

Interim Report Q2/H1 2023

Magnus Ahlqvist, President and CEO
Andreas Lindback, CFO



Strong margin development in North America and Europe

- **Organic sales growth of 11 percent (6)**
 - Technology and solutions had 12 percent real sales growth, excluding STANLEY Security
 - Primary driver of organic sales growth was price increases, with volume growth in mainly technology and solutions and within the airport security business
- **Operating margin improved to 6.6 percent (5.8), driven by the technology and solutions business line including STANLEY Security**
- **Price and wage balance in the Group on par in the first half year**
- **Operating cash flow was 46 percent (53) in Q2**
- **Integration processes and cost synergies with STANLEY Security are progressing well, with strong commercial synergy pipeline**
- **Global security services contract with leading global technology company extended and expanded**
- **Securitas Argentina divested as of July 25, 2023**





Strong growth and operating margin development in technology and solutions, representing 50 percent of Group's operating result in Q2

Business line	Sales MSEK Q2 2023	Real sales growth, % Q2 2023	EBITA** MSEK Q2 2023	EBITA margin, % Q2 2023	% of Group sales Q2 2023	% of Group EBITA** Q2 2023
Security services	26 380	12	1 356	5.1	66	52
Technology and solutions	12 764	73*	1 309	10.3	32	50
Risk management and costs for Group functions	765	-	-45	-	2	-2
Group	39 909	25	2 620	6.6	100	100

* Real sales growth was 12 percent in the second quarter excluding STANLEY Security

** EBITA = operating income before amortization



Securitas North America

Continued solid commercial activity and price increases spur organic sales growth improvement

Organic sales growth



Organic sales growth 7% (-1) in Q2, 7% (-1) in H1

- Price increase, good portfolio new sales and significant client contract renewed and extended, as previously communicated
- The Technology business unit also supported with improved installation sales and a continued healthy backlog
- Technology and solutions sales represented 31 percent (19) of total sales in Q2
- Client retention rate 88 percent (85)





Securitas North America

Technology and STANLEY Security behind margin uplift



Operating margin 8.3% (7.4) in Q2, 8.0% (6.9) in H1

- The development was driven by the Technology business unit
- The Guarding business unit was stable, supported by active portfolio management and leverage from the strong topline growth, but hampered by cost of risk and medical expenses

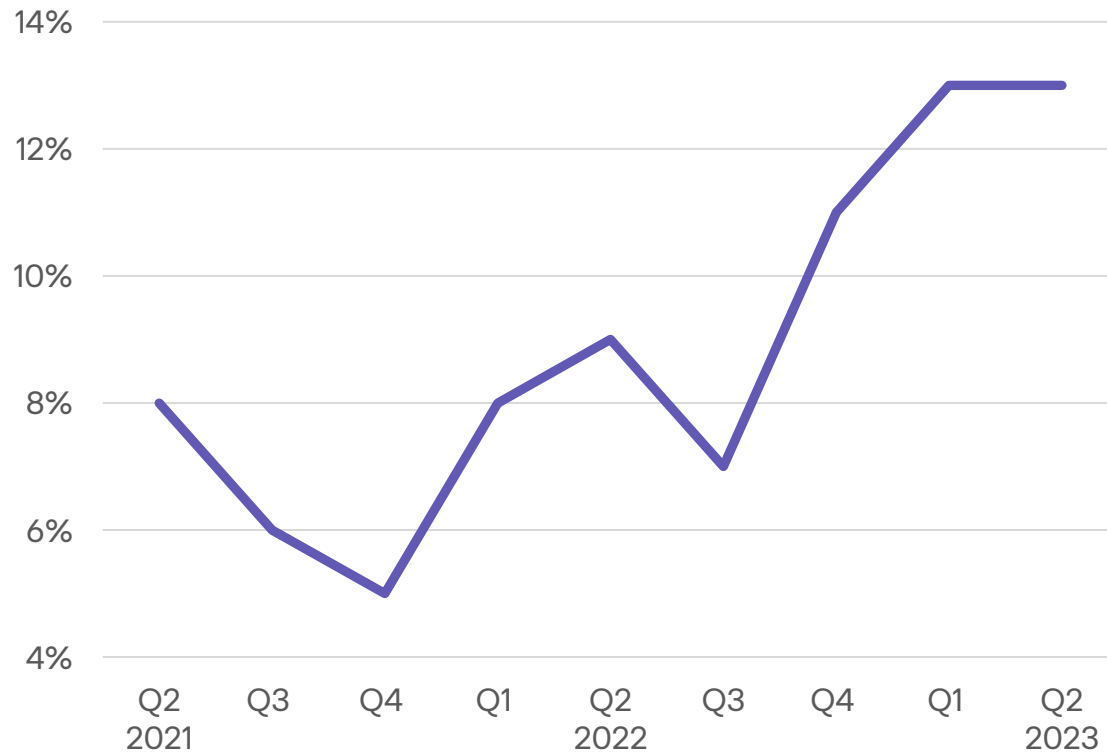




Securitas Europe

Organic sales growth driven by strong price increases and positive portfolio development

Organic sales growth



Organic sales growth 13% (9) in Q2, 13% (9) in H1

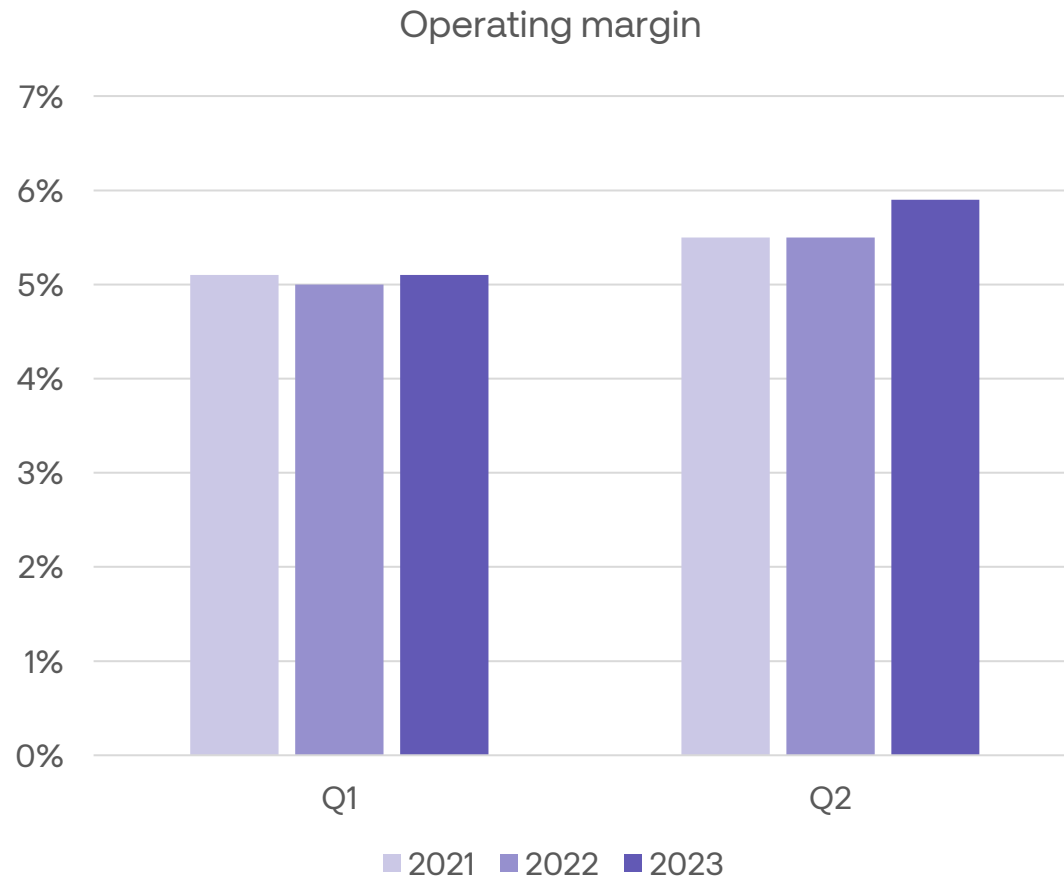
- Strong price increases supported organic sales growth including impacts from the hyperinflationary environment in Türkiye
- A positive portfolio development within solutions and within the airport security business also contributed, as did increased installation sales
- Technology and solutions sales represented 33 percent (25) of total sales in Q2
- Client retention rate 90 percent (91)





Securitas Europe

Strong uplift – highest operating margin in a second quarter since 2013



Operating margin 5.9% (5.5) in Q2, 5.5% (5.2) in H1

- The improvement was driven mainly from active portfolio management and STANLEY Security
- Hampered by increased costs related to labor shortage, such as sub-contracting





Securitas Ibero-America

Organic sales growth fueled by price increases in Argentina



Organic sales growth 24% (17) in Q2, 24% (15) in H1

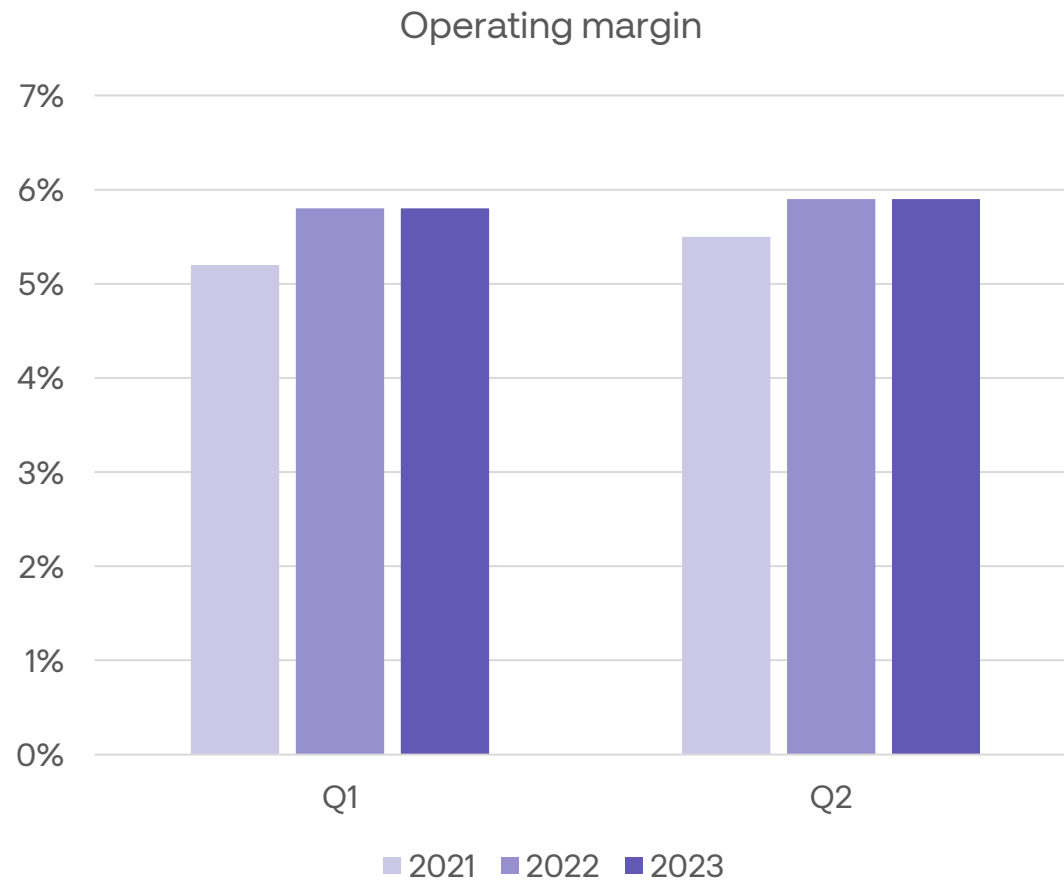
- Organic sales growth was driven by price increases in Argentina
- Organic sales growth in Spain was 3 percent (10) in Q2 supported by price increases and improved installation sales
- Technology and solutions sales represented 31 percent (30) of total sales in Q2
- Client retention rate 92 percent (92)





Securitas Ibero-America

High-margin technology and solutions sales supported the operating margin



Operating margin 5.9% (5.9) in Q2, 5.8% (5.8) in H1

- Good growth of technology and solutions sales supported, as did good portfolio management
- Continued wage pressure in Spain, but the situation improved compared to Q1 2023





Financials

Andreas Lindback
CFO





Financial highlights

MSEK	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Sales	39 909	30 535	77 660	59 133	133 237
<i>Organic sales growth, %</i>	<i>11</i>	<i>6</i>	<i>11</i>	<i>5</i>	<i>7</i>
Operating income before amortization	2 620	1 760	4 800	3 212	8 033
<i>Operating margin, %</i>	<i>6.6</i>	<i>5.8</i>	<i>6.2</i>	<i>5.4</i>	<i>6.0</i>
Amort. of acquisition-related intangible assets	-157	-61	-311	-122	-414
Acquisition-related costs	-2	-15	-3	-25	-49
IAC	-311	-226	-592	-360	-1 086
Operating income after amortization	2 150	1 458	3 894	2 705	6 484
Financial income and expenses	-541	-61	-969	-156	-758
Income before taxes	1 609	1 397	2 925	2 549	5 726
<i>Tax, %</i>	<i>26.8</i>	<i>27.0</i>	<i>26.8</i>	<i>27.0</i>	<i>24.6</i>
Net income for the period	1 178	1 020	2 141	1 861	4 316
EPS, SEK*	2.05	2.32	3.71	4.24	9.20
EPS, SEK before IAC*	2.46	2.77	4.49	4.91	10.77

* Before and after dilution. The number of shares has been adjusted for the rights issue completed on October 11, 2022

- Amortization of acquisition-related intangible assets MSEK -157 (-61) in Q2
 - whereof MSEK -92 (0) related to STANLEY Security
- IAC of MSEK -311 (-226) in Q2
 - whereof MSEK -170 (-57) related to STANLEY Security
 - whereof MSEK -141 (-169) related to the transformation programs in Europe and Ibero-America
- Financial income and expenses were MSEK -541 (-61) in Q2
 - whereof MSEK -402 (0) related to the financing of the STANLEY Security acquisition
 - whereof impact from IAS 29 hyperinflation of MSEK 26 (30)
 - Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates
- Tax 26.8 percent estimated for the full year 2023



Items affecting comparability

YTD June 2023

IAC in operating income

Programs	MSEK	-307
STANLEY	MSEK	-285
Total	MSEK	-592

Transformation programs – Europe and Ibero-America, announced in Q4 2020

- Total program cost announced: MSEK -1 400 over the period 2021-2023 and CAPEX of MSEK -1 100
- Cloud computing: MSEK ~250 CAPEX to IAC transfer (non-cash) over 2022-2023
- Total program, adjusted for Cloud computing: MSEK -1 650 over 2021-2023 and CAPEX of MSEK -850
- IAC: H1 2023 MSEK -307 / 2021-2022: MSEK -1 012
- **FY 2023 IAC estimated to MSEK -650 to -700 / FY 2024 IAC estimated to MSEK -150**
- CAPEX: 2021-2022 MSEK -295 / FY 2023 CAPEX estimated to approx. MSEK -225 / FY 2024 est. MSEK -100

STANLEY Security acquisition, announced in Q4 2021

- Total MUSD -135 (app. BSEK -1.5) acquisition-related cost, majority in 2022-2023
- IAC: H1 2023 MSEK -285 / FY 2022 MSEK -454 / FY 2021 MSEK -62
- **FY 2023 IAC estimated to approximately MSEK -600**

Divestment of Securitas Argentina on July 25

- Estimated capital loss from transaction of approx. BSEK 3.5 as IAC in Q3 2023, with the vast majority related to accumulated non-cash FX translation losses
- Transaction has limited impact on cash flow
- R12M June sales BSEK 2.5, with below average operating margin in Securitas Ibero-America
- Argentina represented approx. 2% of Securitas Group's 11% organic sales growth in Q2 2023



Strong tailwind from FX

MSEK	Q2 2023	Q2 2022	Change	
			Total, %	Real*, %
Sales	39 909	30 535	31	25
Operating income	2 620	1 760	49	42
EPS, SEK**	2.05	2.32	-12	-15
EPS, SEK, before IAC**	2.46	2.77	-11	-14
EPS, SEK, before IAC, constant shares***	2.46	2.12	16	12

MSEK	H1 2023	H1 2022	Change	
			Total, %	Real*, %
Sales	77 660	59 133	31	26
Operating income	4 800	3 212	49	42
EPS, SEK**	3.71	4.24	-12	-17
EPS, SEK, before IAC**	4.49	4.91	-9	-14
EPS, SEK, before IAC, constant shares***	4.49	3.76	19	13

FX SEK END-RATES

	Q2 2023	Q2 2022	%
USD	10.78	10.15	6
EUR	11.78	10.69	10



* Including acquisitions and adjusted FX

** Before and after dilution. The number of shares has been adjusted for the rights issue completed on October 11, 2022

*** For illustrative purposes. Constant number of shares of 572 917 552



Stable cash flow in H1

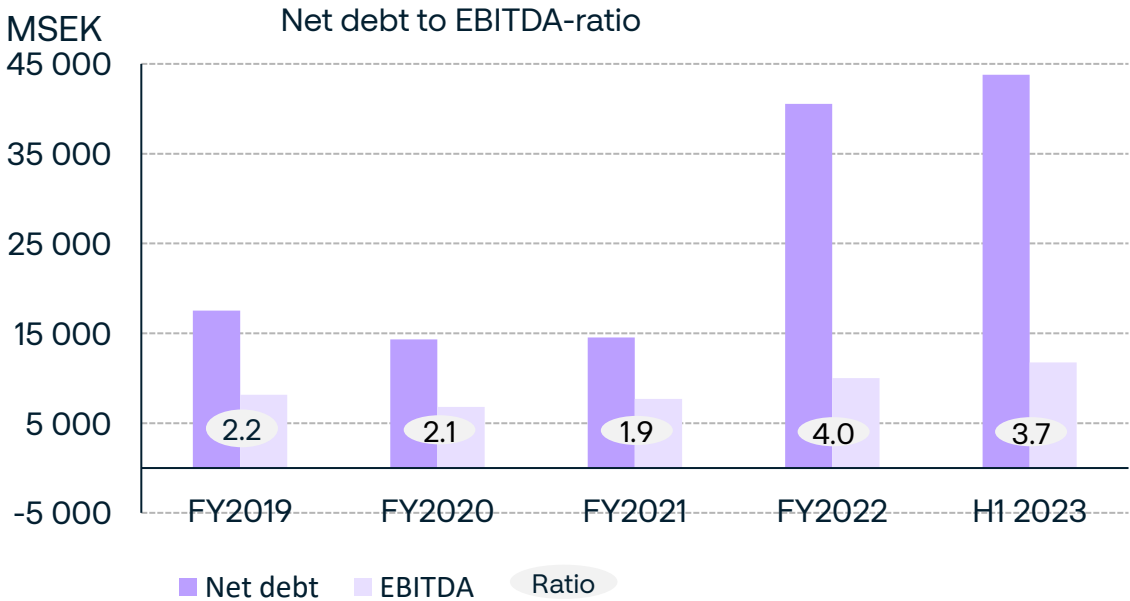
MSEK	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Operating income before amortization	2 620	1 760	4 800	3 212	8 033
Net investments in non-current assets	-224	-151	-293	-194	-447
Change in accounts receivable	-1 283	-873	-1 892	-1 321	-1 943
Change in other operating capital employed	86	191	-1 229	-899	77
Cash flow from operating activities	1 199	927	1 386	798	5 720
<i>Cash flow from operating activities, %</i>	<i>46</i>	<i>53</i>	<i>29</i>	<i>25</i>	<i>71</i>
Financial income and expenses paid	-354	-37	-872	-273	-657
Current taxes paid	-303	-394	-599	-716	-1 641
Free cash flow	542	496	-85	-191	3 422
<i>Free cash flow, %</i>	<i>33</i>	<i>39</i>	<i>-3</i>	<i>-8</i>	<i>57</i>

- Net investments of MSEK -224 (-151) in Q2
 - CAPEX of MSEK -1 119 and reversal of depreciation of MSEK 895
 - CAPEX <3% of Group sales annually
- Continued strong organic growth hampers accounts receivable
- No further payments related to corona government relief measures in North America in 2023. Will support improved cash generation in 2023



Stable net debt to EBITDA ratio

MSEK	
Net debt January 1, 2023	-40 534
Free cash flow	-85
Acquisitions/Divestitures	-28
Items affecting comparability	-680
Dividend paid	-1 003
Lease liabilities	27
Change in net debt	-1 769
Revaluation	4
Translation	-1 480
Net debt June 30, 2023	-43 779

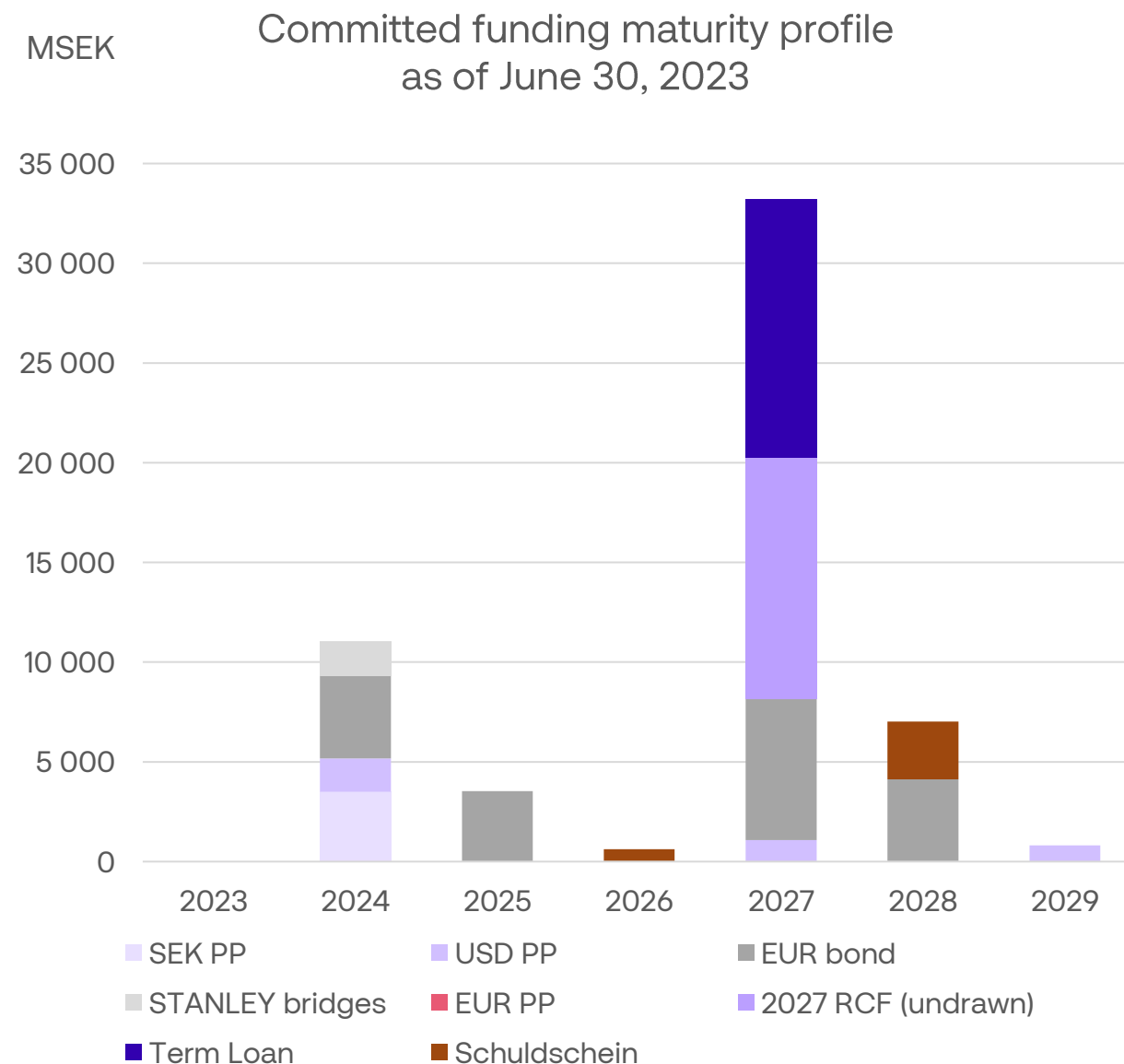


Q2 2023		Net debt to EBITDA-ratio
As reported		3.7
Adjusted net debt to EBITDA-ratio including adjusted estimated STANLEY 12 months EBITDA		3.7
Adjusted net debt to EBITDA-ratio excluding IAC		3.3



Financing overview

- No financial covenants
- Strong liquidity at end of Q2: BSEK 5.5
- MEUR 1 029 RCF matures in 2027 and is fully undrawn
- BUSD 3.3 STANLEY Security acquisition bridge facility
 - The vast majority of the bridge was refinanced in Q1 and early April
 - Bridge facility remaining as per June 30, 2023: MUSD 159
 - Fully paid back in July
- S&P credit rating BBB- with stable outlook, unchanged from Q1
- Remain committed to investment grade rating





Building the new Securitas



Securitas' financial targets

Superior growth

8-10%

Technology & Solutions annual average real sales growth ⁽¹⁾

- A leading global Technology & Solutions provider with strong position in key geographical markets
- Compelling solutions and cross-selling opportunities
- Attractive M&A opportunities after deleveraging phase

Higher margins

8%

Group EBITA margin by year-end 2025

>10%

Long-term EBITA margin ambition

- Increased exposure to high-margin Technology & Solutions market
- Strong cost synergies with STANLEY (MUSD 50)
- Margin enhancement through business transformation programs
- Active portfolio management and continuous review of non-performing contracts

Operating cash flow

70-80%

of operating income before amortization

Capital structure

<3x

Net debt to EBITDA-ratio

Dividend policy

50-60%

of annual net income over time

New additional disclosure from Q1 2023:

Sales and operating income for **security services**, **technology & solutions** and **risk management services** and costs for Group functions

(1) For the 2022-26 period. Sales growth adjusted for changes in exchange rates



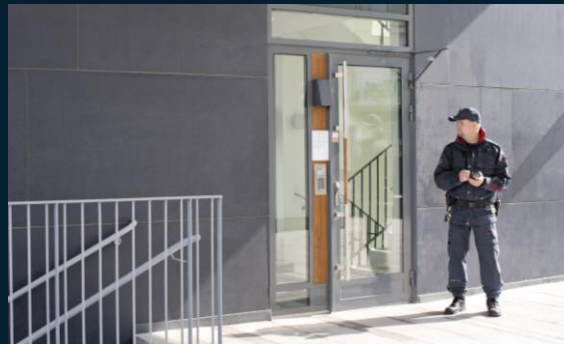
Securitas is positioned to deliver superior growth and higher margins

Taking the lead within Technology...



- Outstanding position in the technology market by teaming up with STANLEY Security to deliver superior growth
- High recurring revenue, with technology platform further driving shift to cloud and subscription-based business models and growing recurring revenue

...with quality guarding services focused on profitability...



- Profitability focus in stable high recurring revenue guarding business
- Scale, transparency and efficiency gains with digital leadership and acceleration towards solutions

...to become a global security solutions partner...



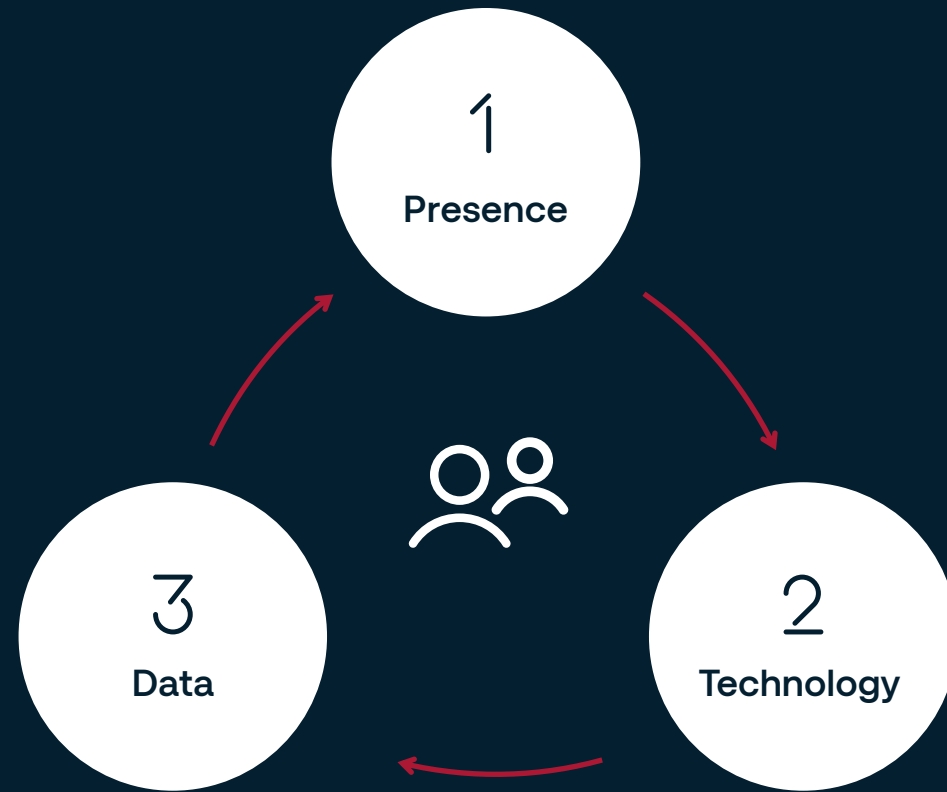
- A security solutions partner with leading technology and expertise
- Well positioned to serve the comprehensive and increasingly complex needs from global clients to SMEs, through client-specific combination of six protective services

...leveraging our global platform to drive innovation



- A strong global technology platform future proofing the business for next-generation solutions
- Strengthened proposition and profitability upside by scaling Technology & Solutions (>10%)

The capabilities required to win

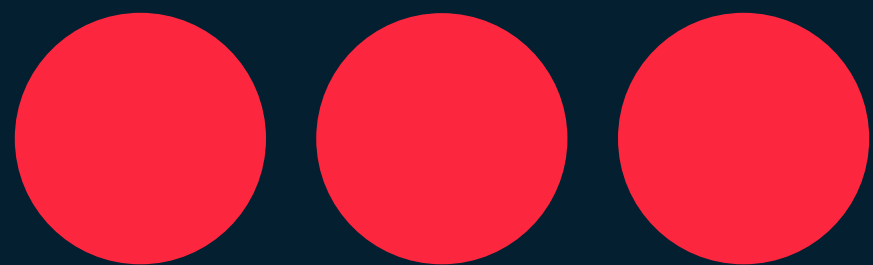




Clear results from executing our strategy

- Strong operating margin at 6.6 percent (5.8) in Q2
- Good momentum in technology and solutions sales across all segments
- Price increases and wage cost increases on par in an inflationary environment
- Operating cash flow 46 percent (53) in Q2
- Integration processes with STANLEY Security progressing well





Securitas