	*16*	–	–	*7*
Operating income before amortization	**1 352**	**930**	**230**	**–182**	**–**	**2 330**
of which share in income of associated companies	*1*	–	–	*13*	–	*14*
Operating margin, %	*7.8*	*6.6*	*6.1*	–	–	*6.5*
Amortization of acquisition-related intangible assets	–67	–59	–2	–9	–	–137
Acquisition-related costs	–14	–4	–	–2	–	–20
Items affecting comparability	–93	–174	–10	–137	–	–414
Operating income after amortization	**1 178**	**693**	**218**	**–330**	**–**	**1 759**
Financial income and expenses	–	–	–	–	–	–266
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 493**

JULY–SEPTEMBER 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	11 685	11 898	3 124	631	–	27 338
Sales, intra-group	5	0	0	0	–5	–
Total sales	**11 690**	**11 898**	**3 124**	**631**	**–5**	**27 338**
Organic sales growth, %	*1*	*6*	*10*	–	–	*4*
Operating income before amortization	**834**	**759**	**184**	**–172**	**–**	**1 605**
of which share in income of associated companies	*2*	–	–	*9*	–	*11*
Operating margin, %	*7.1*	*6.4*	*5.9*	–	–	*5.9*
Amortization of acquisition-related intangible assets	–21	–32	–2	–8	–	–63
Acquisition-related costs	–10	–19	0	–2	–	–31
Items affecting comparability	0	–24	–34	–62	–	–120
Operating income after amortization	**803**	**684**	**148**	**–244**	**–**	**1 391**
Financial income and expenses	–	–	–	–	–	–96
Income before taxes	**–**	**–**	**–**	**–**	**–**	**1 295**

Segment overview January–September 2022 and 2021

JANUARY–SEPTEMBER 2022

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	43 145	38 878	10 785	2 338	–	95 146
Sales, intra-group	42	1	0	4	–47	–
Total sales	**43 187**	**38 879**	**10 785**	**2 342**	**–47**	**95 146**
Organic sales growth, %	*0*	*8*	*15*	*–*	*–*	*6*
Operating income before amortization	**3 148**	**2 223**	**639**	**–468**	**–**	**5 542**
of which share in income of associated companies	*4*	*–*	*–*	*32*	*–*	*36*
Operating margin, %	*7.3*	*5.7*	*5.9*	*–*	*–*	*5.8*
Amortization of acquisition-related intangible assets	–116	–112	–6	–25	–	–259
Acquisition-related costs	–29	–14	–	–2	–	–45
Items affecting comparability	–122	–412	–32	–208	–	–774
Operating income after amortization	**2 881**	**1 685**	**601**	**–703**	**–**	**4 464**
Financial income and expenses	–	–	–	–	–	–422
Income before taxes	**–**	**–**	**–**	**–**	**–**	**4 042**

JANUARY–SEPTEMBER 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Eliminations	Group
Sales, external	34 536	34 166	9 046	1 903	–	79 651
Sales, intra-group	11	0	0	1	–12	–
Total sales	**34 547**	**34 166**	**9 046**	**1 904**	**–12**	**79 651**
Organic sales growth, %	*4*	*4*	*5*	*–*	*–*	*4*
Operating income before amortization	**2 328**	**1 942**	**499**	**–437**	**–**	**4 332**
of which share in income of associated companies	*4*	*–*	*–*	*24*	*–*	*28*
Operating margin, %	*6.7*	*5.7*	*5.5*	*–*	*–*	*5.4*
Amortization of acquisition-related intangible assets	–62	–96	–9	–24	–	–191
Acquisition-related costs	–21	–34	–13	–5	–	–73
Items affecting comparability	–77	–119	–161	–158	–	–515
Operating income after amortization	**2 168**	**1 693**	**316**	**–624**	**–**	**3 553**
Financial income and expenses	–	–	–	–	–	–281
Income before taxes	**–**	**–**	**–**	**–**	**–**	**3 272**

Notes

NOTE 1
Accounting principles

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

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The most important accounting principles under IFRS, which is the basis for the preparation of this interim report, can be found in note 2 on pages 61 to 67 in the Annual Report for 2021. The accounting principles are also available on the Group's website www.securitas.com under the section Investors – Financial data – Accounting Principles.

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The most important accounting principles used by the Parent Company can be found in note 41 on page 116 in the Annual Report for 2021.

Introduction and effect of new and revised IFRS 2022

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

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

Introduction and effect of new and revised IFRS 2023 or later

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2023 or later remain to be assessed.

Usage of key ratios not defined in IFRS

For definitions and calculations of key ratios not defined in IFRS, refer to notes 4 and 5 in this interim report as well as to note 3 on page 67 in the Annual Report 2021.

NOTE 2
Events after the balance sheet date

Final outcome of rights issue

The subscription period for the rights issue ended on October 11, 2022. The final outcome of the rights issue shows that 206 212 455 shares, corresponding to approximately 99.0 percent of the offered shares, were subscribed for with subscription rights. The remaining 2 121 200 shares have been allotted to those who have subscribed for shares without subscription rights. The rights issue is therefore fully subscribed and Securitas has from the rights issue received proceeds of approximately MSEK 9 583 before the deduction of transaction costs. The rights issue was thus fully subscribed and no guarantee commitments were utilized. Through the rights issue, Securitas' share capital has increased by SEK 208 333 655, from SEK 365 058 897 to SEK 573 392 552 and the total number of shares has increased by 208 333 655. After the rights issue, the number of shares in Securitas amount to 573 392 552, divided between 26 938 371 shares of class A shares and 546 454 181 shares of class B.

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

NOTE 3
Revenue

MSEK	Jul–Sep 2022	%	Jul–Sep 2021	%	Jan–Sep 2022	%	Jan–Sep 2021	%	Jan–Dec 2021	%
Guarding services	23 907	67	20 561	75	67 422	71	59 885	75	80 602	75
Technology and solutions	10 976	30	6 030	22	24 636	26	17 635	22	24 105	22
Other	1 130	3	747	3	3 088	3	2 131	3	2 993	3
Total sales	**36 013**	**100**	**27 338**	**100**	**95 146**	**100**	**79 651**	**100**	**107 700**	**100**
Other operating income	14	0	10	0	38	0	31	0	43	0
Total revenue	**36 027**	**100**	**27 348**	**100**	**95 184**	**100**	**79 682**	**100**	**107 743**	**100**

Guarding services

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

Technology and solutions

This comprises two broad categories regarding technology and solutions.

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

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

Other

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

Other operating income

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

Revenue per segment

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

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Jul–Sep 2022	Jul–Sep 2021	Jul–Sep 2022	Jul–Sep 2021	Jul–Sep 2022	Jul–Sep 2021	Jul–Sep 2022	Jul–Sep 2021	Jul–Sep 2022	Jul–Sep 2021	Jul–Sep 2022	Jul–Sep 2021
Guarding services	10 967	8 886	9 713	9 055	2 688	2 174	577	451	–38	–5	23 907	20 561
Technology and solutions	5 184	2 057	4 439	2 843	1 102	950	251	180	–	–	10 976	6 030
Other	1 130	747	–	–	–	–	–	–	–	–	1 130	747
Total sales	**17 281**	**11 690**	**14 152**	**11 898**	**3 790**	**3 124**	**828**	**631**	**–38**	**–5**	**36 013**	**27 338**
Other operating income	–	–	–	–	–	–	14	10	–	–	14	10
Total revenue	**17 281**	**11 690**	**14 152**	**11 898**	**3 790**	**3 124**	**842**	**641**	**–38**	**–5**	**36 027**	**27 348**

	Security Services North America		Security Services Europe		Security Services Ibero-America		Other		Eliminations		Group	
MSEK	Jan–Sep 2022	Jan–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Sep 2022	Jan–Sep 2021
Guarding services	30 040	26 330	28 171	25 924	7 605	6 290	1 653	1 353	–47	–12	67 422	59 885
Technology and solutions	10 059	6 086	10 708	8 242	3 180	2 756	689	551	–	–	24 636	17 635
Other	3 088	2 131	–	–	–	–	–	–	–	–	3 088	2 131
Total sales	**43 187**	**34 547**	**38 879**	**34 166**	**10 785**	**9 046**	**2 342**	**1 904**	**–47**	**–12**	**95 146**	**79 651**
Other operating income	–	–	–	–	–	–	38	31	–	–	38	31
Total revenue	**43 187**	**34 547**	**38 879**	**34 166**	**10 785**	**9 046**	**2 380**	**1 935**	**–47**	**–12**	**95 184**	**79 682**

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	Jul–Sep 2022	Jul–Sep 2021	%	Jan–Sep 2022	Jan–Sep 2021	%
Total sales	**36 013**	**27 338**	**32**	**95 146**	**79 651**	**19**
Currency change from 2021	–3 406	–		–7 351	–	
Real sales growth, adjusted for changes in exchange rates	**32 607**	**27 338**	**19**	**87 795**	**79 651**	**10**
Acquisitions/divestitures	–3 482	–57		–3 773	–128	
Organic sales growth	**29 125**	**27 281**	**7**	**84 022**	**79 523**	**6**
Operating income before amortization	**2 330**	**1 605**	**45**	**5 542**	**4 332**	**28**
Currency change from 2021	–242	–		–506	–	
Real operating income before amortization, adjusted for changes in exchange rates	**2 088**	**1 605**	**30**	**5 036**	**4 332**	**16**
Operating income after amortization	**1 759**	**1 391**	**26**	**4 464**	**3 553**	**26**
Currency change from 2021	–217	–		–471	–	
Real operating income after amortization, adjusted for changes in exchange rates	**1 542**	**1 391**	**11**	**3 993**	**3 553**	**12**
Income before taxes	**1 493**	**1 295**	**15**	**4 042**	**3 272**	**24**
Currency change from 2021	–211	–		–468	–	
Real income before taxes, adjusted for changes in exchange rates	**1 282**	**1 295**	**–1**	**3 574**	**3 272**	**9**
Net income for the period	**1 081**	**946**	**14**	**2 942**	**2 389**	**23**
Currency change from 2021	–154	–		–342	–	
Real net income for the period, adjusted for changes in exchange rates	**927**	**946**	**–2**	**2 600**	**2 389**	**9**
Net income attributable to equity holders of the Parent Company	**1 079**	**944**	**14**	**2 937**	**2 386**	**23**
Currency change from 2021	–154	–		–341	–	
Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates	**925**	**944**	**–2**	**2 596**	**2 386**	**9**
Average number of shares outstanding[1]	438 441 802	438 441 802		438 441 802	438 690 027	
Real earnings per share, adjusted for changes in exchange rates	**2.11**	**2.15**	**–2**	**5.92**	**5.44**	**9**
Net income attributable to equity holders of the Parent Company	**1 079**	**944**	**14**	**2 937**	**2 386**	**23**
Items affecting comparability net of taxes	342	84		637	375	
Net income attributable to equity holders of the Parent Compan,y adjusted for items affecting comparability	**1 421**	**1 028**	**38**	**3 574**	**2 761**	**29**
Currency change from 2021	–170	–		–395	–	
Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates	**1 251**	**1 028**	**22**	**3 179**	**2 761**	**15**
Average number of shares outstanding[1]	438 441 802	438 441 802		438 441 802	438 690 027	
Real earnings per share, adjusted for items affecting comparability and changes in exchange rates	**2.85**	**2.34**	**22**	**7.25**	**6.29**	**15**

[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–September 2022.

Interest coverage ratio

Operating income before amortization (rolling 12 months) plus interest income (rolling 12 months) in relation to interest expenses (rolling 12 months).
Calculation: (7 188 + 47) / 639 = 11.3

Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 3 645 / 5 542 = 66%

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: 2 247 / (5 542 – 422 – 2 – 1 129) = 56%

Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 4 003 / 52 113 = 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: 52 113 / (5 606 + 358 + 3 013) = 5.8

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: 19 193 / 137 937 = 14%

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: (7 188 – 1 130) / ((19 193 + 9 908) / 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: (7 188 – 1 130) / 79 146 = 8%

Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 52 113 / 27 033 = 1.93

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

MSEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Restructuring and integration costs	–17	–21	–40	–55	–96
Transaction costs	–2	–9	–2	–15	–20
Revaluation of deferred considerations	–1	–1	–3	–3	–6
Total acquisition-related costs	**–20**	**–31**	**–45**	**–73**	**–122**
Cash flow impact from acquisitions and divestitures					
Purchase price payments	–32 839	–841	–32 853	–1 047	–1 247
Assumed net debt	595	34	605	–2	3
Acquisition-related costs paid	–23	–31	–57	–84	–122
Total cash flow impact from acquisitions and divestitures	**–32 267**	**–838**	**–32 305**	**–1 133**	**–1 366**

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

NOTE 7
Items affecting comparability

MSEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Recognized in the statement of income					
Transformation programs, Group[1]	–188	–199	–478	–450	–633
Cost-savings program, Group[2]	–	–35	–	–179	–290
Acquisition of STANLEY Security[3]	–226	–	–296	–	–62
Repayment AFA, Security Services Europe[4]	–	114	–	114	114
Total recognized in operating income after amortization	**–414**	**–120**	**–774**	**–515**	**–871**
Financial income and expenses[5]	–51	–	–51	–	–
Total recognized in income before taxes	**–465**	**–120**	**–825**	**–515**	**–871**
Taxes	123	36	188	140	206
Total recognized in net income for the period	**–342**	**–84**	**–637**	**–375**	**–665**
Cash flow impact					
Transformation programs, Group[1]	–215	–91	–576	–307	–403
Cost-savings program, Group[2]	–10	–60	–36	–238	–279
Cost-savings program, Security Services Europe[6]	0	–6	–1	–23	–31
Acquisition of STANLEY Security[3]	–72	–	–192	–	–3
Repayment AFA, Security Services Europe[4]	–	–	–	–	114
Total cash flow impact	**–297**	**–157**	**–805**	**–568**	**–602**

1) Related to the previously announced business transformation program in Security Services North America, Security Services Europe and Security Services Ibero-America, as well as the previously announced global IS/IT transformation program. The business transformation program in Security Services North America and the global IS/IT transformation program were finalized in 2021 but still impact cash flow.
2) Related to the cost savings program in the Group that was communicated in 2020. Includes costs related to exit of business operations while cash flow related to exit of business operations is accounted for as cash flow from investing activities. This program was finalized in 2021 but still impacts cash flow.
3) Related to transaction costs, restructuring and integration costs.
4) Related to a lump-sum payment in 2021 from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.
5) Interest expense and fees relating to the MUSD 915 bridge facility repaid on October 18, 2022. This financing cost is considered as an item affecting comparability as it is repaid by the proceeds from the rights issue and will consequently not result in any further impact in the statement of income after October 18, 2022. The cost recognized above relates to the period July 22, 2022 to September 30, 2022.
6) Related to the cost savings program in Security Services Europe. This program was finalized in 2018 but still impacts cash flow.

NOTE 8
Remeasurement for hyperinflation

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

The impact on the consolidated statement of income and other comprehensive income from the remeasurement according to IAS 29 is illustrated below. The index used by Securitas for the remeasurement of the financial statements is the consumer price index with base period January 2003 for Argentina and base period January 2005 for Türkiye. The impact on the Group's financial position from the adoption of IAS 29 in Türkiye in the second quarter 2022 is also illustrated below.

EXCHANGE RATES AND INDEX

	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Exchange rate Argentina, SEK/ARS	0.08	0.09	0.09
Index, Argentina	59.00	31.72	35.23
Exchange rate Türkiye, SEK/TRY	0.61	n/a	n/a
Index, Türkiye	9.14	n/a	n/a

NET MONETARY GAIN RECOGNIZED IN THE CONSOLIDATED STATEMENT OF INCOME

MSEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net monetary gain, Argentina	19	3	44	14	20
Net monetary gain, Türkiye	15	n/a	32	n/a	n/a
Total financial income and expenses	**34**	**3**	**76**	**14**	**20**

REMEASUREMENT IMPACT RECOGNIZED IN OTHER COMPREHENSIVE INCOME

MSEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Remeasurement, Argentina	72	18	161	65	92
Remeasurement, Türkiye	41	n/a	585	n/a	n/a
Total remeasurement impact recognized in other comprehensive income	**113**	**18**	**746**	**65**	**92**

Adoption of IAS 29 Financial reporting in hyperinflationary economies in Türkiye

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

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

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

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

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

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

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

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

NOTE 9
Financial instruments and credit facilities

Revaluation of financial instruments

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

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

MSEK	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Recognized in the statement of income					
Revaluation of financial instruments	2	0	2	0	0
Deferred tax	–	–	–	–	–
Impact on net income	**2**	**0**	**2**	**0**	**0**
Recognized in the statement of comprehensive income					
Cash flow hedges	–32	22	–34	–21	–67
Cost of hedging	–4	–4	–17	15	11
Deferred tax	8	–4	11	2	12
Total recognized in the statement of comprehensive income	**–28**	**14**	**–40**	**–4**	**–44**
Total revaluation before tax	–34	18	–49	–6	–56
Total deferred tax	8	–4	11	2	12
Total revaluation after tax	**–26**	**14**	**–38**	**–4**	**–44**

Fair value hierarchy

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are disclosed in note 7 in the Annual Report 2021. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2021.

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

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
September 30, 2022				
Financial assets at fair value through profit or loss	–	32	–	**32**
Financial liabilities at fair value through profit or loss	–	–23	–143	**–166**
Derivatives designated for hedging with positive fair value	–	2	–	**2**
Derivatives designated for hedging with negative fair value	–	–1 228	–	**–1 228**
December 31, 2021				
Financial assets at fair value through profit or loss	–	8	–	**8**
Financial liabilities at fair value through profit or loss	–	–9	–134	**–143**
Derivatives designated for hedging with positive fair value	–	117	–	**117**
Derivatives designated for hedging with negative fair value	–	–265	–	**–265**

Financial instruments by category – carrying and fair values

For financial assets and liabilities other than those disclosed in the table below, fair value is deemed to approximate the carrying value. A full comparison of fair value and carrying value for all financial assets and liabilities is disclosed in note 7 in the Annual Report 2021.

	Sep 30, 2022		Dec 31, 2021	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Long-term loan liabilities	10 201	9 667	10 155	10 258
Short-term loan liabilities	–	–	3 586	3 591
Total financial instruments by category	**10 201**	**9 667**	**13 741**	**13 849**

SUMMARY OF DEBT FINANCING AS OF SEPTEMBER 30, 2022

Type	Currency	Total amount (million)	Available amount (million)	Maturity
EMTN FRN private placement	EUR	50	0	2023
Multicurrency Term Facilities[1]	USD	3 300	0	2024
EMTN Eurobond, 1.125 % fixed	EUR	350	0	2024
EMTN FRN private placement	USD	50	0	2024
EMTN FRN private placement	USD	105	0	2024
EMTN FRN private placement	SEK	2 000	0	2024
EMTN FRN private placement	SEK	1 500	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Revolving Credit Facility	EUR	1 029	1 029	2027
EMTN FRN private placement	USD	40	0	2027
EMTN FRN private placement	USD	60	0	2027
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
Commercial Paper (uncommitted)	SEK	5 000	4 400	n/a

[1] The debt bridge Facility B of MUSD 2 385 has a current maturity date of 2023 which can be extended by Securitas to July 22, 2024 via two six-month extensions.
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	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Deferred tax on remeasurements of defined benefit pension plans	30	–1	–18	–22	–76
Deferred tax on remeasurement for hyperinflation	–1	–	–13	–	–
Deferred tax on cash flow hedges	8	–5	8	5	14
Deferred tax on cost of hedging	0	1	3	–3	–2
Deferred tax on net investment hedges	204	26	363	61	99
Deferred tax on net investment hedges included in translation differences	–175	–32	–374	–77	–134
Total deferred tax on other comprehensive income	**66**	**–11**	**–31**	**–36**	**–99**

NOTE 11
Pledged assets

MSEK	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Pension balances, defined contribution plans[1]	184	169	175
Total pledged assets	**184**	**169**	**175**

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

NOTE 12
Contingent liabilities

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

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

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 32 827 and the preliminary purchase price allocation, including goodwill of MSEK 22 749, is disclosed in the summary of the balance sheet below. The final purchase price will depend on the final outcome of net working capital reconciliation and adjustments for net debt/claims. 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 –72 (0) in the first nine months and for the third quarter.

Deferred taxes have been considered where appliable 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/claims and net working capital adjustments but also as further information regarding facts and circumstances in existence as of July 22, 2022, relating to the acquired entities becomes known, adjustments will be made both in relation to acquired net assets, acquisition-related intangible assets, taxes and consequently goodwill.

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

Transaction costs

Total transaction costs incurred so far amount to MSEK –160 (0) in the first nine months and MSEK –90 (0) for the third quarter. Transaction costs are included in items affecting comparability (see note 7).

Financing costs

Financing costs for the acquisition consist of interest expense on the MUSD 2 385 facility drawn on July 22, 2022, and amounts to MSEK –119 (0) including fees of MSEK –3 (0) and interest expense on the MUSD 915 facility drawn on July 22, 2022, which amounts to MSEK –51 (0) including fees of MSEK –27 (0). The MUSD 915 facility was repaid in full on October 18, 2022, after the completion of the rights issue. This means that all fees relating to the MUSD 915 facility have been expensed as of October 18, 2022, while the remaining fees for the MUSD 2 385 facility will be amortized over the duration of the long-term financing.

SUMMARY BALANCE SHEET JULY 22, 2022

MSEK	Fair value
ASSETS	
Operating non-current assets	4 648
Other current assets	7 566
Other liabilities	–8 100
Total operating capital employed	**4 114**
Goodwill	22 749
Acquisition-related intangible assets	5 450
Total capital employed	**32 313**
Net debt	514
Total acquired net assets	**32 827**
Purchase price paid	–32 827
Liquid funds in accordance with acquisition analysis	514
Total impact on the Group's liquid funds	**–32 313**

Parent Company

STATEMENT OF INCOME

MSEK	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
License fees and other income	1 307	969	1 734
Gross income	**1 307**	**969**	**1 734**
Administrative expenses	–573	–569	–1 095
Operating income	**734**	**400**	**639**
Financial income and expenses	10 106	1 704	1 635
Income after financial items	**10 840**	**2 104**	**2 274**
Appropriations	136	–252	–280
Income before taxes	**10 976**	**1 852**	**1 994**
Taxes	–3	9	–14
Net income for the period	**10 973**	**1 861**	**1 980**

BALANCE SHEET

MSEK	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
ASSETS			
Non-current assets			
Shares in subsidiaries	64 150	44 350	44 932
Shares in associated companies	112	112	112
Other non-interest-bearing non-current assets	372	622	319
Interest-bearing financial non-current assets	1 919	919	810
Total non-current assets	**66 553**	**46 003**	**46 173**
Current assets			
Non-interest-bearing current assets	1 189	799	1 207
Other interest-bearing current assets	8 349	3 109	3 073
Liquid funds	2 301	1 123	1 070
Total current assets	**11 839**	**5 031**	**5 350**
TOTAL ASSETS	**78 392**	**51 034**	**51 523**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	7 729	7 730	7 729
Non-restricted equity	31 056	21 569	21 719
Total shareholders' equity	**38 785**	**29 299**	**29 448**
Untaxed reserves	**328**	**757**	**798**
Long-term liabilities			
Non-interest-bearing long-term liabilities/provisions	213	198	205
Interest-bearing long-term liabilities	17 708	11 818	12 199
Total long-term liabilities	**17 921**	**12 016**	**12 404**
Current liabilities			
Non-interest-bearing current liabilities	1 627	1 341	1 638
Interest-bearing current liabilities	19 731	7 621	7 235
Total current liabilities	**21 358**	**8 962**	**8 873**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**78 392**	**51 034**	**51 523**

Financial information

FINANCIAL INFORMATION CALENDAR

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

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

May 4, 2023
Annual General Meeting in Stockholm

July 28, 2023, app. 1.00 p.m. (CEST)
Interim Report January–June 2023

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

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

PRESENTATION OF THE INTERIM REPORT

Analysts and media are invited to participate in a telephone conference on November 8, 2022, at **2.30 p.m. (CET)** where President and CEO Magnus Ahlqvist and CFO Andreas Lindback will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website **www.securitas.com/investors/webcasts**.

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

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

For further information, please contact:
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ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 47 markets. Our operations are organized in three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. We also have operations in Africa, the Middle East, Asia and Australia, which form the AMEA division. Securitas serves a wide range of clients of all sizes in a variety of industries and segments. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety, and corporate risk management. We adapt our security solutions based on the risks and needs of each client through increased client engagement and continuously enhanced knowledge. Securitas is listed in the Large Cap segment at Nasdaq Stockholm.

Group strategy

At Securitas, we are leading the transformation of the security industry by putting our clients at the heart of our business. We solve our clients' security needs by offering qualified and engaged people, in-depth expertise and innovation within each of our protective services, the ability to combine services into solutions and by using data to add further intelligence. To execute on our strategy to become a security solutions partner with world-leading technology and expertise, we are focusing on four areas: Taking the lead within technology, quality guarding services focused on profitability, creating a global security solutions partner, leveraging a global platform to drive innovation.

Group financial targets

Securitas has four financial targets:

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

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