# Interim Report January–June 2021

2

# April–June 2021

26 499
Total sales, MSEK

5.6%
Operating margin

2.09
Earnings per share, SEK

- Total sales MSEK 26 499 (26 556)
- Organic sales growth 8 percent (–4)
- Operating income before amortization MSEK 1 471 (1 075)
- Operating margin 5.6 percent (4.0)
- Items affecting comparability (IAC) MSEK –259 (–61), relating to the previously announced transformation programs and the cost-savings program in the Group
- Earnings per share SEK 2.09 (1.50)
- Earnings per share, before IAC, SEK 2.64 (1.62)
- Cash flow from operating activities 63 percent (248)

## JANUARY–JUNE 2021

- Total sales MSEK 52 313 (54 976)
- Organic sales growth 4 percent (–1)
- Operating income before amortization MSEK 2 727 (2 161)
- Operating margin 5.2 percent (3.9)
- Items affecting comparability (IAC) MSEK –395 (–106), relating to the previously announced transformation programs and the cost-savings program in the Group
- Earnings per share SEK 3.95 (3.11)
- Earnings per share, before IAC, SEK 4.75 (3.32)
- Net debt/EBITDA 2.2 (2.1)
- Cash flow from operating activities 81 percent (141)

## CONTENTS

# Comments from the President and CEO

"A strong quarter throughout the Group"

**THE IMPLEMENTATION OF THE STRATEGY PAYS OFF, WHILE WE CONTINUE TO MANAGE EFFECTS FROM COVID**

The performance of the Group proves that our strategy is paying off. We continue to execute on our strategy and transform the company:

- We have sharpened the business over the last year through focus on profitability and cost management to create healthy margins in the overall business, including aviation.
- The transformation programs are being implemented according to plan and we are now seeing benefits in practice.
- We are seeing positive developments in our solutions and electronic security business, and it is a clear focus area to further accelerate the growth momentum.

**PROFITABLE GROWTH IN FOCUS**

The Group's organic sales growth in the second quarter was strong at 8 percent (−4), with all business segments showing 8 percent organic sales growth. Our performance in the second quarter of 2021 was solid across the Group. Commercial activity and sales momentum is picking up in all of our business segments as lockdowns and restrictions are easing.

The airport security business is gradually recovering and we continue to improve profitability by carefully reviewing every contract. Sales of security solutions and electronic security represented 22 percent (21) of total sales in the second quarter, with a real sales growth of 11 percent (0).

The operating result for the Group, adjusted for changes in exchange rates, increased by 50 percent in the second quarter and the operating margin was 5.6 percent (4.0). The positive effects from our strategy and the gradually improved business environment strengthened all our business segments, also supported by normal cost levels of provisioning for potential bad debt compared to the high levels last year and by the cost-savings program initiated during 2020.

Total price adjustments in the Group were on par with wage cost increases in the second quarter, in spite of a challenging labor situation particularly in the US, with shortage of labor and wage pressure. Support from government grants relating mostly to employees on temporary unemployment continued, but on a lower level in line with the development of the corona pandemic.

In the past 12 months we have sharpened our business by increased focus on contract profitability. We are reviewing the contract portfolio in all business segments. Further, we reduced complexity through the exit of 11 countries, of which 10 exits now are completed.

The Group delivered a good cash flow in the second quarter, supported by a strong focus on accounts receivable.

**POSITIONED FOR CONTINUED COVID UNCERTAINTIES**

The corona pandemic continues to be in focus in our day-to-day operations as we close the second quarter of 2021. While uncertainty remains regarding the long-term consequences of the pandemic, we are coming out stronger thanks to having taken action early. Together with solid finances we have strength to tackle further challenges and execute on our strategy.

**COMMITTED TO TRANSFORMATION TARGETS**

We are beginning to reap the benefits of our transformation program in North America initiated in 2019, with some positive contribution to the operating margin development in the business segment in the second quarter. In addition, the business transformation programs in Europe and Ibero-America are progressing according to plan. We are confident that with these programs we will continue to change the business mix and we are fully committed to achieve the margin targets related to the programs.

Today we announced the acquisition of Protection One, a market leading solutions and electronic security company in Germany. During 2020, we acquired electronic security companies in eight focus markets. These acquisitions and their integration develop well and contribute to our ambition of doubling our security solutions and electronic security business. We continue to actively explore further acquisition opportunities.

We have delivered a strong performance in the Group in the first six months of 2021. The Securitas team has continued to show great resilience in a challenging situation, and the strength of the team and the progress of our business transformation confirms the direction and ambition for the years ahead.

Magnus Ahlqvist
President and CEO

# January–June summary

## FINANCIAL SUMMARY

| | Q2 | | Change, % | | H1 | | Change, % | | Full year | Change, % |
|---|---|---|---|---|---|---|---|---|---|---|
| MSEK | 2021 | 2020 | Total | Real | 2021 | 2020 | Total | Real | 2020 | Total |
| **Sales** | **26 499** | **26 556** | **0** | **9** | **52 313** | **54 976** | **–5** | **5** | **107 954** | **–3** |
| *Organic sales growth, %* | *8* | *–4* | | | *4* | *–1* | | | *0* | |
| **Operating income before amortization** | **1 471** | **1 075** | **37** | **50** | **2 727** | **2 161** | **26** | **40** | **4 892** | **–15** |
| *Operating margin, %* | *5.6* | *4.0* | | | *5.2* | *3.9* | | | *4.5* | |
| Amortization of acquisition-related intangible assets | –63 | –69 | | | –128 | –141 | | | –286 | |
| Acquisition-related costs | –13 | –63 | | | –42 | –80 | | | –137 | |
| Items affecting comparability * | –259 | –61 | | | –395 | –106 | | | –640 | |
| **Operating income after amortization** | **1 136** | **882** | **29** | **40** | **2 162** | **1 834** | **18** | **29** | **3 829** | **–26** |
| Financial income and expenses | –91 | –137 | | | –185 | –281 | | | –500 | |
| **Income before taxes** | **1 045** | **745** | **40** | **53** | **1 977** | **1 553** | **27** | **39** | **3 329** | **–28** |
| **Net income for the period** | **763** | **545** | **40** | **52** | **1 443** | **1 133** | **27** | **39** | **2 416** | **–28** |
| Earnings per share, SEK | 2.09 | 1.50 | 39 | 52 | 3.95 | 3.11 | 27 | 39 | 6.63 | –28 |
| EPS before items affecting comparability, SEK | 2.64 | 1.62 | 63 | 75 | 4.75 | 3.32 | 43 | 55 | 8.02 | –17 |
| *Cash flow from operating activities, %* | *63* | *248* | | | *81* | *141* | | | *147* | |
| Free cash flow | 377 | 2 439 | | | 1 173 | 2 115 | | | 5 944 | |
| *Net debt to EBITDA ratio* | *–* | *–* | | | *2.2* | *2.1* | | | *2.1* | |

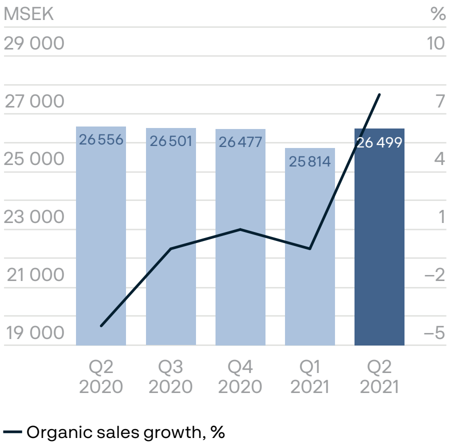
* Refer to note 7 on page 28 for further information.

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

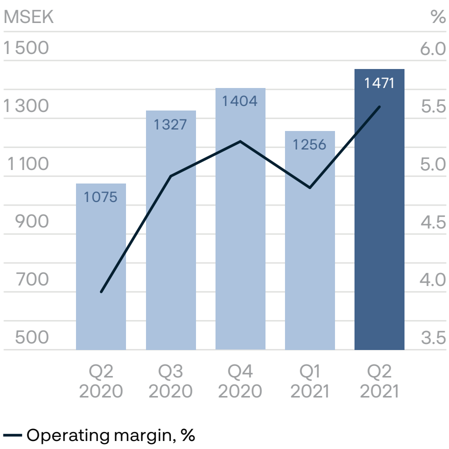
| | Organic sales growth | | | | Operating margin | | | |
|---|---|---|---|---|---|---|---|---|
| | Q2 | | H1 | | Q2 | | H1 | |
| % | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Security Services North America | 8 | –2 | 5 | 0 | 7.1 | 5.6 | 6.5 | 5.4 |
| Security Services Europe | 8 | –6 | 3 | –3 | 5.5 | 3.6 | 5.3 | 3.6 |
| Security Services Ibero-America | 8 | –1 | 2 | 4 | 5.5 | 3.9 | 5.3 | 4.2 |
| **Group** | **8** | **–4** | **4** | **–1** | **5.6** | **4.0** | **5.2** | **3.9** |

# Group development

### QUARTERLY SALES DEVELOPMENT




### QUARTERLY OPERATING INCOME DEVELOPMENT




## APRIL–JUNE 2021

**Sales development**
Sales amounted to MSEK 26 499 (26 556) and organic sales growth to 8 percent (–4). While the comparative is weak, all business segments contributed very well. Extra sales declined to 16 percent (17) of total sales, primarily related to Security Services North America. Organic sales growth in Security Services North America was 8 percent (–2), supported by all business units. Security Services Europe had 8 percent (–6), supported by almost all countries including the airport security business. Security Services Ibero-America showed 8 percent (–1), primarily driven by Spain.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 9 percent (–3).

Security solutions and electronic security sales amounted to MSEK 5 867 (5 684) or 22 percent (21) of total sales in the second quarter. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 11 percent (0).

**Operating income before amortization**
Operating income before amortization was MSEK 1 471 (1 075) which, adjusted for changes in exchange rates, represented a real change of 50 percent (–19). The operating income was supported by corona-related government grants and support measures of MSEK 195 (350) in the second quarter, mostly within Security Services Europe. These grants and support measures relate primarily to partial unemployment support and compensate for increased cost levels due to idle time.

The Group's operating margin was 5.6 percent (4.0), an improvement seen in all business segments. All business units supported the development in Security Services North America. In Security Services Europe, most countries contributed to the development, including normalized levels of provisioning compared to the second quarter 2020 and supported by the cost-savings program initiated in 2020. In Security Services Ibero-America, Spain had a solid development and the cost-savings program also supported the improvement in the business segment.

**Operating income after amortization**
Amortization of acquisition-related intangible assets amounted to MSEK –63 (–69).

Acquisition-related costs totaled MSEK –13 (–63). For further information refer to note 6.

Items affecting comparability were MSEK –259 (–61), related to the cost-savings program and to the transformation programs in the Group.

**Financial income and expenses**
Financial income and expenses amounted to MSEK –91 (–137). The financial income and expenses were positively impacted by the favorable net debt development, lower interest rates and margins, and the exchange rates for interest income and expenses.

**Income before taxes**
Income before taxes amounted to MSEK 1 045 (745).

**Taxes, net income and earnings per share**
The Group's tax rate was 27.0 percent (26.8). The tax rate before tax on items affecting comparability was 26.2 percent (26.7).

Net income was MSEK 763 (545).

Earnings per share amounted to SEK 2.09 (1.50). Earnings per share before items affecting comparability amounted to SEK 2.64 (1.62).

## JANUARY–JUNE 2021

### Sales development

Sales amounted to MSEK 52 313 (54 976) and organic sales growth to 4 percent (–1). All business segments contributed. Extra sales amounted to 16 percent (15) of total sales, primarily related to Security Services North America. Organic sales growth in Security Services North America was 5 percent (0), supported by all business units. Security Services Europe had 3 percent (–3), supported by almost all countries. Security Services Ibero-America showed 2 percent (4).

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 5 percent (1).

Security solutions and electronic security sales amounted to MSEK 11 605 (11 832) or 22 percent (22) of total sales in the first six months. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 7 percent (5).

### Operating income before amortization

Operating income before amortization was MSEK 2 727 (2 161) which, adjusted for changes in exchange rates, represented a real change of 40 percent (–19). The operating income was supported by corona-related government grants and support measures of MSEK 400 (350) in the first six months, mostly within Security Services Europe. These grants and support measures relate primarily to partial unemployment support and compensate for increased cost levels due to idle time.

The Group's operating margin was 5.2 percent (3.9), an improvement seen in all business segments. All business units supported the development in Security Services North America. In Security Services Europe, most countries contributed to the development, including normalized levels of provisioning compared to the first half 2020 and the cost-savings program initiated in 2020. In Security Services Ibero-America, Spain had a solid development and the operating margin also improved in Latin America. Total price adjustments in the Group were on par with wage cost increases in the first six months.

### Operating income after amortization

Amortization of acquisition-related intangible assets amounted to MSEK –128 (–141).

Acquisition-related costs totaled MSEK –42 (–80). For further information refer to note 6.

Items affecting comparability were MSEK –395 (–106), related to the cost-savings program and to the transformation programs in the Group. The decided exit from 11 countries, as communicated in the fourth quarter of 2020, resulted in a net gain of MSEK 20 in the first six months, which is included in items affecting comparability. For further information refer to Acquisitions and divestitures on page 13 and note 7.

### Financial income and expenses

Financial income and expenses amounted to MSEK –185 (–281). The financial income and expenses were positively impacted by the favorable net debt development, lower interest rates and margins, and the exchange rates for interest income and expenses.

### Income before taxes

Income before taxes amounted to MSEK 1 977 (1 553).

### Taxes, net income and earnings per share

The Group's tax rate was 27.0 percent (27.0). The tax rate before tax on items affecting comparability was 26.9 percent (27.0).

Net income was MSEK 1 443 (1 133).

Earnings per share amounted to SEK 3.95 (3.11). Earnings per share before items affecting comparability amounted to SEK 4.75 (3.32).

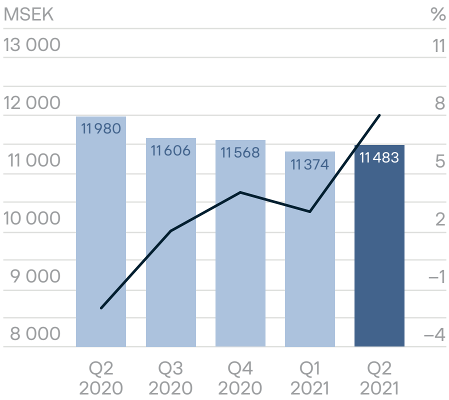
# Development in the Group's business segments

## Security Services North America

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

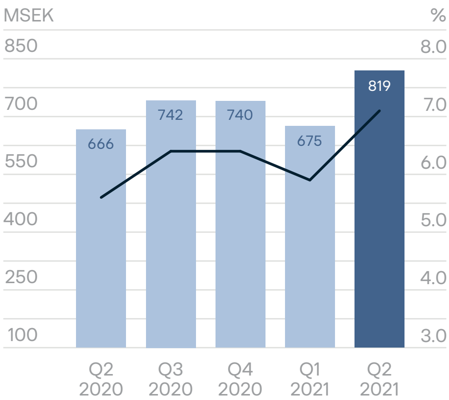
| | Q2 | | Change, % | | H1 | | Change, % | | Full year |
|---|---|---|---|---|---|---|---|---|---|
| MSEK | 2021 | 2020 | Total | Real | 2021 | 2020 | Total | Real | 2020 |
| **Total sales** | **11 483** | **11 980** | **–4** | **8** | **22 857** | **24 627** | **–7** | **6** | **47 801** |
| *Organic sales growth, %* | *8* | *–2* | | | *5* | *0* | | | *2* |
| *Share of Group sales, %* | *43* | *45* | | | *44* | *45* | | | *44* |
| **Operating income before amortization** | **819** | **666** | **23** | **37** | **1 494** | **1 318** | **13** | **28** | **2 800** |
| *Operating margin, %* | *7.1* | *5.6* | | | *6.5* | *5.4* | | | *5.9* |
| *Share of Group operating income, %* | *56* | *62* | | | *55* | *61* | | | *57* |

### QUARTERLY SALES DEVELOPMENT




— Organic sales growth, %

### QUARTERLY OPERATING INCOME DEVELOPMENT




— Operating margin, %

**APRIL–JUNE 2021**

Organic sales growth was 8 percent (–2), supported by all business units. The second quarter last year was burdened by the corona pandemic, primarily in the business units Electronic Security and Critical Infrastructure Services. The installation business within Electronic Security has gradually recovered since then, as well as Critical Infrastructure Services following eased restrictions and lock-downs. Pinkerton had strong organic sales growth across the business. Organic sales growth within Guarding remained stable in the quarter as increased portfolio sales offset a lower level of corona-related extra sales.

The airport security contract at Hawaii airport was terminated at the end of June. The contract value was approximately MSEK 500 (MUSD 50) on an annual basis, with below average operating margin.

Security solutions and electronic security sales represented MSEK 1 990 (2 035) or 17 percent (17) of total sales in the business segment in the second quarter.

The operating margin was 7.1 percent (5.6), reflecting a strong performance in all business units. The second quarter last year was hampered by the corona pandemic, including an increased level of provisioning. The operating margin in Guarding was strong, despite the declined level of corona-related extra sales and impacts from labor pressure. Electronic Security performed well and improved compared to the second quarter last year helped by the recovery of the installation business. The successful integration of FE Moran Security Solutions also supported the development. Critical Infrastructure Services also improved as corona-related restrictions and lock-downs have eased. The strong performance in Pinkerton was primarily driven from leverage from the sales growth.

The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 37 percent (–12) in the second quarter.

**JANUARY–JUNE 2021**

Organic sales growth was 5 percent (0), supported by all business units. The first half last year was negatively impacted by the corona pandemic, primarily in the business units Electronic Security and Critical Infrastructure Services. The level of corona-related extra sales within Guarding supported organic sales growth in the first half year and Pinkerton had a strong development across the business. The client retention rate was 90 percent (92), excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 4 029 (4 339) or 18 percent (18) of total sales in the business segment in the first half year.

The operating margin was 6.5 percent (5.4), an improvement driven by all business units. The first half year last year was hampered by the corona pandemic, including an increased level of provisioning. The operating margin in Guarding was strong. Electronic Security improved compared to the first half last year helped by the recovery of the installation business, and the acquisition of FE Moran Security Solutions. Critical Infrastructure Services also improved as corona-related restrictions and lock-downs have eased. The strong performance in Pinkerton was primarily driven from leverage from the sales growth.

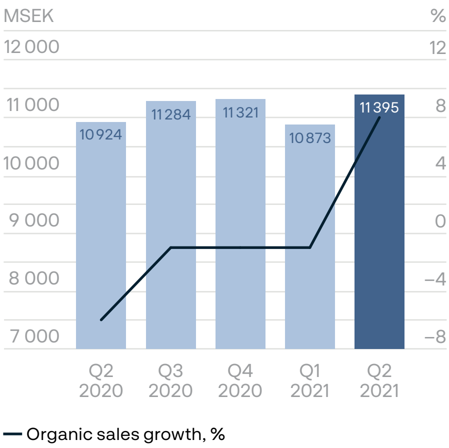
The Swedish krona exchange rate strengthened against the US dollar, which had a negative effect on operating income in Swedish kronor. The real change was 28 percent (–9) in the first half year.

# Security Services Europe

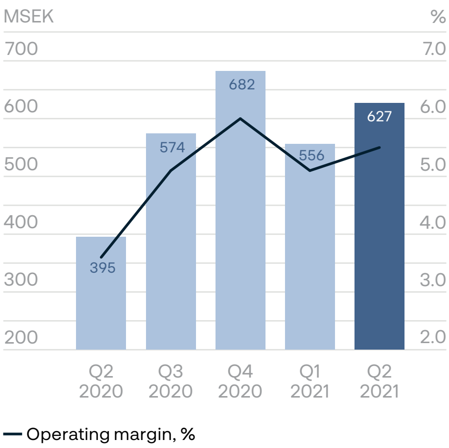
Security Services Europe provides protective services with operations in 22 countries. The full range of protective services includes on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management. In addition there is a specialized unit for global clients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

| | Q2 | | Change, % | | H1 | | Change, % | | Full year |
|---|---|---|---|---|---|---|---|---|---|
| MSEK | 2021 | 2020 | Total | Real | 2021 | 2020 | Total | Real | 2020 |
| **Total sales** | **11 395** | **10 924** | **4** | **9** | **22 268** | **22 583** | **–1** | **4** | **45 188** |
| *Organic sales growth, %* | *8* | *–6* | | | *3* | *–3* | | | *–2* |
| *Share of Group sales, %* | *43* | *41* | | | *43* | *41* | | | *42* |
| **Operating income before amortization** | **627** | **395** | **59** | **66** | **1 183** | **813** | **46** | **53** | **2 069** |
| *Operating margin, %* | *5.5* | *3.6* | | | *5.3* | *3.6* | | | *4.6* |
| *Share of Group operating income, %* | *43* | *37* | | | *43* | *38* | | | *42* |

## QUARTERLY SALES DEVELOPMENT




## QUARTERLY OPERATING INCOME DEVELOPMENT




**APRIL–JUNE 2021**

Organic sales growth was 8 percent (–6). The second quarter last year was severely hampered by the corona pandemic, primarily within airport security. Almost all countries had portfolio growth and showed positive organic sales growth reflecting the gradual recovery as the restrictions and lock-downs are easing. The airport security business sales improved compared to the second quarter last year, but remained below pre-corona levels, and we continue to review the airport security contract portfolio.

Security solutions and electronic security sales represented MSEK 2 759 (2 574) or 24 percent (24) of total sales in the business segment.

The operating margin was 5.5 percent (3.6). The second quarter last year was severely hampered by the corona pandemic, primarily within airport security. Since then the situation has gradually improved overall, and most countries in the business segment contributed to the operating margin development. The cost-savings program that was initiated in the Group in 2020 also supported, as did returning to normalized cost levels of provisioning for any bad debt. High margin corona-related extra sales also contributed to the operating margin development, along with improved profitability in the airport security contract portfolio. Corona-related government grants and support in several countries helped offsetting certain negative impacts from the corona pandemic.

The Swedish krona exchange rate strengthened against foreign currencies, primarily the euro, which had a negative effect on operating income in Swedish kronor. The real change was 66 percent (–31) in the second quarter.

**JANUARY–JUNE 2021**

Organic sales growth was 3 percent (–3). The first half last year was negatively impacted by the corona pandemic, primarily within airport security. Almost all countries had positive organic sales growth reflecting the gradual recovery as the restrictions and lock-downs are easing. The client retention rate was 92 percent (90), excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 5 399 (5 253) or 24 percent (23) of total sales in the business segment.

The operating margin was 5.3 percent (3.6). The first half last year was severely hampered by the corona pandemic, primarily within airport security. Since then the situation has gradually improved, and most countries in the business segment contributed to the operating margin development. The improvement was further supported by the cost-savings program that was initiated in the Group in 2020 and by returning to normalized cost levels of provisioning for any bad debt. Corona-related government grants and support in several countries helped offsetting certain negative impacts from the corona pandemic.

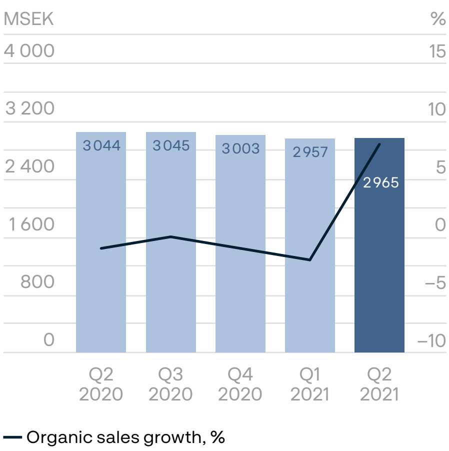
The Swedish krona exchange rate strengthened against foreign currencies, primarily the euro, which had a negative effect on operating income in Swedish kronor. The real change was 53 percent (–29) in the first half year.

# Security Services Ibero-America

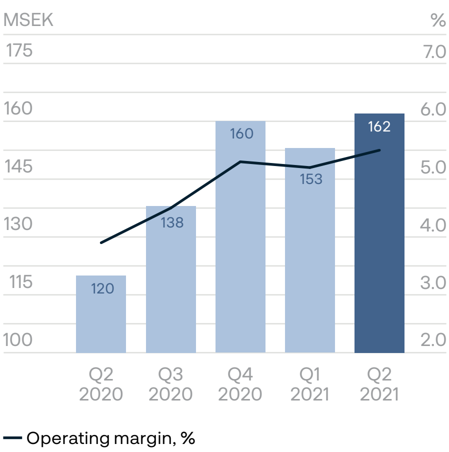
Security Services Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. The offered services include on-site, mobile and remote guarding, electronic security, fire and safety services and corporate risk management.

| | Q2 | | Change, % | | H1 | | Change, % | | Full year |
|---|---|---|---|---|---|---|---|---|---|
| MSEK | 2021 | 2020 | Total | Real | 2021 | 2020 | Total | Real | 2020 |
| **Total sales** | **2 965** | **3 044** | **–3** | **8** | **5 922** | **6 504** | **–9** | **3** | **12 552** |
| *Organic sales growth, %* | *8* | *–1* | | | *2* | *4* | | | *2* |
| *Share of Group sales, %* | *11* | *11* | | | *11* | *12* | | | *12* |
| **Operating income before amortization** | **162** | **120** | **35** | **44** | **315** | **272** | **16** | **26** | **570** |
| *Operating margin, %* | *5.5* | *3.9* | | | *5.3* | *4.2* | | | *4.5* |
| *Share of Group operating income, %* | *11* | *11* | | | *12* | *13* | | | *12* |

## QUARTERLY SALES DEVELOPMENT




## QUARTERLY OPERATING INCOME DEVELOPMENT




## APRIL–JUNE 2021

Organic sales growth was 8 percent (–1), with the second quarter last year severely hampered by the corona pandemic. Organic sales growth in Spain was 9 percent (–4) with a solid development. Organic sales growth in Latin America showed a mixed picture, supported by price increases in Argentina and gradual recovery in the airport security business, although still below pre-corona levels. Portfolio refinement programs in Argentina and Peru hampered organic sales growth.

Security solutions and electronic security sales represented MSEK 917 (905) or 31 percent (30) of total sales in the business segment.

The operating margin was 5.5 percent (3.9). The improvement was primarily driven by Spain, that has developed well and also supported by efficiency gains from the integration of Techco Security. The improvement in the business segment was also supported by the cost-savings program that was initiated in the Group in 2020.

The Swedish krona exchange rate strengthened against the Argentinian peso and the euro, which had a negative impact on operating income in Swedish kronor. The real change in the segment was 44 percent (–1) in the second quarter.

## JANUARY–JUNE 2021

Organic sales growth was 2 percent (4). Organic sales growth in Spain was 4 percent (0). The impact from the corona pandemic hampered organic sales growth in Latin America, as did portfolio refinement programs in Argentina and Peru. The client retention rate was 93 percent (93) excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 1 806 (1 905) or 30 percent (29) of total sales in the business segment.

The operating margin was 5.3 percent (4.2). The improvement was primarily driven by Spain, that has developed well and also supported by efficiency gains from the integration of Techco Security. In Latin America, the operating margin also improved which primarily derived from bad debt provision recovery and portfolio refinement programs in Argentina and Peru. The improvement in the business segment was also supported by the cost-savings program that was initiated in the Group in 2020.

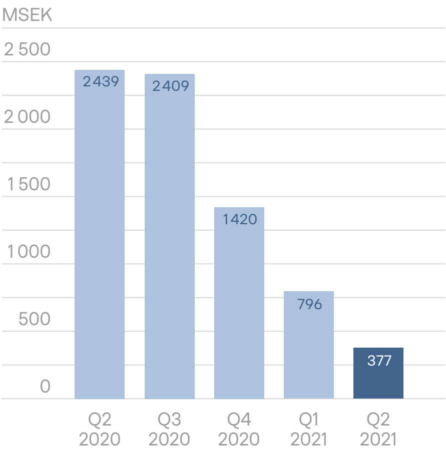
The Swedish krona exchange rate strengthened against the Argentinian peso and the euro, which had a negative impact on operating income in Swedish kronor. The real change in the segment was 26 percent (0) in the first half year.

# Cash flow

### FREE CASH FLOW

| MSEK | Jan–Jun 2021 |
|---|---|
| **Operating income before amortization** | **2 727** |
| Net investments | –33 |
| Change in accounts receivable | –240 |
| Change in other operating capital employed | –241 |
| **Cash flow from operating activities** | **2 213** |
| Financial income and expenses paid | –258 |
| Current taxes paid | –782 |
| **Free cash flow** | **1 173** |

### QUARTERLY FREE CASH FLOW




### APRIL–JUNE 2021

Cash flow from operating activities amounted to MSEK 930 (2 669), equivalent to 63 percent (248) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –380 (857). The level of days of sales outstanding was stable but there was a negative impact from the improved organic sales growth whereas last year accounts receivable saw a reduction impacted by both lower organic sales growth as well as an improved collection level. Changes in other operating capital employed were MSEK –123 (741), with the comparatives positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and North America of approximately MSEK 550.

Free cash flow was MSEK 377 (2 439), equivalent to 34 percent (338) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –116 (–74). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –241 (–79). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –1 257 (–679) due to dividend paid of MSEK –1 460 (0) and a net increase in borrowings of MSEK 203 (–679).

Cash flow for the period was MSEK –1 237 (1 607).

### JANUARY–JUNE 2021

Cash flow from operating activities amounted to MSEK 2 213 (3 041), equivalent to 81 percent (141) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –240 (203). The level of days of sales outstanding was stable but there was negative impact from the improved organic sales growth whereas last year accounts receivable saw a reduction impacted by both lower organic sales growth as well as an improved collection level. Changes in other operating capital employed were MSEK –241 (738) with the comparatives positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and North America of approximately MSEK 900. While some of the previously postponed payments under various government support schemes have been made, half of the amount in the North American operations of approximately MSEK 1 300 at the end of last year is due to be paid later in the year, during the third or fourth quarter, and the other half of the amount in 2022.

Financial income and expenses paid was MSEK –258 (–331) and current taxes paid was MSEK –782 (–595).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –33 (–61), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –1 313 (–1 429) and reversal of depreciation of MSEK 1 280 (1 368).

Free cash flow was MSEK 1 173 (2 115), equivalent to 60 percent (150) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –295 (–428). Refer to note 6 for further information.

Cash flow from items affecting comparability amounted to MSEK –411 (–139). Refer to note 7 for further information.

Cash flow from financing activities was MSEK –1 032 (967) due to dividend paid of MSEK –1 460 (0) and a net increase in borrowings of MSEK 428 (967).

Cash flow for the period was MSEK –565 (2 515). The closing balance for liquid funds after translation differences of MSEK 1 was MSEK 4 156 (4 720 as of December 31, 2020).

# Capital employed and financing

### CAPITAL EMPLOYED AND FINANCING

| MSEK | Jun 30, 2021 |
|---|---|
| Operating capital employed | 9 843 |
| Goodwill | 21 974 |
| Acquisition-related intangible assets | 1 583 |
| Shares in associated companies | 318 |
| **Capital employed** | **33 718** |
| Net debt | 15 618 |
| Shareholders' equity | 18 100 |
| **Financing** | **33 718** |

### NET DEBT DEVELOPMENT

| MSEK | Jan–Jun 2021 |
|---|---|
| **Jan 1, 2021** | **–14 335** |
| Free cash flow | 1 173 |
| Acquisitions | –295 |
| Items affecting comparability | –411 |
| Dividend paid | –1 460 |
| Lease liabilities | 77 |
| **Change in net debt** | **–916** |
| Revaluation | –24 |
| Translation | –343 |
| **Jun 30, 2021** | **–15 618** |

### NET DEBT TO EBITDA RATIO


### CAPITAL EMPLOYED AS OF JUNE 30, 2021

The Group's operating capital employed was MSEK 9 843 (8 893 as of December 31, 2020), corresponding to 9 percent of sales (8 as of December 31, 2020), 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 248.

The Group's total capital employed was MSEK 33 718 (32 042 as of December 31, 2020). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 826. The return on capital employed was 13 percent (13 as of December 31, 2020).

### FINANCING AS OF JUNE 30, 2021

The Group's net debt amounted to MSEK 15 618 (14 335 as of December 31, 2020). The net debt was positively impacted mainly by the free cash flow of MSEK 1 173, while it was negatively impacted mainly by a dividend of MSEK –1 460, paid to the shareholders in May 2021, payments for items affecting comparability of MSEK –411, translation differences of MSEK –343 and net payments for acquisitions and divestitures of MSEK –295.

The net debt to EBITDA ratio was 2.2 (2.1). The free cash flow to net debt ratio amounted to 0.32 (0.34). The interest coverage ratio amounted to 11.8 (8.7).

Securitas has a Revolving Credit Facility with its ten key relationship banks. The credit facility comprises one tranche of MEUR 938 originally maturing in 2025. In April 2021, the maturity was extended to 2026 and there is a possibility to extend in 2022 to 2027. It was undrawn on June 30, 2021.

The MEUR 4 000 Euro Medium Term Note program (EMTN) was updated on April 9, 2021. The Commercial Paper Program amounts to MSEK 5 000, of which MSEK 500 was issued as at June 30, 2021.

On May 25, 2021, Standard and Poor's rating for Securitas was confirmed BBB/A-2 with stable outlook.

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

Shareholders' equity amounted to MSEK 18 100 (17 707 as of December 31, 2020). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 483. Refer to the statement of comprehensive income on page 18 for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of June 30, 2021. Refer to page 21 for further information.

# Acquisitions and divestitures

## ACQUISITIONS AND DIVESTITURES JANUARY–JUNE 2021 (MSEK)

| Company | Business segment[1] | Included from | Acquired share[2] | Annual sales[3] | Enterprise value[4] | Goodwill | Acq. related intangible assets |
|---|---|---|---|---|---|---|---|
| **Opening balance** | | | | | | **21 414** | **1 424** |
| Dansk Brandteknik, Denmark | Security Services Europe | Feb 22 | 100 | 81 | 148 | 80 | 75 |
| Other acquisitions and divestitures[5, 6] | | – | – | –89 | 94 | –120 | 185 |
| **Total acquisitions and divestitures January–June 2021** | | | | **–8** | **242[7]** | **–40** | **260** |
| Amortization of acquisition-related intangible assets | | | | | | – | –128 |
| Translation differences and remeasurement for hyperinflation | | | | | | 600 | 27 |
| **Closing balance** | | | | | | **21 974** | **1 583** |

[1] Refers to business segment with main responsibility for the acquisition.

[2] Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.

[3] Estimated annual sales.

[4] Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.

[5] Related to other acquisitions and divestitures for the period and updated previous year acquisition calculations for the following entities: FE Moran Security Solutions, the US, Protector i Sundsvall, Polar Park (contract portfolio), Sweden, SAMCA Vagt, Denmark, Oy Bevex Security (contract portfolio), Kokkolan Vartiointi ja Kiinteistövalvonta Pekka Isoaho (contract portfolio), Finland, KONTROLL DATA-SERVICE Gesellschaft für Sicherheit und Kontrollwesen, Austria, STANLEY Security in Germany, Switzerland, Portugal, Singapore and India and Fredon Security, Australia. Related also to divestitures of Securitas Estonia, Securitas Slovenia, Securitas Panama (asset deal), Securitas Sri Lanka and Securitas Egypt as well as to deferred considerations paid in the US, Sweden, Germany, France, Austria, Turkey and Australia.

[6] Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK –115. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 184.

[7] Cash flow from acquisitions and divestitures amounts to MSEK –295, which is the sum of enterprise value MSEK –242 and acquisition-related costs paid MSEK –53.

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.

### DANSK BRANDTEKNIK, DENMARK

Securitas has acquired Dansk Brandteknik A/S, a leading Danish fire and safety company that specializes in fire and safety services and equipment, including related consulting and training services. The acquisition will significantly enhance Securitas' protective services capabilities in Denmark and is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023.

In 2020, Dansk Brandteknik's annual sales were more than MDKK 60 (MSEK 81), of which 70 percent were on a recurring monthly revenue basis. The company has a nationwide presence in Denmark with 40 employees and approximately 7 500 business clients, mainly in the small- and medium-sized enterprise (SME) segment, with high client retention rates.

The acquisition-related costs are expected to be MSEK 6, to be recognized in 2021 and 2022, respectively. The acquisition is expected to be accretive to EPS as of 2021 and was consolidated in Securitas as of February 22, 2021.

## ACQUISITIONS AFTER THE SECOND QUARTER

### PROTECTION ONE, GERMANY

Securitas has agreed to acquire Protection One, the German market leader specializing in remote technology-driven security solutions and electronic security. The acquisition will enhance Securitas' protective services capabilities in Germany and is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023. The purchase price is approximately MEUR 72 (MSEK 735) on a debt-free basis.

In 2020, Protection One's annual sales were more than MEUR 33 (MSEK 337), of which over 90 percent were on a recurring monthly revenue basis. The company has 230 employees in Germany and is present at 12 locations with the operation center based in Meerbusch, offering remote monitoring services with 24/7 real-time intervention. Combining its high-performance and tailor-made installation offering, the company provides full scope of electronic security services across 10 300 objects for approximately 7 000 clients, mainly small and medium-sized businesses.

The acquisition-related costs are expected to be MSEK 45, to be recognized in the period 2021 to 2023. The acquisition is expected to be accretive to EPS as of 2022. The acquisition is subject to approval from competition authorities and is expected to be finalized during the third quarter of 2021.

# Other significant events

For critical estimates and judgments, provisions and contingent liabilities refer to the 2020 Annual Report and to note 12 on page 30. If no significant events have occurred relating to the information in the Annual Report, no further comments are made in the Interim Report for the respective case.

### THE BOARD OF DIRECTORS OF SECURITAS AB HAS RESOLVED TO ACQUIRE OWN SHARES

The Board of Directors of Securitas AB has resolved, pursuant to the authorization granted by the Annual General Meeting held on May 5, 2021, that the company should acquire own shares of series B on Nasdaq Stockholm. The purpose of the acquisition was to ensure Securitas' undertakings in respect of share-related or share-based incentive programs (other than delivery of shares to participants of incentive programs), including covering social security costs. The acquisition could comprise a maximum of 350 000 series B shares on one or several occasions.

The total number of shares in Securitas amounts to 365 058 897, of which 17 142 600 shares of series A and 347 916 297 are shares of series B. At the time of this Interim Report the company holds 475 000 own shares after having repurchased 350 000 own shares in June 2021. After the fully executed share repurchase, the company owns shares representing 0.13 percent of the issued shares in the company.

### PORTUGESE COMPETITION AUTHORITY

The Portuguese competition authority has issued a Statement of Objection alleging that several Portuguese security companies, among them Securitas, have violated regulations for public tenders. Securitas is opposing this allegation and do not expect any material impact on the result or the financial position of the Group as a result of this.

# 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 2020.

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 continue 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 currently unclear when certain service levels will return to normal levels and to what extent any costs will be further supported by government grants. Government grants and other relief measures include requirements that need to be fulfilled in order to be eligible for the grants. Together with the valuation of accounts receivable and certain employee benefits, these are key elements in relation to estimates and judgments in preparing the statement of income and balance sheet as well as disclosures.

Further, increased risks are noticed related to the general macro economic environment, and it is unclear what type of impact the corona pandemic will have on the mid- and longer term economical development of the different markets and geographies in which we operate.

For the forthcoming six-month period, the financial impact of the corona pandemic as well as certain items affecting comparability, provisions and contingent liabilities, as described in the Annual Report for 2020 and, where applicable, under the heading Other significant events above, may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

# Parent Company operations

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

**JANUARY–JUNE 2021**

The Parent Company's income amounted to MSEK 647 (542) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 740 (69). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 1 908 (283).

**AS OF JUNE 30, 2021**

The Parent Company's non-current assets amounted to MSEK 45 668 (45 822 as of December 31, 2020) and mainly comprise shares in subsidiaries of MSEK 44 201 (44 233 as of December 31, 2020). Current assets amounted to MSEK 5 384 (4 052 as of December 31, 2020) of which liquid funds accounted for MSEK 1 394 (151 as of December 31, 2020).

Shareholders' equity amounted to MSEK 29 332 (28 999 as of December 31, 2020). A dividend of MSEK 1 460 (0) was paid to the shareholders in May 2021.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 21 720 (20 875 as of December 31, 2020) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's condensed financial statements on page 31.

# Signatures of the Board of Directors

The Board of Directors and the President and CEO certify that the interim report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 29, 2021

Jan Svensson
Chair

Ingrid Bonde
Member

John Brandon
Member

Fredrik Cappelen
Member

Gunilla Fransson
Member

Sofia Schörling Högberg
Member

Harry Klagsbrun
Member

Johan Menckel
Member

Åse Hjelm
Employee representative

Jan Prang
Employee representative

Magnus Ahlqvist
President and Chief Executive Officer

# Review report

This is a translation from the Swedish original

Securitas AB (publ), corporate identity number 556302-7241

**INTRODUCTION**
We have reviewed the condensed interim report for Securitas AB as at June 30, 2021 and for the six months period then ended. The Board of Directors and the President and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

**SCOPE OF REVIEW**
We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 *Review of Interim Financial Statements Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**
Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Stockholm, July 29, 2021

Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

# Consolidated financial statements

## STATEMENT OF INCOME

| MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| Sales | | 26 210 | 26 271 | 51 743 | 54 287 | 106 642 |
| Sales, acquired business | | 289 | 285 | 570 | 689 | 1 312 |
| **Total sales** | **3** | **26 499** | **26 556** | **52 313** | **54 976** | **107 954** |
| *Organic sales growth, %* | *4* | *8* | *–4* | *4* | *–1* | *0* |
| Production expenses | | –21 671 | –22 070 | –42 863 | –45 763 | –89 046 |
| **Gross income** | | **4 828** | **4 486** | **9 450** | **9 213** | **18 908** |
| Selling and administrative expenses | | –3 377 | –3 435 | –6 761 | –7 097 | –14 100 |
| Other operating income | 3 | 11 | 11 | 21 | 20 | 39 |
| Share in income of associated companies | | 9 | 13 | 17 | 25 | 45 |
| **Operating income before amortization** | | **1 471** | **1 075** | **2 727** | **2 161** | **4 892** |
| *Operating margin, %* | | *5.6* | *4.0* | *5.2* | *3.9* | *4.5* |
| Amortization of acquisition-related intangible assets | | –63 | –69 | –128 | –141 | –286 |
| Acquisition-related costs | 6 | –13 | –63 | –42 | –80 | –137 |
| Items affecting comparability | 7 | –259 | –61 | –395 | –106 | –640 |
| **Operating income after amortization** | | **1 136** | **882** | **2 162** | **1 834** | **3 829** |
| Financial income and expenses | 8, 9 | –91 | –137 | –185 | –281 | –500 |
| **Income before taxes** | | **1 045** | **745** | **1 977** | **1 553** | **3 329** |
| *Net margin, %* | | *3.9* | *2.8* | *3.8* | *2.8* | *3.1* |
| Current taxes | | –281 | –215 | –576 | –466 | –1 048 |
| Deferred taxes | | –1 | 15 | 42 | 46 | 135 |
| **Net income for the period** | | **763** | **545** | **1 443** | **1 133** | **2 416** |
| | | | | | | |
| **Whereof attributable to:** | | | | | | |
| Equity holders of the Parent Company | | 763 | 546 | 1 442 | 1 134 | 2 419 |
| Non-controlling interests | | 0 | –1 | 1 | –1 | –3 |
| | | | | | | |
| Earnings per share before and after dilution (SEK) | | 2.09 | 1.50 | 3.95 | 3.11 | 6.63 |
| Earnings per share before and after dilution and before items affecting comparability (SEK) | | 2.64 | 1.62 | 4.75 | 3.32 | 8.02 |

## STATEMENT OF COMPREHENSIVE INCOME

| MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| **Net income for the period** | | **763** | **545** | **1 443** | **1 133** | **2 416** |
| | | | | | | |
| **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 | | –37 | 99 | 104 | 37 | –78 |
| **Total items that will not be reclassified to the statement of income** | **10** | **–37** | **99** | **104** | **37** | **–78** |
| | | | | | | |
| **Items that subsequently may be reclassified to the statement of income** | | | | | | |
| Remeasurement for hyperinflation net of tax | 8 | 24 | 10 | 47 | 26 | 62 |
| Cash flow hedges net of tax | | 15 | 23 | –33 | –41 | –22 |
| Cost of hedging net of tax | | 17 | 32 | 15 | 42 | 34 |
| Net investment hedges net of tax | | 128 | 471 | –136 | –150 | 528 |
| Other comprehensive income from associated companies, translation differences | | –10 | –20 | 5 | –13 | –40 |
| Translation differences | | –552 | –2 061 | 614 | –419 | –3 087 |
| **Total items that subsequently may be reclassified to the statement of income** | **10** | **–378** | **–1 545** | **512** | **–555** | **–2 525** |
| **Other comprehensive income for the period** | **10** | **–415** | **–1 446** | **616** | **–518** | **–2 603** |
| **Total comprehensive income for the period** | | **348** | **–901** | **2 059** | **615** | **–187** |
| | | | | | | |
| **Whereof attributable to:** | | | | | | |
| Equity holders of the Parent Company | | 347 | –899 | 2 057 | 619 | –180 |
| Non-controlling interests | | 1 | –2 | 2 | –4 | –7 |

## STATEMENT OF CASH FLOW

| Operating cash flow MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| **Operating income before amortization** | | **1 471** | **1 075** | **2 727** | **2 161** | **4 892** |
| Investments in non-current tangible and intangible assets | | –675 | –676 | –1 313 | –1 429 | –2 787 |
| Reversal of depreciation | | 637 | 672 | 1 280 | 1 368 | 2 690 |
| Change in accounts receivable | | –380 | 857 | –240 | 203 | 123 |
| Change in other operating capital employed | | –123 | 741 | –241 | 738 | 2 289 |
| **Cash flow from operating activities** | | **930** | **2 669** | **2 213** | **3 041** | **7 207** |
| *Cash flow from operating activities, %* | | *63* | *248* | *81* | *141* | *147* |
| Financial income and expenses paid | | –16 | –41 | –258 | –331 | –401 |
| Current taxes paid | | –537 | –189 | –782 | –595 | –862 |
| **Free cash flow** | | **377** | **2 439** | **1 173** | **2 115** | **5 944** |
| *Free cash flow, %* | | *34* | *338* | *60* | *150* | *178* |
| Cash flow from investing activities, acquisitions and divestitures | 6 | –116 | –74 | –295 | –428 | –1 801 |
| Cash flow from items affecting comparability | 7 | –241 | –79 | –411 | –139 | –405 |
| Cash flow from financing activities | | –1 257 | –679 | –1 032 | 967 | –2 762 |
| **Cash flow for the period** | | **–1 237** | **1 607** | **–565** | **2 515** | **976** |

| Change in net debt MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| **Opening balance** | | **–14 502** | **–19 294** | **–14 335** | **–17 541** | **–17 541** |
| Cash flow for the period | | –1 237 | 1 607 | –565 | 2 515 | 976 |
| Change in lease liabilities | | 82 | 63 | 77 | –31 | –139 |
| Change in loans | | –203 | 679 | –428 | –967 | 1 010 |
| **Change in net debt before revaluation and translation differences** | | **–1 358** | **2 349** | **–916** | **1 517** | **1 847** |
| Revaluation of financial instruments | 9 | 40 | 72 | –24 | 2 | 17 |
| Translation differences | | 202 | 941 | –343 | 90 | 1 342 |
| **Change in net debt** | | **–1 116** | **3 362** | **–1 283** | **1 609** | **3 206** |
| **Closing balance** | | **–15 618** | **–15 932** | **–15 618** | **–15 932** | **–14 335** |

| Cash flow MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| Cash flow from operations | | 764 | 2 981 | 1 961 | 3 294 | 8 072 |
| Cash flow from investing activities | | –525 | –468 | –1 048 | –1 280 | –3 438 |
| Cash flow from financing activities | | –1 476 | –906 | –1 478 | 501 | –3 658 |
| **Cash flow for the period** | | **–1 237** | **1 607** | **–565** | **2 515** | **976** |

| Change in liquid funds MSEK | Note | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|---|
| Opening balance | | 5 441 | 4 895 | 4 720 | 3 948 | 3 948 |
| Cash flow for the period | | –1 237 | 1 607 | –565 | 2 515 | 976 |
| Translation differences | | –48 | –102 | 1 | –63 | –204 |
| **Closing balance** | | **4 156** | **6 400** | **4 156** | **6 400** | **4 720** |

## CAPITAL EMPLOYED AND FINANCING

| MSEK | Note | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|---|
| **Operating capital employed** | | **9 843** | **11 936** | **8 893** |
| *Operating capital employed as % of sales* | | *9* | *11* | *8* |
| *Return on operating capital employed, %* | | *48* | *40* | *39* |
| Goodwill | | 21 974 | 22 252 | 21 414 |
| Acquisition-related intangible assets | | 1 583 | 1 513 | 1 424 |
| Shares in associated companies | | 318 | 322 | 311 |
| **Capital employed** | | **33 718** | **36 023** | **32 042** |
| *Return on capital employed, %* | | *13* | *14* | *13* |
| **Net debt** | | **–15 618** | **–15 932** | **–14 335** |
| **Shareholders' equity** | | **18 100** | **20 091** | **17 707** |
| *Net debt equity ratio, multiple* | | *0.86* | *0.79* | *0.81* |

## BALANCE SHEET

| MSEK | Note | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Goodwill | | 21 974 | 22 252 | 21 414 |
| Acquisition-related intangible assets | | 1 583 | 1 513 | 1 424 |
| Other intangible assets | | 1 880 | 1 915 | 1 788 |
| Right-of-use assets | | 3 305 | 3 438 | 3 334 |
| Other tangible non-current assets | | 3 225 | 3 437 | 3 262 |
| Shares in associated companies | | 318 | 322 | 311 |
| Non-interest-bearing financial non-current assets | | 1 797 | 1 806 | 1 835 |
| Interest-bearing financial non-current assets | | 411 | 421 | 686 |
| **Total non-current assets** | | **34 493** | **35 104** | **34 054** |
| **Current assets** | | | | |
| Non-interest-bearing current assets | | 22 154 | 22 864 | 20 209 |
| Other interest-bearing current assets | | 290 | 164 | 144 |
| Liquid funds | | 4 156 | 6 400 | 4 720 |
| **Total current assets** | | **26 600** | **29 428** | **25 073** |
| **TOTAL ASSETS** | | **61 093** | **64 532** | **59 127** |

| MSEK | Note | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|---|
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | | |
| **Shareholders' equity** | | | | |
| Attributable to equity holders of the Parent Company | | 18 088 | 20 078 | 17 697 |
| Non-controlling interests | | 12 | 13 | 10 |
| **Total shareholders' equity** | | **18 100** | **20 091** | **17 707** |
| *Equity ratio, %* | | *30* | *31* | *30* |
| **Long-term liabilities** | | | | |
| Non-interest-bearing long-term liabilities | | 266 | 341 | 265 |
| Long-term lease liabilities | | 2 535 | 2 606 | 2 554 |
| Other interest-bearing long-term liabilities | | 11 793 | 13 598 | 11 694 |
| Non-interest-bearing provisions | | 2 385 | 2 408 | 2 477 |
| **Total long-term liabilities** | | **16 979** | **18 953** | **16 990** |
| **Current liabilities** | | | | |
| Non-interest-bearing current liabilities and provisions | | 19 867 | 18 775 | 18 793 |
| Current lease liabilities | | 881 | 922 | 876 |
| Other interest-bearing current liabilities | | 5 266 | 5 791 | 4 761 |
| **Total current liabilities** | | **26 014** | **25 488** | **24 430** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **61 093** | **64 532** | **59 127** |

## CHANGES IN SHAREHOLDERS' EQUITY

| MSEK | Jun 30, 2021 | | | Jun 30, 2020 | | | Dec 31, 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | 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, 2021 / 2020** | **17 697** | **10** | **17 707** | **19 569** | **30** | **19 599** | **19 569** | **30** | **19 599** |
| Total comprehensive income for the period | 2 057 | 2 | 2 059 | 619 | –4 | 615 | –180 | –7 | –187 |
| Transactions with non-controlling interests | – | – | – | – | –13 | –13 | – | –13 | –13 |
| Share-based incentive schemes | –206 | – | –206[1] | –110 | – | –110 | 60 | – | 60 |
| Dividend paid to the shareholders of the Parent Company | –1 460 | – | –1 460 | – | – | – | –1 752 | – | –1 752 |
| **Closing balance June 30 / December 31, 2021 / 2020** | **18 088** | **12** | **18 100** | **20 078** | **13** | **20 091** | **17 697** | **10** | **17 707** |

[1] Refers to a swap agreement for shares in Securitas AB of MSEK –159, hedging the share portion of Securitas share based incentive scheme 2020. Refers also to repurchase of own shares of MSEK –47.

## DATA PER SHARE

| SEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| Share price, end of period | 135.10 | 125.55 | 135.10 | 125.55 | 132.75 |
| | | | | | |
| Earnings per share before and after dilution[1, 2] | 2.09 | 1.50 | 3.95 | 3.11 | 6.63 |
| Earnings per share before and after dilution and before items affecting comparability[1, 2] | 2.64 | 1.62 | 4.75 | 3.32 | 8.02 |
| | | | | | |
| Dividend | – | – | – | – | 4.00 |
| | | | | | |
| P/E-ratio after dilution and before items affecting comparability | – | – | – | – | 17 |
| | | | | | |
| Share capital (SEK) | 365 058 897 | 365 058 897 | 365 058 897 | 365 058 897 | 365 058 897 |
| Number of shares outstanding[1] | 364 583 897 | 364 933 897 | 364 583 897 | 364 933 897 | 364 933 897 |
| Average number of shares outstanding[1, 3] | 364 856 974 | 364 933 897 | 364 895 223 | 364 933 897 | 364 933 897 |
| Treasury shares[4] | 475 000 | 125 000 | 475 000 | 125 000 | 125 000 |

[1] There are no convertible debenture loans. Consequently there is no difference before and after dilution regarding earnings per share and number of shares.
[2] 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.
[3] Used for calculation of earnings per share.
[4] In June 2021, 350 000 shares were repurchased.

# Segment overview April–June 2021 and 2020

## APRIL–JUNE 2021

| MSEK | Security Services North America | Security Services Europe | Security Services Ibero-America | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| Sales, external | 11 480 | 11 395 | 2 965 | 659 | – | 26 499 |
| Sales, intra-group | 3 | 0 | 0 | 1 | –4 | – |
| **Total sales** | **11 483** | **11 395** | **2 965** | **660** | **–4** | **26 499** |
| *Organic sales growth, %* | *8* | *8* | *8* | – | – | *8* |
| **Operating income before amortization** | **819** | **627** | **162** | **–137** | **–** | **1 471** |
| *of which share in income of associated companies* | *1* | – | – | *8* | – | *9* |
| *Operating margin, %* | *7.1* | *5.5* | *5.5* | – | – | *5.6* |
| Amortization of acquisition-related intangible assets | –20 | –32 | –3 | –8 | – | –63 |
| Acquisition-related costs | –8 | –5 | 0 | 0 | – | –13 |
| Items affecting comparability | –33 | –89 | –77 | –60 | – | –259 |
| **Operating income after amortization** | **758** | **501** | **82** | **–205** | **–** | **1 136** |
| Financial income and expenses | – | – | – | – | – | –91 |
| **Income before taxes** | **–** | **–** | **–** | **–** | **–** | **1 045** |

## APRIL–JUNE 2020

| MSEK | Security Services North America | Security Services Europe | Security Services Ibero-America | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| Sales, external | 11 980 | 10 924 | 3 044 | 608 | – | 26 556 |
| Sales, intra-group | 0 | 0 | 0 | 0 | 0 | – |
| **Total sales** | **11 980** | **10 924** | **3 044** | **608** | **0** | **26 556** |
| *Organic sales growth, %* | *–2* | *–6* | *–1* | – | – | *–4* |
| **Operating income before amortization** | **666** | **395** | **120** | **–106** | **–** | **1 075** |
| *of which share in income of associated companies* | *1* | – | – | *12* | – | *13* |
| *Operating margin, %* | *5.6* | *3.6* | *3.9* | – | – | *4.0* |
| Amortization of acquisition-related intangible assets | –20 | –37 | –4 | –8 | – | –69 |
| Acquisition-related costs | –14 | –1 | –43 | –5 | – | –63 |
| Items affecting comparability | –29 | –7 | 0 | –25 | – | –61 |
| **Operating income after amortization** | **603** | **350** | **73** | **–144** | **–** | **882** |
| Financial income and expenses | – | – | – | – | – | –137 |
| **Income before taxes** | **–** | **–** | **–** | **–** | **–** | **745** |

# Segment overview January–June 2021 and 2020

## JANUARY–JUNE 2021

| MSEK | Security Services North America | Security Services Europe | Security Services Ibero-America | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| Sales, external | 22 851 | 22 268 | 5 922 | 1 272 | – | 52 313 |
| Sales, intra-group | 6 | 0 | 0 | 1 | –7 | – |
| **Total sales** | **22 857** | **22 268** | **5 922** | **1 273** | **–7** | **52 313** |
| *Organic sales growth, %* | *5* | *3* | *2* | – | – | *4* |
| **Operating income before amortization** | **1 494** | **1 183** | **315** | **–265** | **–** | **2 727** |
| *of which share in income of associated companies* | *2* | – | – | *15* | – | *17* |
| *Operating margin, %* | *6.5* | *5.3* | *5.3* | – | – | *5.2* |
| Amortization of acquisition-related intangible assets | –41 | –64 | –7 | –16 | – | –128 |
| Acquisition-related costs | –11 | –15 | –13 | –3 | – | –42 |
| Items affecting comparability | –77 | –95 | –127 | –96 | – | –395 |
| **Operating income after amortization** | **1 365** | **1 009** | **168** | **–380** | **–** | **2 162** |
| Financial income and expenses | – | – | – | – | – | –185 |
| **Income before taxes** | **–** | **–** | **–** | **–** | **–** | **1 977** |

## JANUARY–JUNE 2020

| MSEK | Security Services North America | Security Services Europe | Security Services Ibero-America | Other | Eliminations | Group |
|---|---|---|---|---|---|---|
| Sales, external | 24 627 | 22 583 | 6 504 | 1 262 | – | 54 976 |
| Sales, intra-group | 0 | 0 | 0 | 1 | –1 | – |
| **Total sales** | **24 627** | **22 583** | **6 504** | **1 263** | **–1** | **54 976** |
| *Organic sales growth, %* | *0* | *–3* | *4* | – | – | *–1* |
| **Operating income before amortization** | **1 318** | **813** | **272** | **–242** | **–** | **2 161** |
| *of which share in income of associated companies* | *2* | – | – | *23* | – | *25* |
| *Operating margin, %* | *5.4* | *3.6* | *4.2* | – | – | *3.9* |
| Amortization of acquisition-related intangible assets | –42 | –76 | –8 | –15 | – | –141 |
| Acquisition-related costs | –19 | –2 | –51 | –8 | – | –80 |
| Items affecting comparability | –69 | –9 | –1 | –27 | – | –106 |
| **Operating income after amortization** | **1 188** | **726** | **212** | **–292** | **–** | **1 834** |
| Financial income and expenses | – | – | – | – | – | –281 |
| **Income before taxes** | **–** | **–** | **–** | **–** | **–** | **1 553** |

# 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 87 to 93 in the Annual Report for 2020. 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 142 in the Annual Report for 2020.

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

Securitas has adopted phase 2 of the amendments to IFRS 9 Financial instruments related to the IBOR reform that came into effect on January 1, 2021. Phase 2 addresses the accounting for effects on the financial statements due to the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships that may arise as a consequence of the interest rate benchmark reform. The amendments ensure that there is no impact on the Group's financial statements due to the IBOR reform.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2021 are assessed to have any impact on the Group's financial statements.

### Introduction and effect of new and revised IFRS 2022 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2022 or later remain to be assessed.

### Usage of key ratios not defined in IFRS

For definitions and calculations of key ratios not defined in IFRS, refer to notes 4 and 5 in this interim report as well as to note 3 in the Annual Report 2020.

## NOTE 2
## Events after the balance sheet date

Securitas has agreed to acquire Protection One in Germany. For further information, refer to Acquisitions after the second quarter on page 13.

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

# NOTE 3
# Revenue

| MSEK | Apr–Jun 2021 | % | Apr–Jun 2020 | % | Jan–Jun 2021 | % | Jan–Jun 2020 | % | Jan–Dec 2020 | % |
|---|---|---|---|---|---|---|---|---|---|---|
| Guarding services | 19 937 | 75 | 20 234 | 77 | 39 324 | 75 | 41 813 | 76 | 81 838 | 76 |
| Security solutions and electronic security | 5 867 | 22 | 5 684 | 21 | 11 605 | 22 | 11 832 | 22 | 23 478 | 22 |
| Other | 695 | 3 | 638 | 2 | 1 384 | 3 | 1 331 | 2 | 2 638 | 2 |
| **Total sales** | **26 499** | **100** | **26 556** | **100** | **52 313** | **100** | **54 976** | **100** | **107 954** | **100** |
| Other operating income | 11 | 0 | 11 | 0 | 21 | 0 | 20 | 0 | 39 | 0 |
| **Total revenue** | **26 510** | **100** | **26 567** | **100** | **52 334** | **100** | **54 996** | **100** | **107 993** | **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.

### Security solutions and electronic security

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

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

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

### Other

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

### Other operating income

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

### Revenue per segment

The disaggregation of revenue by segment is shown in the 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 | Apr–Jun 2021 | Apr–Jun 2020 | Apr–Jun 2021 | Apr–Jun 2020 | Apr–Jun 2021 | Apr–Jun 2020 | Apr–Jun 2021 | Apr–Jun 2020 | Apr–Jun 2021 | Apr–Jun 2020 | Apr–Jun 2021 | Apr–Jun 2020 |
| Guarding services | 8 798 | 9 307 | 8 636 | 8 350 | 2 048 | 2 139 | 459 | 438 | –4 | 0 | 19 937 | 20 234 |
| Security solutions and electronic security | 1 990 | 2 035 | 2 759 | 2 574 | 917 | 905 | 201 | 170 | – | – | 5 867 | 5 684 |
| Other | 695 | 638 | – | – | – | – | – | – | – | – | 695 | 638 |
| **Total sales** | **11 483** | **11 980** | **11 395** | **10 924** | **2 965** | **3 044** | **660** | **608** | **–4** | **0** | **26 499** | **26 556** |
| Other operating income | – | – | – | – | – | – | 11 | 11 | – | – | 11 | 11 |
| **Total revenue** | **11 483** | **11 980** | **11 395** | **10 924** | **2 965** | **3 044** | **671** | **619** | **–4** | **0** | **26 510** | **26 567** |

| | Security Services North America | | Security Services Europe | | Security Services Ibero-America | | Other | | Eliminations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| MSEK | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 |
| Guarding services | 17 444 | 18 957 | 16 869 | 17 330 | 4 116 | 4 599 | 902 | 928 | –7 | –1 | 39 324 | 41 813 |
| Security solutions and electronic security | 4 029 | 4 339 | 5 399 | 5 253 | 1 806 | 1 905 | 371 | 335 | – | – | 11 605 | 11 832 |
| Other | 1 384 | 1 331 | – | – | – | – | – | – | – | – | 1 384 | 1 331 |
| **Total sales** | **22 857** | **24 627** | **22 268** | **22 583** | **5 922** | **6 504** | **1 273** | **1 263** | **–7** | **–1** | **52 313** | **54 976** |
| Other operating income | – | – | – | – | – | – | 21 | 20 | – | – | 21 | 20 |
| **Total revenue** | **22 857** | **24 627** | **22 268** | **22 583** | **5 922** | **6 504** | **1 294** | **1 283** | **–7** | **–1** | **52 334** | **54 996** |

# NOTE 4
## Organic sales growth and currency changes

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

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | % | Jan–Jun 2021 | Jan–Jun 2020 | % |
|---|---|---|---|---|---|---|
| **Total sales** | **26 499** | **26 556** | **0** | **52 313** | **54 976** | **–5** |
| Currency change from 2020 | 2 397 | – | | 5 305 | – | |
| **Real sales growth, adjusted for changes in exchange rates** | **28 896** | **26 556** | **9** | **57 618** | **54 976** | **5** |
| Acquisitions/divestitures | –289 | –69 | | –570 | –126 | |
| **Organic sales growth** | **28 607** | **26 487** | **8** | **57 048** | **54 850** | **4** |
| | | | | | | |
| **Operating income before amortization** | **1 471** | **1 075** | **37** | **2 727** | **2 161** | **26** |
| Currency change from 2020 | 139 | – | | 290 | – | |
| **Real operating income before amortization, adjusted for changes in exchange rates** | **1 610** | **1 075** | **50** | **3 017** | **2 161** | **40** |
| | | | | | | |
| **Operating income after amortization** | **1 136** | **882** | **29** | **2 162** | **1 834** | **18** |
| Currency change from 2020 | 102 | – | | 211 | – | |
| **Real operating income after amortization, adjusted for changes in exchange rates** | **1 238** | **882** | **40** | **2 373** | **1 834** | **29** |
| | | | | | | |
| **Income before taxes** | **1 045** | **745** | **40** | **1 977** | **1 553** | **27** |
| Currency change from 2020 | 92 | – | | 188 | – | |
| **Real income before taxes, adjusted for changes in exchange rates** | **1 137** | **745** | **53** | **2 165** | **1 553** | **39** |
| | | | | | | |
| **Net income for the period** | **763** | **545** | **40** | **1 443** | **1 133** | **27** |
| Currency change from 2020 | 68 | – | | 137 | – | |
| **Real net income for the period, adjusted for changes in exchange rates** | **831** | **545** | **52** | **1 580** | **1 133** | **39** |
| | | | | | | |
| **Net income attributable to equity holders of the Parent Company** | **763** | **546** | **40** | **1 442** | **1 134** | **27** |
| Currency change from 2020 | 68 | – | | 137 | – | |
| **Real net income attributable to equity holders of the Parent Company, adjusted for changes in exchange rates** | **831** | **546** | **52** | **1 579** | **1 134** | **39** |
| Average number of shares outstanding | 364 856 974 | 364 933 897 | | 364 895 223 | 364 933 897 | |
| **Real earnings per share, adjusted for changes in exchange rates** | **2.28** | **1.50** | **52** | **4.33** | **3.11** | **39** |
| | | | | | | |
| **Net income attributable to equity holders of the Parent Company** | **763** | **546** | **40** | **1 442** | **1 134** | **27** |
| Items affecting comparability net of taxes | 200 | 46 | | 291 | 78 | |
| **Net income attributable to equity holders of the Parent Company adjusted for items affecting comparability** | **963** | **592** | **63** | **1 733** | **1 212** | **43** |
| Currency change from 2020 | 73 | – | | 147 | – | |
| **Real net income attributable to equity holders of the Parent Company, adjusted for items affecting comparability and changes in exchange rates** | **1 036** | **592** | **75** | **1 880** | **1 212** | **55** |
| Number of shares | 364 856 974 | 364 933 897 | | 364 895 223 | 364 933 897 | |
| **Real earnings per share, adjusted for items affecting comparability and changes in exchange rates** | **2.84** | **1.62** | **75** | **5.15** | **3.32** | **55** |

# NOTE 5
# Definitions and calculation of key ratios

The calculations below relate to the period January–June 2021.

### 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: (5 458 + 41) / 467 = 11.8

### Cash flow from operating activities, %

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 2 213 / 2 727 = 81%

### 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: 1 173 / (2 727 – 185 – 0 – 576) = 60%

### Free cash flow in relation to net debt

Free cash flow (rolling 12 months) in relation to closing balance net debt.
Calculation: 5 002 / 15 618 = 0.32

### 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: 15 618 / (4 157 + 273 + 2 602) = 2.2

### 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: 9 843 / 105 560 = 9%

### 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: (5 458 – 929) / ((9 843 + 8 893) / 2) = 48%

### 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: (5 458 – 929) / 33 718 = 13%

### Net debt equity ratio

Net debt in relation to shareholders' equity.
Calculation: 15 618 / 18 100 = 0.86

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

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| Restructuring and integration costs | –11 | –60 | –34 | –71 | –92 |
| Transaction costs | –1 | –2 | –6 | –7 | –40 |
| Revaluation of deferred considerations | –1 | –1 | –2 | –2 | –5 |
| **Total acquisition-related costs** | **–13** | **–63** | **–42** | **–80** | **–137** |
| | | | | | |
| **Cash flow impact from acquisitions and divestitures** | | | | | |
| Purchase price payments | –86 | –51 | –206 | –438 | –1 780 |
| Assumed net debt | –13 | –3 | –36 | 49 | 98 |
| Acquisition-related costs paid | –17 | –20 | –53 | –39 | –119 |
| **Total cash flow impact from acquisitions and divestitures** | **–116** | **–74** | **–295** | **–428** | **–1 801** |

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

# NOTE 7
## Items affecting comparability

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| **Recognized in the statement of income** | | | | | |
| Transformation programs, Group[1] | –147 | –61 | –251 | –106 | –351 |
| Cost-savings program, Group[2] | –112 | – | –144 | – | –289 |
| **Total recognized in the statement of income before tax** | **–259** | **–61** | **–395** | **–106** | **–640** |
| Taxes | 59 | 15 | 104 | 28 | 133 |
| **Total recognized in the statement of income after tax** | **–200** | **–46** | **–291** | **–78** | **–507** |
| | | | | | |
| **Cash flow impact** | | | | | |
| Transformation programs, Group[1] | –144 | –68 | –216 | –116 | –251 |
| Cost-savings program, Group[2] | –94 | – | –178 | – | –111 |
| Cost-savings program, Security Services Europe | –3 | –11 | –17 | –23 | –43 |
| **Total cash flow impact** | **–241** | **–79** | **–411** | **–139** | **–405** |

[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.
[2] Includes costs related to exit of business operations. Cash flow related to exit of business operations is accounted for as cash flow from investing activities.

# 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. Currently, Securitas' operations in Argentina are accounted for according to IAS 29.

The impact on the consolidated statement of 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.

### EXCHANGE RATES AND INDEX

| | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|
| Exchange rate SEK/ARS | 0.09 | 0.13 | 0.10 |
| Index | 29.36 | 19.44 | 23.35 |

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

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| Net monetary gain | 3 | 3 | 11 | 6 | 14 |
| **Total financial income and expenses** | **3** | **3** | **11** | **6** | **14** |

## NOTE 9
# Financial instruments and credit facilities

### Revaluation of financial instruments

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

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

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| **Recognized in the statement of income** | | | | | |
| Revaluation of financial instruments | 0 | 2 | 0 | 1 | 1 |
| Deferred tax | – | – | – | – | – |
| **Impact on net income** | **0** | **2** | **0** | **1** | **1** |
| | | | | | |
| **Recognized in the statement of comprehensive income** | | | | | |
| Cash flow hedges | 18 | 30 | –43 | –52 | –28 |
| Cost of hedging | 22 | 40 | 19 | 53 | 44 |
| Deferred tax | –8 | –15 | 6 | 0 | –4 |
| **Total recognized in the statement of comprehensive income** | **32** | **55** | **–18** | **1** | **12** |
| | | | | | |
| Total revaluation before tax | 40 | 72 | –24 | 2 | 17 |
| Total deferred tax | –8 | –15 | 6 | 0 | –4 |
| **Total revaluation after tax** | **32** | **57** | **–18** | **2** | **13** |

### 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 2020. Further information regarding the accounting principles for financial instruments is disclosed in note 2 in the Annual Report 2020.

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

| MSEK | Quoted market prices | Valuation techniques using observable market data | Valuation techniques using non-observable market data | Total |
|---|---|---|---|---|
| **June 30, 2021** | | | | |
| Financial assets at fair value through profit or loss | – | 7 | – | **7** |
| Financial liabilities at fair value through profit or loss | – | –4 | –184 | **–188** |
| Derivatives designated for hedging with positive fair value | – | 268 | – | **268** |
| Derivatives designated for hedging with negative fair value | – | –167 | – | **–167** |
| | | | | |
| **December 31, 2020** | | | | |
| Financial assets at fair value through profit or loss | – | 20 | – | **20** |
| Financial liabilities at fair value through profit or loss | – | –11 | –295 | **–306** |
| Derivatives designated for hedging with positive fair value | – | 362 | – | **362** |
| Derivatives designated for hedging with negative fair value | – | –159 | – | **–159** |

### 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 2020.

| | Jun 30, 2021 | | Dec 31, 2020 | |
|---|---|---|---|---|
| MSEK | Carrying value | Fair value | Carrying value | Fair value |
| Long-term loan liabilities | 10 158 | 10 302 | 10 118 | 10 336 |
| Short-term loan liabilities | 3 551 | 3 589 | 3 528 | 3 531 |
| **Total financial instruments by category** | **13 709** | **13 891** | **13 646** | **13 867** |

### SUMMARY OF CREDIT FACILITIES AS OF JUNE 30, 2021

| Type | Currency | Facility amount (million) | Available amount (million) | Maturity |
|---|---|---|---|---|
| EMTN FRN private placement | USD | 40 | 0 | 2021 |
| EMTN FRN private placement | USD | 60 | 0 | 2021 |
| EMTN FRN private placement | USD | 40 | 0 | 2021 |
| EMTN Eurobond, 1.25 % fixed | EUR | 350 | 0 | 2022 |
| EMTN Eurobond, 1.125 % fixed | EUR | 350 | 0 | 2024 |
| EMTN FRN private placement | USD | 50 | 0 | 2024 |
| EMTN FRN private placement | USD | 105 | 0 | 2024 |
| EMTN Eurobond, 1.25 % fixed | EUR | 300 | 0 | 2025 |
| Revolving Credit Facility | EUR | 938 | 938 | 2026 |
| EMTN Eurobond, 0.25 % fixed | EUR | 350 | 0 | 2028 |
| Commercial Paper (uncommitted) | SEK | 5 000 | 4 500 | n/a |

## NOTE 10
## Deferred tax on other comprehensive income

| MSEK | Apr–Jun 2021 | Apr–Jun 2020 | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|---|---|
| Deferred tax on remeasurements of defined benefit pension plans | 7 | –25 | –21 | –8 | 19 |
| Deferred tax on cash flow hedges | –3 | –7 | 10 | 11 | 6 |
| Deferred tax on cost of hedging | –5 | –8 | –4 | –11 | –10 |
| Deferred tax on net investment hedges | –34 | –128 | 35 | 41 | –144 |
| **Total deferred tax on other comprehensive income** | **–35** | **–168** | **20** | **33** | **–129** |

## NOTE 11
## Pledged assets

| MSEK | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|
| Pension balances, defined contribution plans[1] | 165 | 138 | 144 |
| **Total pledged assets** | **165** | **138** | **144** |

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

## NOTE 12
## Contingent liabilities

| MSEK | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|
| Guarantees | – | – | – |
| Guarantees related to discontinued operations | 15 | 15 | 15 |
| **Total contingent liabilities** | **15** | **15** | **15** |

For critical estimates and judgments, provisions and contingent liabilities, refer to note 4 and note 39 in the Annual Report 2020 as well as to the section Other significant events in this report.

# Parent Company

## STATEMENT OF INCOME

| MSEK | Jan–Jun 2021 | Jan–Jun 2020 | Jan–Dec 2020 |
|---|---|---|---|
| License fees and other income | 647 | 542 | 1 233 |
| **Gross income** | **647** | **542** | **1 233** |
| Administrative expenses | –326 | –295 | –949 |
| **Operating income** | **321** | **247** | **284** |
| Financial income and expenses | 1 740 | 69 | 1 067 |
| **Income after financial items** | **2 061** | **316** | **1 351** |
| Appropriations | –153 | –33 | –71 |
| **Income before taxes** | **1 908** | **283** | **1 280** |
| Taxes | –1 | –15 | 150 |
| **Net income for the period** | **1 907** | **268** | **1 430** |

## BALANCE SHEET

| MSEK | Jun 30, 2021 | Jun 30, 2020 | Dec 31, 2020 |
|---|---|---|---|
| ASSETS | | | |
| **Non-current assets** | | | |
| Shares in subsidiaries | 44 201 | 44 580 | 44 233 |
| Shares in associated companies | 112 | 112 | 112 |
| Other non-interest-bearing non-current assets | 505 | 943 | 344 |
| Interest-bearing financial non-current assets | 850 | 1 491 | 1 133 |
| **Total non-current assets** | **45 668** | **47 126** | **45 822** |
| **Current assets** | | | |
| Non-interest-bearing current assets | 906 | 1 047 | 571 |
| Other interest-bearing current assets | 3 084 | 2 755 | 3 330 |
| Liquid funds | 1 394 | 2 808 | 151 |
| **Total current assets** | **5 384** | **6 610** | **4 052** |
| TOTAL ASSETS | **51 052** | **53 736** | **49 874** |
| | | | |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| **Shareholders' equity** | | | |
| Restricted equity | 7 730 | 7 737 | 7 730 |
| Non-restricted equity | 21 602 | 21 840 | 21 269 |
| **Total shareholders' equity** | **29 332** | **29 577** | **28 999** |
| | | | |
| **Untaxed reserves** | **750** | **701** | **723** |
| | | | |
| **Long-term liabilities** | | | |
| Non-interest-bearing long-term liabilities/provisions | 193 | 324 | 169 |
| Interest-bearing long-term liabilities | 11 788 | 13 580 | 11 679 |
| **Total long-term liabilities** | **11 981** | **13 904** | **11 848** |
| **Current liabilities** | | | |
| Non-interest-bearing current liabilities | 1 287 | 1 136 | 960 |
| Interest-bearing current liabilities | 7 702 | 8 418 | 7 344 |
| **Total current liabilities** | **8 989** | **9 554** | **8 304** |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | **51 052** | **53 736** | **49 874** |

# Financial information

## FINANCIAL INFORMATION CALENDAR

**October 29, 2021, app. 1.00 p.m. (CET)**
Interim Report January–September 2021

**February 8, 2022, app. 8.00 a.m. (CET)**
Full Year Report January–December 2021

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 July 29, 2021, at **2:30 p.m. (CET)** where President and CEO Magnus Ahlqvist and CFO Bart Adam will present the report and answer questions. The telephone conference will also be audio cast live via Securitas' website. To participate in the telephone conference, please dial in five minutes prior to the start of the conference call:
**US: +1 631 913 1422**
**Sweden: +46 8 566 426 51**
**UK: +44 333 3000 804**
Please use the following pin code for the telephone conference: **621 490 78#**

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

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:
Micaela Sjökvist, Head of Investor Relations +46 76 116 7443

## ABOUT SECURITAS

Securitas has a leading global and local market presence with operations in 47 countries. Our operations are organized in three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. We also have operations in Africa, the Middle East, 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 the intelligent protective services partner, we are focusing on four areas: empowering our people, client engagement, protective services leadership and innovation, and efficiency.

### Group financial targets

Securitas has three financial targets:

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

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

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