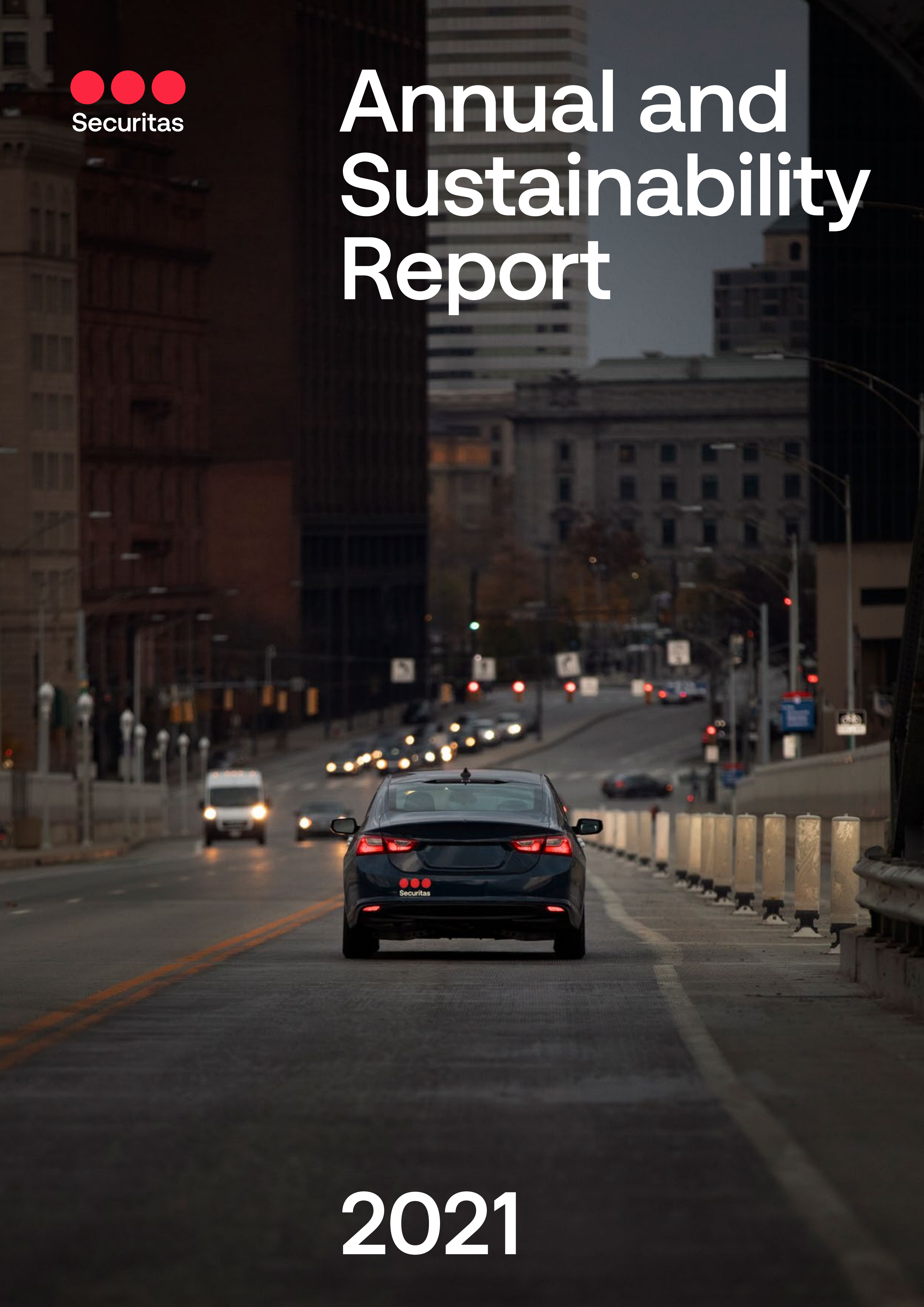
Securitas

Annual and Sustainability Report



2021

Contents

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

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www.securitas.com

We help make your world a safer place. By providing innovative, high-quality and sustainable security services to our clients, we help them keep ahead of their risks so that they can focus on their core business. We make people feel safe. Every day, worldwide.

Securitas – a leading intelligent security solutions partner.

The year 2021

107 700
Total sales, MSEK (107 954)

4%
Organic sales growth (0)

22%
Security solutions and electronic security, share of total sales (22)

5.6%
Operating margin (4.5)

4.40
Proposed dividend per share, SEK (4.00)

345 000
Employees (355 000)

46
Number of countries with operations (47)

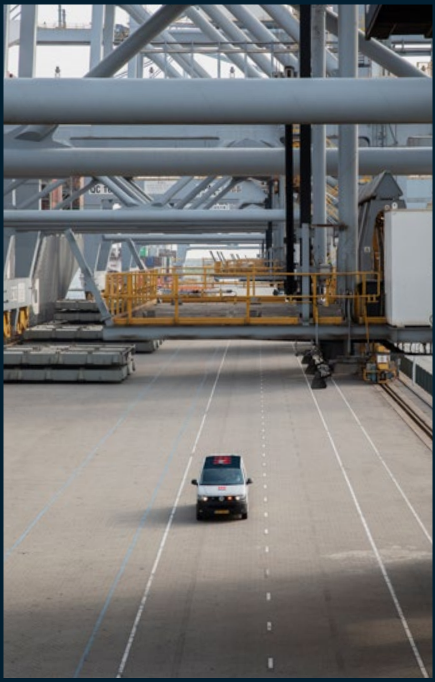
153 000
Approx. number of clients excluding monitoring-only clients (153 000)

90%
Client retention rate (91)

We give you peace of mind

2021 – highlights

February
EFFICIENCY
We launched business transformation programs in Security Services Ibero-America and in Security Service Europe to modernize our business and enable us to scale our strategic execution and improve profitability. We completed the design phase during the year paving the way for the implementation phase during 2022.



February
SHARPENING OUR FOCUS
In 2020 we decided to leave markets with low-margin operations and we completed the exit of 10 markets with low-margin operations.

March
OUR IDENTITY
We launched a new brand identity and positioning. Securitas is a knowledge-driven company where engaged and talented people make a positive difference every day. The new brand expresses our confidence in the future, while remaining true to our heritage and people.

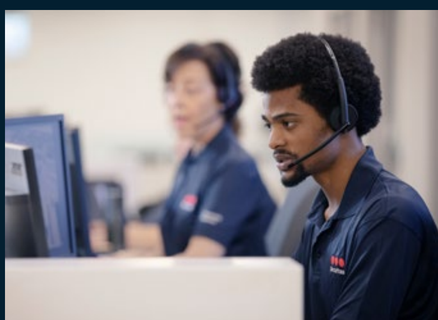
March
INNOVATION
During the spring, we successfullly launched a new intelligent service – risk prediction in Sweden with positive client feedback. The next market to follow was Norway.

June
NET IMPACT RATING
Securitas was awarded a net impact rating of AAA (Prime level) by the Upright Project. The AAA rating is the highest rating possible, and puts Securitas in the top three percent of rated companies.

The Upright net impact model uses artificial intelligence to review millions of scientific articles and public statistical databases measuring the net impact of companies on the world.

July
TWO MAJOR ACQUISITIONS
We acquired Protection One, the German market leader specializing in remote technology-driven security solutions and electronic security.
We also acquired Tepe Güvenlik a leading electronic security company in Turkey, making Securitas number two in the monitoring market in Turkey.

October
SECURITAS – ONE OF FORBES TOP 500 DIVERSE COMPANIES
Our employees come from diverse cultures, experiences, backgrounds and populations. The recognition from Forbes represents our unwavering commitment to hire and retain multicultural talent throughout the company. We are pleased with the progress we have made to ensure diverse representation at all levels, and it exemplifies our ability to live according to our purpose in everything we do. The Forbes list includes the 500 employers with the most diverse workforces in the US, including the most diverse boards and executives.



October
CLIENT CENTRIC
Our Client Excellence Platform has been launched in most countries across our global footprint and thereby standardizing many key processes. This streamlines the client life cycle and ensures client-centric approach based on our global best practice.

October
AWARD WINNER
Securitas Security Services North America received the most prestigious award in the US security industry – the Outstanding Security Performance Award (OSPA). This recognition reflects our standing as a knowledge and performance leader in the security industry. “The company’s ability to deliver on its commitment to stakeholders was particularly evident during the pandemic and domestic unrest, which collectively demonstrated their commitment to investing in clients, employees and communities.”

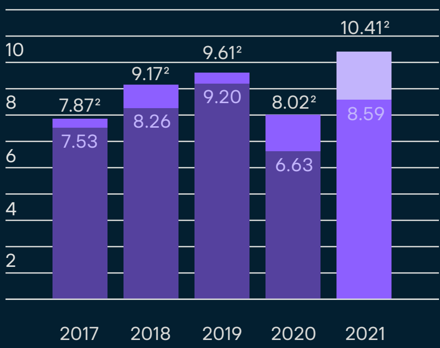
December
A TRANSFORMATIVE ACQUISITION
We announced a signed agreement to acquire Stanley Security. A major leap in the company's history that will pave the way for the future transformation of the entire security industry. It will be a real game changer for Securitas and for all of our stakeholders.

Targets and fulfillment 2021

Financial targets and dividend policy

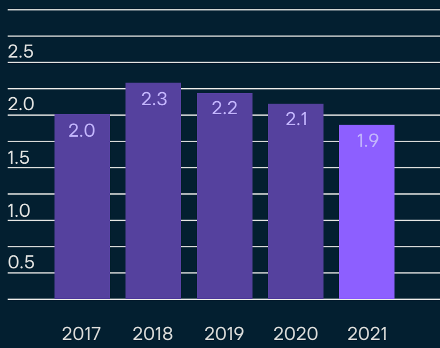
37%[1]
Increase in earnings per share
(2020: -12 percent)

Target:
An annual average increase of 10 percent



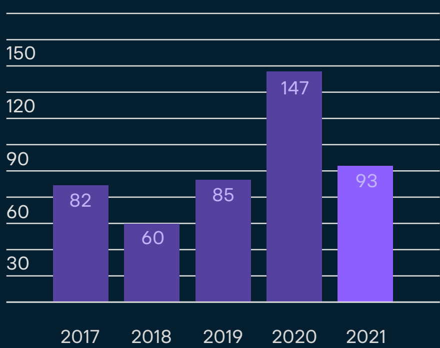
1.9
Net debt to EBITDA ratio
(2020: 2.1)

Target:
An average net debt to EBITDA ratio of 2.5



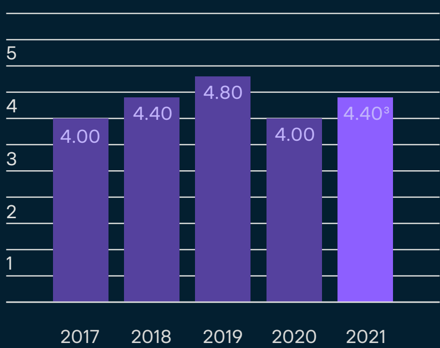
93%
Operating cash flow
(2020: 147 percent)

Target:
An operating cash flow of 70 - 80 percent of operating income before amortization



4.40[3]
Dividend per share
(2020: SEK 4.00)

Policy:
In the range of 50–60 percent of annual net income



1 Real change, adjusted for changes in exchange rates and items affecting comparability.
2 Adjusted for items affecting comparability.
3 Proposed dividend.

Sustainability targets

4%

Change
in injury rate

(2020: –14 percent)

Target:
5 percent annual decrease in the Group injury rate

24%

Share of female managers, total

(2020: 23 percent)

Target:
By 2021, the share of female managers at all levels should be at least the same as the share of women in the total workforce

All-time-high operating result and transformative tech-nology acquisition

CEO statement
Magnus Ahlqvist

"Fulfilling our clients' security needs, giving them peace of mind to focus on their core business, is at the core of what we do."

Our strategy, investments and actions are starting to generate results and leading to improved profitability across all segments in 2021.

The coronavirus pandemic was still present in our day-to-day operations as we closed 2021. We are coming out stronger as a company in 2021 thanks to having taken action early with a clear focus on four priorities – protecting the health and safety of our people, staying close to our clients, managing cost and maintaining our cash generation. Over the last year, we have sharpened the business further through focus on enhancing the client value proposition, profitability and the execution of our transformation programs, and we are managing the remaining effects of the pandemic with strong performance in all our business segments.

At the end of 2021, we were very excited to announce our largest acquisition in the company's history. We have entered an agreement to acquire Stanley Security, a globally highly reputable electronic security solutions provider. We have built our electronic security platform through smaller acquisitions for some years now, but Stanley Security is a game-changer. A transformative acquisition, both for us as a company and for the security industry.

We believe that the future of security is built around the combination of global presence, connected technology and intelligent use of data, and together with Stanley Security, we will be perfectly positioned to win in this environment. Securitas strategy is to deliver comprehensive, scalable and innovative security solutions to meet the clients' increasingly complex security needs. Stanley Security's complementary offering of industry-leading tech-enabled security, is in perfect alignment with this strategy. In addition, the acquisition is a significant step towards Securitas achieving the ambition of doubling sales from higher margin security solutions and electronic security by 2023. We expect closing of the acquisition to take place in the first half of 2022.

2021 FINANCIAL DEVELOPMENT

The Group's organic sales growth was 4 percent (0) with all business segments contributing. The gradual business recovery continued during the year, with commercial activity and sales momentum picking up throughout the Group, including airport security. Sales of security solutions and electronic security had a real sales growth of 8 percent (5) in 2021 and now represents 22 percent (22) of Group sales.

The operating result for the Group, adjusted for changes in exchange rates, increased by 28 percent (-10) and the operating margin improved to 5.6 percent (4.5). The improving business fundamentals and active portfolio management strengthened all business segments, and the cost-savings program initiated during 2020 had a positive impact as well. Furthermore, we had lower levels of provisioning during 2021, compared to increased levels during 2020 which reflected the increased risk in the business environment. The price and wage balance was successfully kept on par throughout the year. Going into 2022 we are well positioned to maintain this balance.

The Group delivered a strong operating cash flow, corresponding to 93 percent of operating income in 2021. The net debt to EBITDA ratio was 1.9 (2.1).

Based on the solid financial position the board proposes a dividend of SEK 4.40 per share for 2021, equal to a 10 percent increase versus 2020.

PROXIMITY TO CLIENTS

Fulfilling our clients' security needs and giving them peace of mind to focus on their core business, is at the core of what we do. With the pandemic, the security needs of many clients have changed swiftly and we have done our utmost to be flexible and serve in the best possible way. The quality and adaptability of our services have been recognized by our clients and were reflected in a stable, high client retention of 90 percent in 2021.

PROTECTIVE SERVICES LEADERSHIP

We have continued to build our expertise in electronic security and security solutions during the year. We completed several important acquisitions that strengthen our position – Dansk Brandteknik in Denmark, Protection One in Germany, Tepe Güvenlik in Turkey and Supreme Security in the US.

With the acquisition of Stanley Security, we will be an exceptional player in the security industry on a global level. The profile of Securitas changes from a leading guarding company with electronic security and solutions capabilities, to a leading intelligent security solutions partner. Our combined offering is cutting edge and we will be in an outstanding position to deliver security and safety to clients and communities around the world. Overall in the Group, we saw positive developments in our electronic security and solutions business during 2021 despite some challenges related to shortage of components. Accelerating organic sales growth within electronic security and solutions is a priority going forward. The installation business within electronic security recovered well during 2021 as restrictions and lock-downs eased and we could access clients' sites again.

DRIVING OUR TRANSFORMATION PROGRAMS

In North America we started to realize the operational and financial benefits from the implementation during 2021. We finalized this program at the end of 2021 and we will over the coming year continue to focus on benefit realization.

At the beginning of 2021 we launched transformation programs in Security Services Europe and Security Services Ibero-America. This is the last phase of transformation in the Group. These programs will modernize and digitize our business and enable to scale up the execution of the strategy and expand profitability. All transformation programs have clearly defined operating margin targets associated to them and the programs have progressed according to plan during 2021.

OUR PEOPLE

As one of the world's largest employers, we employ many people in Securitas. We offer thousands of work opportunities all around the world, and our people benefit from working for a values- and purpose-driven company that offer good working conditions, fair wages and career opportunities. During the pandemic, our services have been classified as essential to society in many countries, which again shows what a vital part we play in society, now and in the long term.

We support the UN Global Compact and incorporate its ten principles into our daily work. Through our work, we also contribute to the fulfillment of the UN Sustainable Development Goals (SDGs) in the ones where we believe we can make the greatest positive impact.

EXCITING TIMES AHEAD

Going into 2022, we are preparing to close the acquisition of Stanley Security and transforming Securitas to a more advanced company with greatly enhanced technology capabilites. When Stanley Security is integrated and the transformation programs are fully implemented, we will have built a new Securitas – a modern, digitized and innovative security solutions partner for our clients. With the margin targets of the transformation programs, the higher margin profile of Stanley Security – paired with active portfolio management throughout the Group - we are building a structurally higher margin profile in Securitas in the years to come.

The geopolitical situation in the world has changed radically with Russia's invasion of Ukraine at the end of February 2022. We have no operations neither in Russia nor in Ukraine but we follow the development closely and will do everything we can to contribute to reduced uncertainty and a safer society.

Finally, I would like to express my gratitude to the Securitas team for the outstanding work and contributions. I would also like to thank all shareholders for your trust in our company.

Stockholm, March 24, 2022

Magnus Ahlqvist
President and CEO

Guided by a strong purpose and core values

We take pride in making people feel safe every day by providing the highest quality safety and security services. Our purpose, "We help make your world a safer place," defines our role in society. To do this, we are led by our three core values – integrity, vigilance and helpfulness. They represent who we are and how we do things. The three dots symbolize these values, and signify that we look out for each other – and the people around us.

OUR PURPOSE
Our purpose is a promise to our clients, partners, and other stakeholders, a promise that guides all of our decisions, from the small everyday choices we make to our large strategic investments.

We provide peace of mind to our clients with security and we are experts in managing risks.

We are also guided by our company ethics and strong core values – integrity, vigilance and helpfulness – which have been part of the Securitas culture for a long time.

- Integrity means being honest and never compromising on our ethics
- Vigilance includes taking ownership and constantly evaluating the situation to take action when needed
- Securitas people are helpful, service-oriented and accommodating to clients. We always go the extra mile

By sharing these strong values and doing the right thing together, we help make your world a safer place.

OUR PEOPLE
Securitas is a purpose-driven company with high ethical standards. We offer training and development opportunities to help our people grow and reach their full potential. Promoting a sense of pride and attracting and retaining the best people are essential for our success.

Since Securitas was founded in 1934, our fundamental beliefs have remained unchanged. We believe in a good work environment and fair wages, and we work with clients who also recognize the value in this. Prior to accepting a contract with a client, we evaluate the working conditions at the client site to ensure decent practices and a healthy and safe work environment.

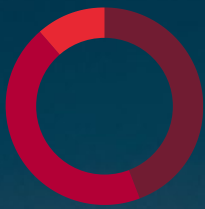
Ethical practices
Securitas conducts its business in accordance with international conventions such as the UN Universal Declaration of Human Rights. We have a global framework agreement with UNI Global Union, which represents more than 20 million workers from over 900 trade unions in the skills and services sectors. We also ensure fair working conditions through our involvement in industry organizations such as the National Association of Security Companies (NASCO). We work closely with, for example, the Living Wage Foundation in the UK, which works to ensure that people working in the lowest paid service sectors are paid a living wage.

Securitas supports the UN SDGs, focusing particularly on goals that affect our employees such as inclusion, gender equality, and good working conditions. We are also adopting a broader approach to diversity and inclusion and working intensively to define Group-wide targets, both within this area. In addition, we are launching employee engagement measurements in 2022. We already use KPIs to measure employee turnover, employee engagement, diversity, health and safety, and injury rates, among other metrics, to monitor our progress and identify areas for improvement.

Upskilling is key
Employee training remains a strategic priority for us, and for our largest clients. Many employees join Securitas in entry-level positions, and we encourage them to develop within the company and become specialists and leaders.

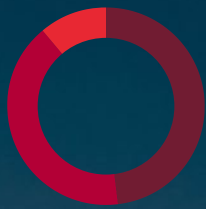
We are convinced that our people strategy will lead to added value for all Securitas stakeholders. Employees, for example, benefit from working for a values- and purpose-driven company that offers fair wages, continuous improvement, and opportunities for learning and career development. Clients gain frontline personnel with a high level of engagement and motivation, who deliver excellent service, value and continuity.

Securitas has operations in 47 markets with more than 1 300 branch offices. We 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 and is included in Other.



Share of Group sales per segment, excluding Other 3%

- North America 43%
- Europe 43%
- Ibero-America 11%



Share of Group operating income per segment, excluding Other -10%

- North America 53%
- Europe 45%
- Ibero-America 12%

A strong global position and local presence

Security Services North America

Markets:
Canada, Mexico and the US

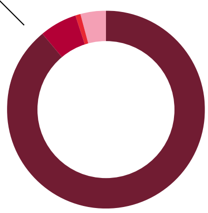
Total sales MSEK 46 747 (47 801)

Organic sales growth 3% (2)

Operating income before amortization MSEK 3 191 (2 800)

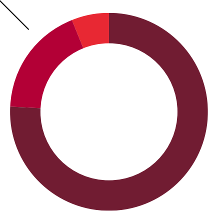
Operating margin 6.8% (5.9)

113 000 employees



Share of sales per country

- The US, 91%
- Canada, 6%
- Mexico, 1%
- Rest of countries in the segment, 2%



Share of sales per service

- Guarding services 76%
- Security solutions and electronic security 18%
- Other 6%

Security Services Europe

Markets:
Austria, Belgium, Bosnia and Herzegovina, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Hungary, Ireland, Luxembourg, the Netherlands, Norway, Poland, Romania, Serbia, Slovakia, Sweden, Switzerland, Turkey and the United Kingdom

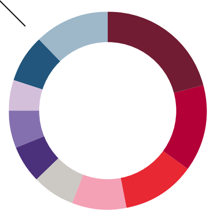
Total sales MSEK 46 138 (45 188)

Organic sales growth 5% (-2)

Operating income before amortization MSEK 2 696 (2 069)

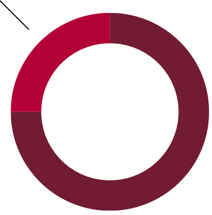
Operating margin 5.8% (4.6)

120 000 employees



Share of sales per country

- Germany, 21%
- France, 14%
- Sweden, 12%
- Belgium, 9%
- The Netherlands, 7%
- Eastern Europe, 6%
- The UK, 6%
- Norway, 5%
- Turkey, 4%
- Rest of countries in the segment, 16%



Share of sales per service

- Guarding services 75%
- Security solutions and electronic security 25%
- Other 0%

Security Services Ibero-America

Markets:
Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru, Portugal, Spain and Uruguay

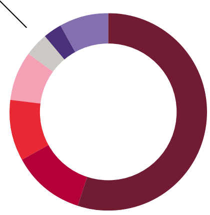
Total sales MSEK 12 286 (12 552)

Organic sales growth 6% (2)

Operating income before amortization MSEK 702 (570)

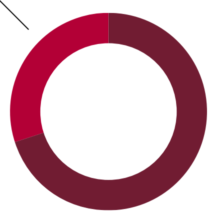
Operating margin 5.7% (4.5)

59 000 employees



Share of sales per country

- Spain, 55%
- Argentina, 12%
- Portugal, 10%
- Chile, 8%
- Colombia, 4%
- Peru, 3%
- Rest of countries in the segment, 8%



Share of sales per service

- Guarding services 70%
- Security solutions and electronic security 30%
- Other 0%

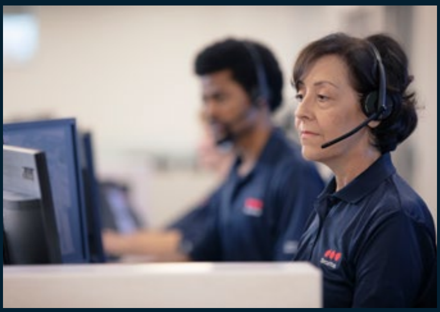
AMEA — Africa, Middle East, Asia and Australia

Markets:
Australia, China, Hong Kong, India, Indonesia, Morocco, Saudi Arabia, Singapore, South Africa, South Korea, Thailand, the United Arab Emirates and Vietnam

53 000 employees

Our offering

Securitas has the most comprehensive protective services portfolio in the industry, and we continuously innovate our offerings with solutions tailored to our clients' businesses and needs. This enables us to pursue partnerships where we develop in tandem with our clients.



Our security services are managed and coordinated through Securitas Operations Centers (SOC), where operators can quickly address our clients' security needs. The information gathered by our SOCs provides our clients with high-quality security around the clock, along with analytics, analysis and client reports.

SECURITY SOLUTIONS
Security solutions are a combination of services such as on-site and/or mobile services and/or remote services. 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.

CORPORATE RISK MANAGEMENT
Combining cutting-edge technology with top security intelligence, our global network of experts covers every risk. Securitas' risk experts are some of the most knowledgeable in the industry, identifying and protecting all areas that threaten your business and its operations.

ON-SITE SERVICES
Our on-site security officers protect properties, assets, staff, and residents in private or public environments. They are trained to detect, deter, and respond to risks and incidents.

MOBILE SERVICES
We provide mobile guarding services, where one security officer serves multiple clients within a limited geographical area.

REMOTE SERVICES
Our remote services are standardized, cost-effective, and combines specially trained security officers with innovative technology.

ELECTRONIC SECURITY
Electronic security consists of the sale of alarm installations comprising design and installation. Remote guarding, in the form of alarm monitoring services, that is sold separately and not as part of a security solution, is also included. Electronic security also includes maintenance services and, to a limited extent, product sales (alarms and components) without any design or installation.

FIRE AND SAFETY
We provide certified safety services, including fire prevention, first aid, evacuation assistance, and emergency planning adapted to each industry.

OUR CLIENTS

Regardless of our clients and industry, we always start by completing a thorough risk assessment and determining their specific needs. This requires an open dialog, an in-depth analysis and a flexible approach. When designing our solutions, we combine the client knowledge from our local branch managers with specialized skills from teams within electronic security, corporate risk management, fire prevention, etc. In additoin, we make best practices available to our whole organization through training and digital tools. Combining in-depth client knowledge, the expert skills of our specialist, and access to our extensive global knowledge allows us to pursue unparalleled client partnerships.

The coronavirus pandemic highlighted the importance of acting and adapting to the client's changing needs, even on a daily basis, in some situations. This agility and quick implementation of actionable processes further strengthened our contribution to society, as we worked quickly to serve hospitals along with testing and vaccine centers to provide not only exceptional service, but peace of mind in the midst of an unfolding health crisis.

Virtual technology gave us the opportunity to increase our client engagement during the coronavirus pandemic, which allowed us to remain closely connected despite limited and physical interactions. When society began opening up again, we continued to use the digital ways of working to reduce our climate impact while remaining client-centric.

Global clients

Our global lens helps us identify and provide tailored local solutions to our cross-border clients while maintaining consistency across borders and between continents. Our global clients' business continued the positive development in 2021. Whilst the share of sales was flat at 16 percent of Securitas' total sales, we have seen a significant increased interest in partnering with Securitas across all our protective services. In the top 10 strategic global clients we have in 2021 seen a significant higher-than-average growth rate. The key focus in the global clients business is to build deeper relationships, to expand the services from primarily global guarding services to intelligent security solutions partnerships. Securitas has a leading global and local market presence in 47 markets across the world. In locations where we do not have operations, we can still ensure a high level of service, business ethics and consistency through the Securitas Certified Partner Program.

Platforms boost quality

We aim to increase the time our branch managers and other employees spend with our clients. The Client Excellence Platform automates and standardizes many key processes to streamline the client life cycle. The platform has been rolled-out to 41 markets, and ensures a client-centric approach based on our global best practice.

As part of continuing digital transformation projects across the organization, we have launched digital reporting tools to our security officers in most of our operating countries and to our cross-border clients. These tools streamline our reporting and gives us the opportunity to collect, present and analyze data to further strengthen our client offering.

Measuring progress

Securitas has a defined set of key performance indicators (KPIs) to measure and map our progress in our client engagement. We have significantly high loyal customer base, with a client retention rate at 90 percent. To continue to monitor our clients' perception of our services, we have increased our focus on client satisfaction surveys.

Improving margin

Our client-centric approach uses global best practices. Our expertise and specialist knowledge carries a premium value in the security and safety industry. In 2021, we increased our focus on clients prepared to pay for such premium services. This work began in 2020 within the aviation segment, but was expanded it to our entire client base in 2021.

INNOVATION

Over the past three years, we have built a dedicated business unit tasked with creating the foundation for innovation and product development. A team of the highest qualified people within user research, user experience, data science, software development and digital business models are the backbone of this unit. They have developed an emerging, promising product portfolio of high-margin and high-growth digital products.

Risk prediction

One of our products is risk prediction, which was successfully implemented in Sweden during the year with positive client feedback. Market and product viability proof points reveal strong high-margin growth in the small and medium-sized enterprises (SME) segment.

In the beginning of November 2021, we continued the roll-out and launched risk prediction in Norway as our second market. Here, we used an artificial intelligence (AI) model trained on the Swedish data to predict risk in Norway. The result demonstrated an accuracy rate higher than 80 percent, compared to historical Norwegian incident data. A promising result that proves the scalability to other markets, independent of local data sets.

Data and insights are drivers

Data is clearly the base of success and future products and services for Securitas. With our combination of unique and large sets of data from security officers, clients and external sources, and our expertise team and partner network, we have created the fundamentals to go from predetermined security programs to intelligent and dynamic protective services. We ensure that the data that we process on behalf of our clients, or regarding our employees or others, is protected. We have already established that we have the capability to build insights into how risk, crime and safety behave globally. These insights can and are already being translated into new capabilities that are improving our security delivery, and also into new services enabling us to advise clients on how to best improve their risk, safety and security profile.

Going forward, we will develop and continue to build on these capabilities. We will expand our portfolio to include digital capabilities for fully assessing and advising clients, increase our focus on personal and employee safety, and last but not least - build a connectivity platform to integrate any sensor data, such as multi-sensors, connected devices and smart buildings, in real time. With this platform, we will move into the next generation security model, re-defining the industry.

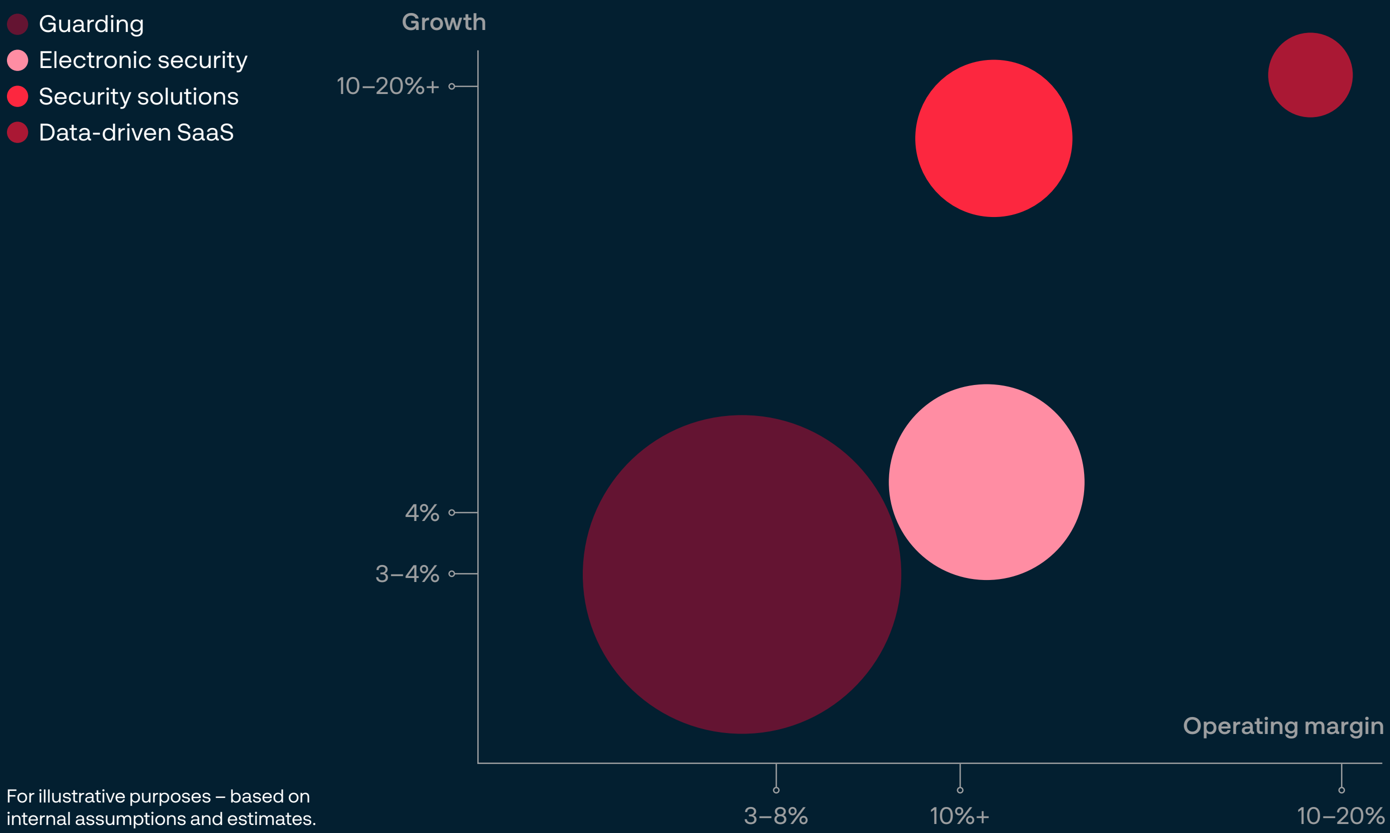

Securitas

The future value drivers of presence, data and tech-enabled solutions

We see three main drivers define the future of the security industry. The power of presence, connected technology, and intelligent use of data. We believe that the winners of tomorrow will be the companies who can leverage and combine these three assets to provide the best client experience. By agreeing to acquire Stanley Security, we double our electronic security capability, and we have come very close to achieving our ambition of doubling the security solutions and electronic security sales by 2023.

Looking at the different parts of the security industry and how various capabilities will develop in terms of growth, but also in terms of profitability, we see significant difference over the next five to ten years. Securitas holds a strong position in guarding today, and we have continuously been building a platform within electronic security. At the same time, we have been working proactively over the last five to six years to integrate different protective services into what we call security solutions. Both electronic security and security solutions are parts of the security industry characterized by higher growth and higher margin opportunities. Taking an even longer-term perspective, we also expect data-driven security as a service to become increasingly important in the next few years. This will essentially be enabled by having broad connectivity to all the equipment that we have installed at client locations and then being able to drive innovation based on that connectivity in order to to optimize the security solution but also be able to work in a more predictive manner.

There is a growing emphasis on technology and data in all security solutions, driven by increasingly complex security needs. As illustrated below, technology and data-driven innovation are expected to account for a higher share of growth and offer stronger operating margins. By agreeing to acquire Stanley Security, we are taking a significant step in terms of shifting the entire profile of Securitas in that direction.



For illustrative purposes – based on internal assumptions and estimates.

A strong positive impact on society

In pursuing our purpose, our business creates a range of different impacts. A quantification of these impacts, or the value we create, is summarized into a net impact profile. This is a bird's eye view of the holistic impact of Securitas' business on society, knowledge, health, and the environment.

With a net impact ratio of 81 percent, Securitas' business is highly net positive. This means that our overall negative impact is 81 percent smaller than our overall positive impact. Our most significant positive impact is our contribution to society through job creation.

In this graph, the bars to the left illustrate the resources used and the negative impacts created by Securitas, while the bars to the right show the positive impacts created and what is achieved with the use of those resources. The analysis is based on Securitas' business activities, meaning the products and services offered, and it takes into consideration the entire value chain of those products and services.

The profile has been calculated and produced according to the Upright Project's net impact quantification model, which uses machine-learning based technology to process the knowledge contained in millions of scientific articles (read more in the sustainability notes).

SOCIETY
Our most significant positive impacts are those we have on society through job creation. Our contribution to societal infrastructure in particular, meaning the essential products and services that keep our societies running, is where our purpose comes alive. Our expertise, dedicated professionals, and state-of-the-art safety technology secure our cities, workplaces, and streets, and ensure safety for millions globally.

In addition to this, we also do our part as a responsible corporate citizen. In 2021, Securitas provided employment for over 345 000 individuals in 47 markets worldwide, and contributed MSEK 1 265 in current taxes paid.

KNOWLEDGE
In our work, Securitas also contributes to the world by creating and distributing knowledge. Our electronic security solutions create data that allows us to develop our expertise in preventative safety, rapid response, automation, and increasingly streamlined security and safety services. Through our ambition to double our electronic security and security solutions business by 2023, our positive impact on knowledge will only grow further.

Through our training programs, we also distribute the best know-how on safe and effective security work. In 2021, the average number of hours of training was 28.1 per employee. Our knowledge also includes our most valuable resource - our employees, whose skill and time make all of Securitas' positive impacts possible.

HEALTH
Making people feel safe and secure has a highly positive impact on people's health - and Securitas' role is reflected in the positive impact it has on meaning and joy. Every day, Securitas' services remove stressors and risks from people's lives, helping to increase wellbeing at workplaces, during commutes, and in communities. Our security officers are trained not only to protect themselves, but also to help others while on assignment, for example, by performing first-aid and CPR, or conducting fire safety measures to ensure all our employees can provide immediate assistance in the case of an emergency.

Our employees also face different types of risks in their work - but we work hard to ensure a safe working environment for all. We monitor a range of occupational health and safety metrics very closely and take action as needed. Our target is a 5 percent decrease in the Group-wide injury rate annually.

ENVIRONMENT
Due to the nature of our services, Securitas' environmental impact is, on a global scale, relatively small. Despite this, we strive to continously reduce our footprint. Given that our main environmental impact stems from the emissions from the vehicles used by our security officers and other employees, we set limits for emissions from new purchased or leased company vehicles each year.

81%
Net impact rating

345 000
Provided employment

1 265
Current taxes paid, MSEK

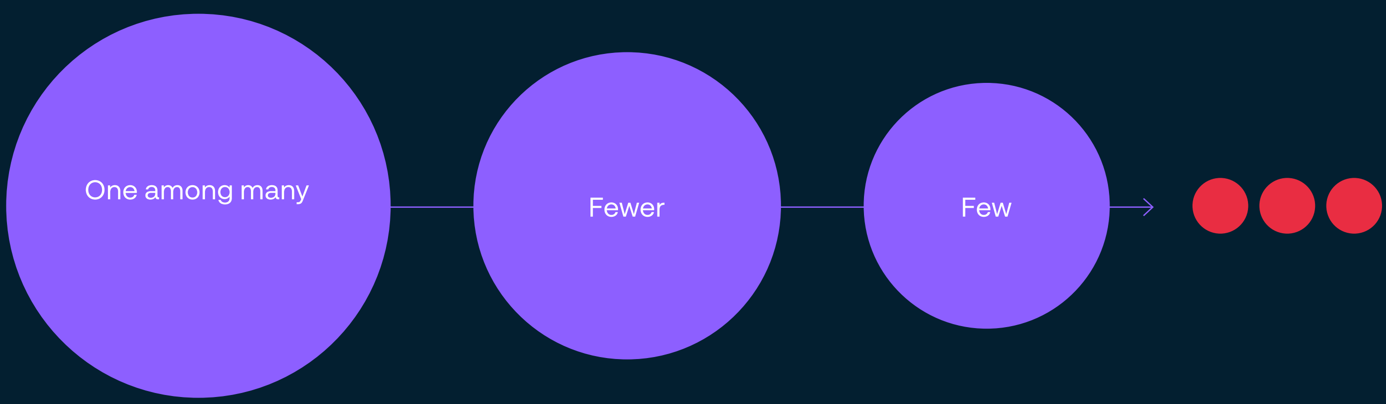
Impact	Negative	Score	Positive
SOCIETY	-0.0	10.0	10.0
Jobs		5.2	5.2
Taxes		2.3	2.3
Societal infrastructure		2.5	2.5
Societal stability	-0.0	0.1	0.1
Equality and human rights	-0.0	0.0	0.0
KNOWLEDGE	-0.7	-0.1	0.6
Knowledge infrastructure		0.0	0.0
Creating knowledge		0.3	0.3
Distributing knowledge		0.4	0.4
Scarce human capital	-0.7	-0.7	
HEALTH	-0.3	0.6	0.9
Physical diseases	-0.3	-0.1	0.2
Mental diseases	-0.0	0.0	0.0
Nutrition	-0.0	0.0	0.0
Relationships	-0.0	0.1	0.1
Meaning and joy	-0.0	0.6	0.6
ENVIRONMENT	-1.2	-1.2	0.0
GHG emissions	-0.7	-0.6	0.0
Non-GHG emissions	-0.5	-0.4	0.0
Scarce natural resources	-0.0	0.0	0.0
Biodiversity	-0.0	0.0	0.0
Waste	-0.0	0.0	0.0

Few global players

The global market for security services is fairly fragmented with few global players. Our main competitors are Allied Universal, which acquired G4S during the year, and Prosegur, but in many of our markets, our main competitors are small or medium-sized local companies.

Security solutions provide a unique market position

Adding more skills, abilities and specialized security services enhances the customer value of our offering. It also reduces the number of competitors.



Corporate risk management + On-site services + Mobile services + Remote services + Electronic security + Fire and safety + Investment in client site

Growth opportunities globally

The global security services market is projected to continue to grow. In developed markets, such as the US and Western Europe, the growth potential lies in offering a full range of security services, including technology, that can be bundled into customized solutions. Global security service revenue is expected to grow annually and reach BUSD 263* in 2024, of which the security systems integration market is expected to account for BUSD 12**. Electronic security is a BUSD 70 market with significant innovation opportunities.

The strongest overall growth is forecast in China and India, followed by Poland, Russia and Turkey. While the majority of this growth will come from guarding services, alarm monitoring is expected to increase rapidly.

Expected market size for security services 2024

86 USD billion
North America

Market position
#2***

15 USD billion
Latin America

Market position
#2***

49 USD billion
Europe

Market position
#1***

19 USD billion
Africa/Middle East

Market position
#3***

94 USD billion
Asia

Market position #
<3***

Source: * Freedonia, **HS Markit Report.
*** Current market position based on sales.

Global growth drivers in security services

The factors driving growth depend on the maturity of the market, but we have identified certain trends and drivers that have important impact on and create opportunities for our global business. The increasing security concerns in general and the rising demand for internet-enabled security devices in all sectors are the main growth drivers in the security services market. Our strategy, services and solutions are aligned to address this development.

"This is a growing market, and it's based on increasing needs from clients for more security but also increasingly complex security solutions."

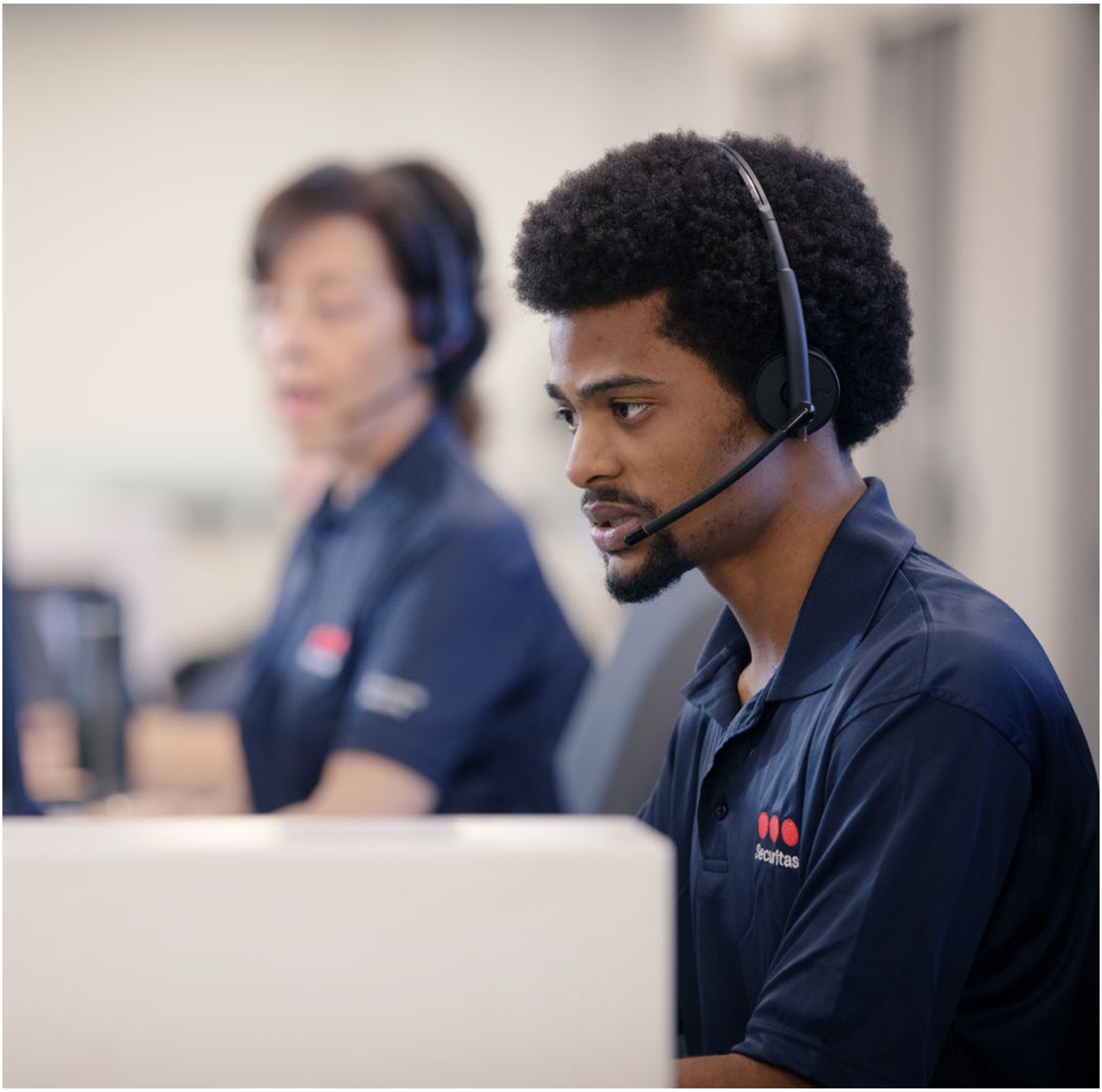
CORONAVIRUS PANDEMIC
The outbreak of the coronavirus pandemic had a major economic impact worldwide. In many countries, the virus led to a total halt to major industrial production chains, travel bans, and supply-chain disruptions. However, the impact of the pandemic and the subsequent lockdowns has not been significant for Securitas on security services since these services are considered essential requirements. The impacted on the installation service was more extensive, but to some extent mitigated by additional extra sales related to the pandemic.

Due to the pandemic, many business premises were closed. All of a sudden, these businesses which were nearly always occupied - were empty, which meant the facilities required new alarm and video surveillance installations as business owners were worried about crime or damage to the properties. At the same time, many people switched to online shopping, which increased the strain on distribution centers, forcing them to come up with better ways to manage their work while ensuring the health and safety of their employees.

The pandemic outbreak has further increased awareness of the need to ensure the safety and security of people. Whether it be through the enforcement of social distancing measures or monitoring the spread of the virus to save lives, surveillance technologies are being tested and adopted worldwide so that economies and ways of living can return to as close to normal as possible, both in public spaces and private areas within a business.

ADVANCED TECHNOLOGIES
The line between the physical and digital world is becoming blurred and at the same time more intertwined. In parallel advanced security systems are being developed, integrated with more technologies like big data and artificial intelligence, using smart devices and the internet of things, and collaborations are driving further growth in mature markets. This has led companies to look for higher-skilled competencies and has also become a driver for acquisitions and consolidation in the market. The demand for advanced security services is projected to increase due to growing trend of smart cities, smart homes, and intelligent workplaces across the globe.

INCOME AND SOCIETAL GAPS
The global economic downturn has had a mixed impact on the demand for security services. Real or perceived threats of criminal activity continue to drive demand for more security and an increasing income



inequality could result in increased fear of property crime and crime in general. An expanding middle class and increased activity in building construction, particularly in the emerging economies, are boosting demand for security services and the levels of investment. Many companies have expanded across national borders, and modern technology is enabling complex and interoperable security systems to be connected from anywhere in the world. China and India are expected to be the fastest growing national markets for security services through 2026, while the US and Europe still make up a large proportion of the global market. The public sector continues to outsource many security services to the private sector in the face of downsizing and cost-cutting programs as well as new and more complex threats that are challenging to handle.

Source: Freedonia and Azoth Analytics.

CRITICAL INFRASTRUCTURE
There is a growing awareness of the need to protect sensitive infra-structure from various disruptions. Manufacturing industries, airports, data centers, ports and public transportation all rely on having a well-functioning infrastructure. Disruptions can result in high costs and increased vulnerability. Today cybersecurity concerns are promoting more providers to expand their competencies, acquire new equipment and build new systems to broaden their expertise and meet this demand.

RAPID INDUSTRIALIZATION
Urbanization and industrialization continue to rise as more people move into cities. The residential market is expected to show the fastest growth as electronic monitoring equipment becomes more common. In the commercial and industrial sector, multinational firms are adopting technologically advanced security solutions and services, particularly in the emerging urban areas of China and India.

Shaping our future in an ever-changing world

Securitas strategy is our main tool for achieving our wanted position - a leading intelligent security solutions partner – and staying relevant to our clients as the knowledge leader in the market. It is also our means for achieving our ambition to double electronic security and solutions sales by 2023 and improve our profitability margins. We aim to create sustainable value for our clients and shareholders.

FOUR STRATEGIC FOCUS AREAS
In everything we do and deliver, we need to be client centric, data driven and people focused, and based on this we have divided our strategy into four focus areas.

NINE EXECUTION AREAS WITH PRIORITIES
Our strategy focus areas are broken down into nine execution areas, clearly connected to our four main focus areas and our ongoing IT and business transformation programs.

CLIENT ENGAGEMENT
Along with our people, our clients is our most important asset, an asset we invest in in different ways in order to strengthen our relationship. With clear value propositions, shared values and ethics along with a continuous drive to develop our services into value-added solutions, we remain close to our clients.

Client Excellence
Continue to drive sales with the help of our Client Excellence Program in all markets

Global clients
Strengthen our relationship with our global clients, using common tools, reporting processes and KPIs

PROTECTIVE SERVICES LEADERSHIP AND INNOVATION
Securitas has the most comprehensive protective services portfolio in the industry, and we are continuously innovating our offering to remain relevant to our clients and protect our market-leading position.

Guarding
Specialize and modernize our guarding operations

Security solutions
Strengthen our solution sales leadership and build momentum with the help of best practice sharing between our business segments to accelerate our solutions journey

Electronic security
Execute and invest in our global growth and acquisitions in line with the electronic security strategy

Innovation
Continue developing and generating returns on our intelligent services and risk prediction capabilities

Strategy ownership and execution process

Our strategy is owned collectively by Group management, and one or two Group management members are responsible for each execution area. With regular strategy execution evaluation meetings and a robust model for following up on progress, we have a sound and rigorous process in place.

The progress of our priorities is evaluated at both the divisional and country level, making sure that we are heading in the same direction and at the same speed. Prioritization to ensure commitment and capability at the country level is critical to successful strategy execution.

EFFICIENCY
We are upgrading our IT and business platforms to boost efficiency across the company and create cost savings. We strive to be data driven and efficient in everything we do, since this contributes to improved quality and ultimately adds value for our clients.

Leaner processes
Invest in IT and business transformation programs to enable cost savings, efficiency gains, and improved value realization

PEOPLE
Our employees' engagement, pride and passion are vital for our continued business success, hence our investments in this area and our focus on retention. Our core values - integrity, vigilance and helpfulness - guide our behavior, help us earn our clients' trust and unite our large organization across the globe.

Strategic HR
Continue investing in our people; in competency and engagement, to improve retention and quality

Reputation
Re-position Securitas as a leading intelligent security solutions partner with the help of our updated brand

Business transformation to modernize, digitize, and improve margins by 2024

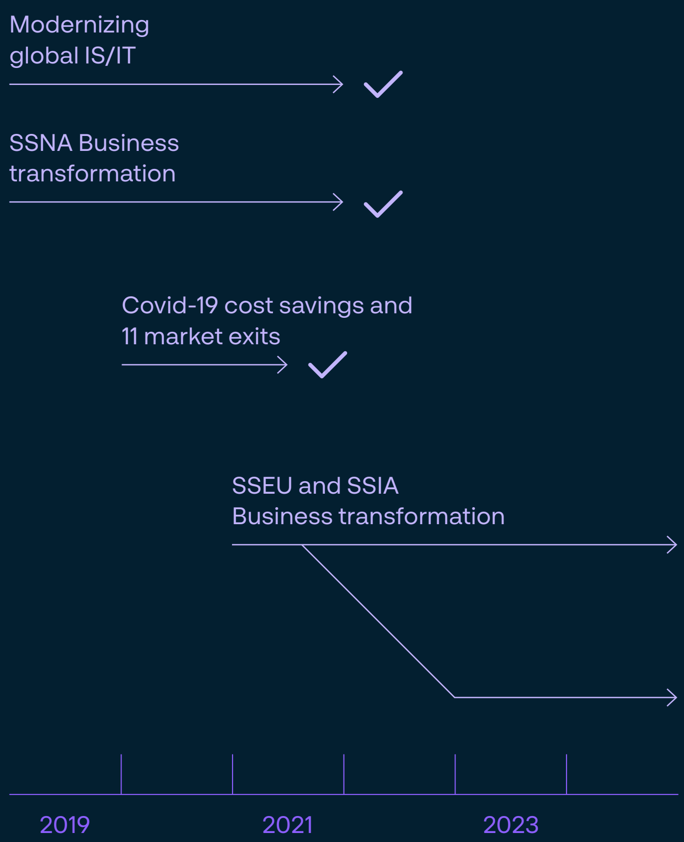
Despite continued challenges in our daily operations resulting from the coronavirus pandemic during 2021, we have made significant progress across the Group on our multi-year transformation programs.

In Security Services North America (SSNA), where we have successfully migrated large parts of the business and key activities to modern platforms and applications, we began realizing the operational and financial benefits from the implementation during the year. We finalized this program at the end of 2021 and over the coming years we will focus on improving our ways of working and enhancing our productivity and profitability even further.

We launched similar, significant business transformation programs in Security Services Europe (SSEU) and Security Services Ibero-America (SSIA) at the beginning of 2021. These programs will modernize our business in Europe and Ibero-America and enable us to scale up the execution of the strategy and improve our profitability. We took essential steps in the design phase of the programs in 2021 and will move into the implementation stage during 2022.

The transformation programs are all linked to clearly defined operating margin targets. The programs progressed according to plan during 2021 and we saw the first financial benefits in North America during the year.

MODERNIZATION AND EFFICIENCY



TARGETED IMPACT

Group
MSEK 300 savings upon completion end of 2022

North America
Up to 0.5% margin benefit by 2022, gradual improvement in 2021

Covid-19
Two-year pay-back period

Exit
Focus and less complexity

Europe
Around 6.5% operating margin by 2024. First impact 2022

Ibero-America
Around 6.0% operating margin by 2024

Corporate governance report

This corporate governance report, which has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code), provides key information concerning compliance with the Code, about our shareholders, the Annual General Meeting, the Nomination Committee, the Board of Directors and their work, including committees, remuneration and the division of responsibilities throughout the governance structure. This section also covers Securitas' system of internal control and risk management, which is the responsibility of the Board of Directors according to the Swedish Companies Act and the Code. This description does not form part of the Annual Report.

In the Internal control section pertaining to risk, we have opted to widen the scope of our description and explain how enterprise risk management works in the broader perspective regardless of the type of risk, which means that our focus is not confined to risk related to internal controls over financial reporting. Fulfilling our strategies and objectives while maintaining an appropriate risk level is imperative, which is why risk management procedures span all levels of the organization.

Securitas has published its principles for corporate governance in previous Annual Reports. A separate section on the Group website contains the Articles of Association and other key company documents.

Read more at www.securitas.com/en/corporate-governance.

CORPORATE GOVERNANCE REPORT

Governance in Securitas

Securitas' structure for corporate governance aims to ensure that the Securitas Group is run sustainably, ethically, responsibly and as efficiently as possible with the shareholders of Securitas best interests at heart. Securitas believes that good corporate governance is a prerequisite to ensure continued organic growth, improvement of operating margins and a successful integration of companies in the Group.

We are committed to maintaining a high standard of integrity and compliance with applicable laws, regulations and any codes of conduct in the jurisdictions where we operate. Securitas complies with the Swedish Corporate Governance Code principle of "comply or explain" and has no deviations for 2021.

The highest decision-making body of the company is the shareholders' General Meeting, which resolves on the composition of the Board of Directors and the election of auditors. The election of the Board of Directors and the auditors is prepared by the Nomination Committee. The Board has formed an Audit Committee and a Remuneration Committee. The Board appoints the CEO and President, who in turn appoints the Group Management.

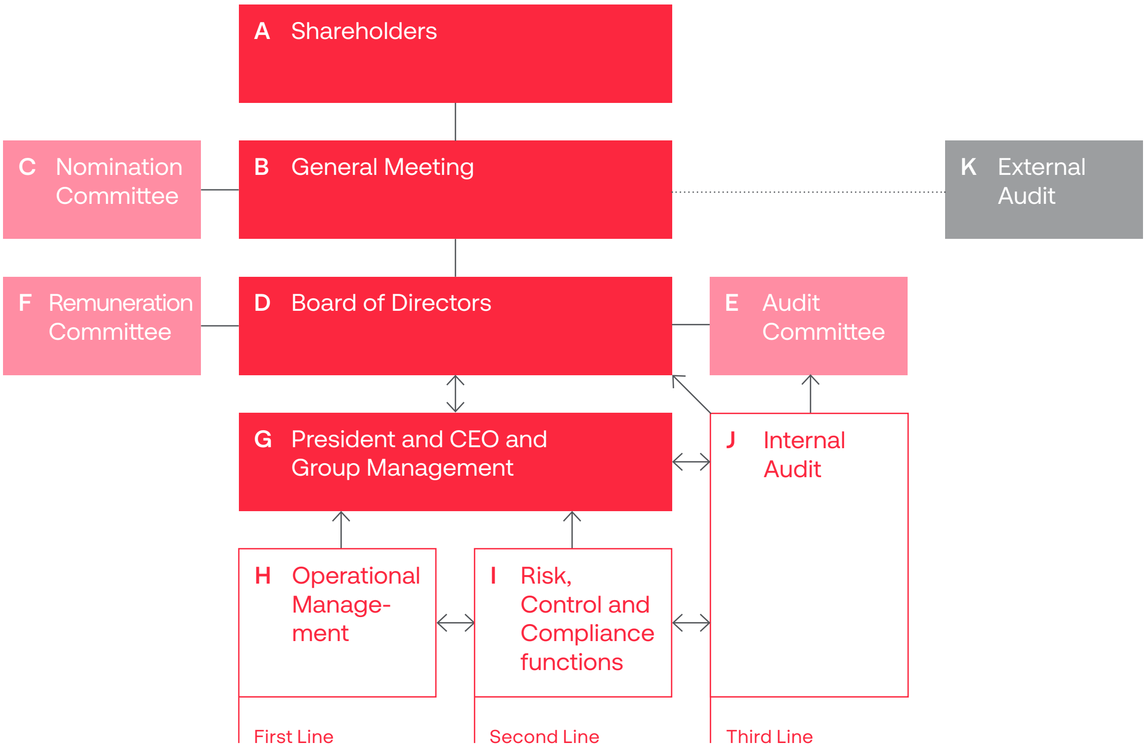
The Group is exposed to various risks and challenges and has established a Three Lines Model to handle its risks. The first line includes the country operational management owning and managing local risks. The second line is the various risk and compliance oversight functions throughout different levels of the Group. Independent assurance, the Internal audit function (independent from management with direct reporting to the Board), is the third line. Each of these three "lines" plays a distinct role within the organization's wider governance framework.

The illustration on page 28 shows Securitas' formal corporate governance structure, followed by a description of each of the governance bodies.

Securitas believes in a decentralized model where decisions are taken by the person closest to the issue who can address the issue efficiently. The ability to take decisions and act within a set framework without having to seek approvals for daily tasks is an essential part of Securitas' DNA and central to our ability to be an agile, highly flexible, client-centric company. Yet, delegation of authority in a decentralized model has to be coupled with satisfactory controls and frameworks. Certain matters, for example strategy, policies, financial planning and compliance need centralized leadership, ownership and control for decentralization to work efficiently and effectively.

Securitas' management model, The Securitas Toolbox, is strongly linked to our values – Integrity, Vigilance and Helpfulness. A key function of the Toolbox is to convey our corporate culture and create a shared platform through our values. Securitas' Toolbox management model has a methodical structure that includes several well-defined areas or "tools" that serve as a framework at all levels. The different areas of the model describe how Securitas' managers are to conduct themselves in various aspects and stages of the company's operations. The model also describes the approach we are expected to take with regard to the market, our clients and employees.

As part of our decentralized management approach, Securitas has to set and follow up on strict financial targets by continuously measuring and monitoring the Group's performance from the branch offices to Group level. The financial model makes it possible to monitor a number of key figures that can be understood by all managers. Each branch has its own statement of income, for which it is fully responsible. It also helps managers to understand the connection between risks and opportunities, and how various factors impact their areas of responsibility as well as how we can monitor and control these factors. Refer to pages 42–43 for more information.



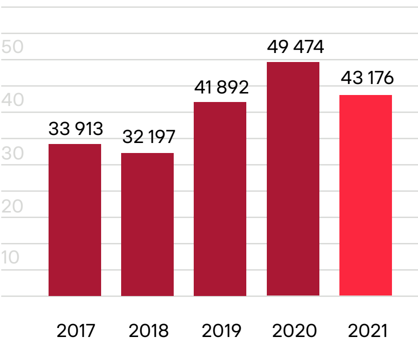
A SHAREHOLDERS
Securitas is listed on Nasdaq Stockholm in the Large Cap segment since 1991. The shareholders influence the overall direction of the company at the top of the governance structure. Strong principal shareholders provide considerable attention and interest in our business and establish commitment to the success of the business.

On December 31, 2021, the principal shareholders in Securitas were Carl and Eric Douglas who, through family and Investment AB Latour, held 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Märta and Sofia Schörling who, through family and Melker Schörling AB, held 4.5 percent (4.5) of the capital and 10.9 percent (10.9) of the votes. For more detailed information about shareholders, see the table on page 149.

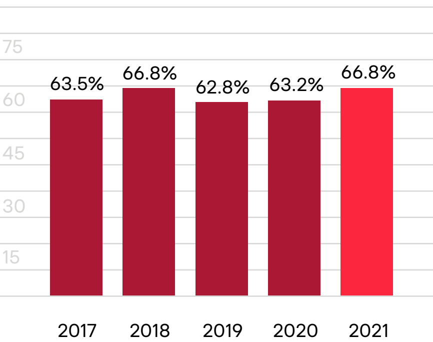
B GENERAL MEETING
The General Meeting is the company's highest decision-making body and the forum for shareholders to exercise their influence. The General Meeting decides on changes to the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held at the shareholders' meeting.

The Annual General Meeting of Securitas AB was held on May 5, 2021. Due to the coronavirus pandemic, the Annual General Meeting was held by postal voting under Section 22 of the temporary act on general meetings (2020:198) (the "Temporary Act"). Shareholders representing 66.8 percent (63.2) of the total number of votes in the company participated in the Annual General Meeting. One of the resolutions passed in 2021 was the authorization for the Board to resolve upon acquisition of the company's own shares. The minutes from the meeting are available at www.securitas.com. For information about election and remuneration of Board members, see section Board of Directors.

Number of shareholders 2017–2021



Attendance 2017–2021 (% of voting rights)



C NOMINATION COMMITTEE

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing proposals regarding the election of Chair of the General Meeting, members of the Board, Chair and Vice-Chair of the Board, auditor, fees for the members of the Board including division between the Chair, the Vice-Chair, and the other Board members, as well as fees for committee work, fees to the auditor and, if necessary, changes of the instructions for the Nomination Committee.

As a basis for its proposals, the Nomination Committee takes into account the complete outcome of the evaluation of the Board and its work as well as the competence needed in the future. The Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy and the committee has endeavored to establish a Board composition with an equal gender distribution, characterized by diversity and breadth regarding the qualifications, experience and background of the Board members. The 2021 Annual General Meeting resolved to appoint Board members in accordance with the Nomination Committee's proposal.

At the moment, the Board of Directors consists of three women and five men, meaning that the percentage of women on the Board is 37.5 percent, which is slightly below the target level stipulated by the Swedish Corporate Governance Board. It is the ambition of the Nomination Committee to continue working to create an equal gender distribution on the Board.

Before each Annual General Meeting, during which the election of auditors takes place, the Nomination Committee also prepares motions regarding the election of auditors in consultation with the Board of Directors and the Audit Committee.

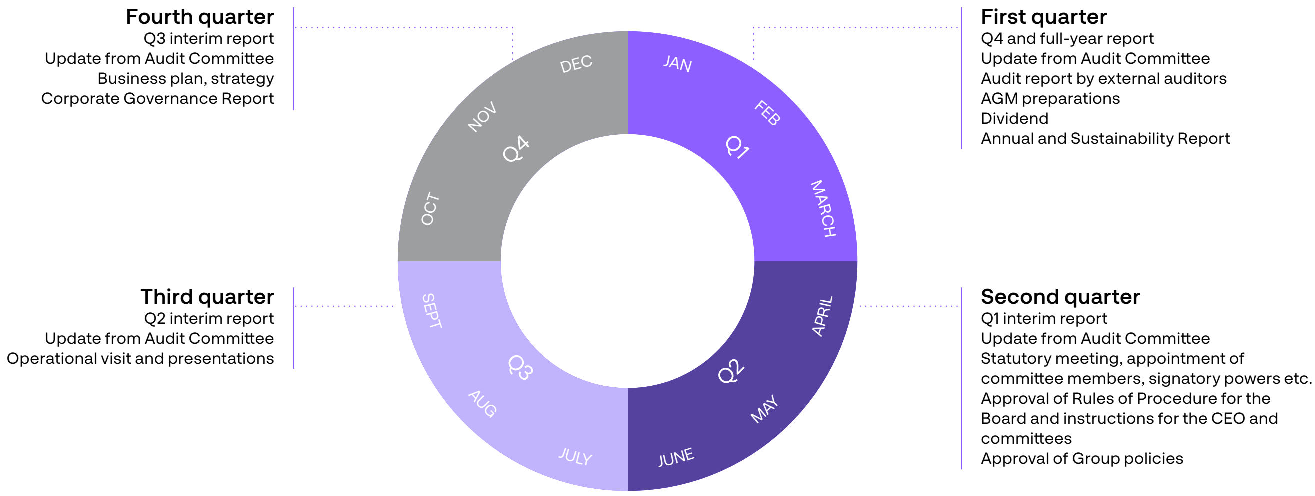
The Annual General Meeting 2018 adopted an instruction for the Nomination Committee, which includes a procedure for appointing the Nomination Committee, valid until a General Meeting resolves in a change.

In accordance to this instruction the Nomination Committee shall be composed of representatives of the five largest shareholders in terms of voting rights registered in the shareholders' register as of August 31 in the year prior to the Annual General Meeting. Refer to the AGM minutes and www.securitas.com for more information on the procedure for replacing members of the Nomination Committee who leave before its work is concluded or due to changes in the shareholder structure. The Chair of the Board shall convene the first meeting of the Nomination Committee and shall also be co-opted to the Nomination Committee. Based on these principles, the Nomination Committee consists of the members listed in the table below.

Nomination Committee prior to AGM 2022

Elected members	Share of votes as of August 31, 2021
Johan Hjertonsson, Investment AB Latour, Chair	29.6 %
Mikael Ekdahl, Melker Schörling AB	10.9 %
Mats Gustafsson, Lannebo Fonder	3.3 %
Fredrik Åtting, EQT AB	1.9 %
Emma Viotti, Handelsbanken Fonder	1.7 %
Share of votes not represented in the Nomination Committee	52.6 %

Overview of the work of the Board of Directors



In addition to the topics listed, other areas are discussed continuously, such as operational performance, updates from divisions, strategy, market and competition, acquisitions, insurance, credit risk, tax matters, legal matters and funding.

The Nomination Committee is to hold meetings as often as necessary to fulfil its duties. However, the Nomination Committee is to hold at least one meeting annually. The Nomination Committee held four meetings during 2021.

D BOARD OF DIRECTORS

The Board of Directors has the overall responsibility for Securitas' organization and administration.

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors should have between five and ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors are elected by the Annual General Meeting for the period up to and including the first Annual General Meeting to be held in the year after the Director or Deputy Director was elected. Securitas' Board of Directors has eight members elected by the Annual General Meeting, three employee representatives and one deputy employee representative.

The Annual General Meeting elected Jan Svensson as Chair of the Board. For further information about the members of the Board of Directors including remuneration, see pages 34–35.

Responsibilities of the Board of Directors

The Board is responsible for the Group's organization and the management of the Group's business. The Board shall manage the Group's affairs in the interests of the Group and all its shareholders and ensure and promote a good company culture. The Board appoints the President and CEO and has formed an Audit Committee and a Remuneration Committee. The Board meets a minimum of six times annually.

The Board has adopted a number of Group policies. Policies are critical for the Group as they establish boundaries for individuals as well as processes, relationships and transactions and implement relevant control procedures.

The Board ensures the quality of financial reporting through Group policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of authority, which is further described in the enterprise risk management and internal control report, beginning on page 38.

The work of the Board of Directors

The activities of the Board and the division of responsibility between the Board and the President and CEO are governed by formal procedures documented in a written instruction, which is adopted by the Board each year after the Annual General Meeting. According to these procedures, the Board should determine, among other things, the Group's overall strategy, corporate acquisitions and property investments above a certain level, and establish a framework for the Group's operations through the Group's business plan. The Board also plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group.

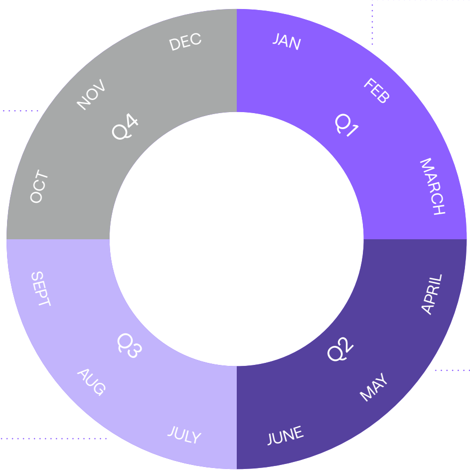
The procedures include a work instruction for the President and CEO, as well as instructions for financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out. On a yearly basis, all Board members submit their answers to a questionnaire issued by the Nomination Committee about the quality of the work in the Board. Based on this report, an evaluation is made in the Board and in the Nomination Committee.

The Board held 14 meetings in 2021, of which three were held per capsulam. The auditors participated in the Board meeting that was held in conjunction with the yearly closing of the books, in February 2021, where they presented the audit.

Overview of the work of the Audit Committee

Q3 meeting
Q3 interim report
Updates[1]
Impairment test
Corporate Governance Report
Internal audit update
External auditor early warning and internal control report
Cyber security

Q2 meeting
Q2 interim report
Updates[1]
Rolling 4-quarter internal audit plan
External auditor half-year report



Q4 meeting
Interim report and full-year report
Updates[1]
Internal Management Assurance audit activities for the Q4, 2020
Corporate Governance Report
Yearly summary of employee benefits (pensions)
External auditor report

Q1 meeting
Q1 interim report
Updates[1]
Annual update Group policies
Internal audit build up and planning
Internal audit plan 2021
External auditor audit plan

1 Topics based on a set rolling agenda format with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, sustainability, enterprise risk management, IT/IS, follow-up of on-site visits, audit/consultancy costs and auditor independence.

E AUDIT COMMITTEE

The Board has formed an Audit Committee, which operates under the instructions for the Audit Committee and meets with Securitas' auditors at least four times per year.

The Committee monitors the financial reporting, the effectiveness of internal control over financial reporting, internal audit activities and the risk management system to support the Board's quality control work. The Committee also stays informed about annual statutory audits. It assesses the external auditor's independence and receives information of, and approves the performance of, significant non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. The Committee met four times during 2021. The major topics discussed are listed on the previous page.

F REMUNERATION COMMITTEE

The Board has formed a Remuneration Committee to prepare decisions related to salaries, bonuses, share-based incentive schemes and other forms of compensation for Group Management, as well as other management levels if the Board of Directors so decides. The Committee presents its proposals, including a proposal of the Remuneration Report, to the Board, for the Board's decision. The Committee held one meeting during 2021.

Guidelines for remuneration

The guidelines for remuneration to Group Management that were adopted at the Annual General Meeting 2021 primarily entailed that remuneration to Group Management and their terms of employment should be competitive and comply with market conditions, to ensure that Securitas is able to attract and keep competent Group Management employees. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

Thus, in addition to a fixed annual salary, Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall be aligned with the interest of the shareholders.

The complete guidelines for remuneration can be found at www.securitas.com.

Additional information on remuneration to the Board of Directors and Group Management and share-based incentive schemes to top managers and certain other key employees, including the outcome, see note 9.

G PRESIDENT AND CEO AND GROUP MANAGEMENT

The President and CEO and Group Management are charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors. Among other tools and frameworks, the financial framework and the financial model is one important tool used by the President and CEO and Group Management to measure the execution of strategies and to guide the employees and organization toward achieving its objectives. For further information on Group Management, see pages 36–37.

H OPERATIONAL MANAGEMENT (THE FIRST LINE)

The first line includes the country operational management who owns and manages local risks. Securitas' philosophy is to work in a decentralized environment where country operational management is primarily responsible for monitoring and ensuring compliance by local units with local laws and regulations and the Group policies, including any division-specific policies and guidelines. Local management is responsible for the establishment and continued operations of a system of procedures and controls that ensures the reliability of the company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of key controls in order to mitigate relevant risks. Country operational management reports to Group Management through divisional management on operational matters and country controllers report through divisional controllers on financial reporting matters.

I RISK, CONTROL AND COMPLIANCE FUNCTIONS (THE SECOND LINE)

Within the second line, the Group has established a structure of compliance areas, with clear accountabilities for monitoring and supporting compliance in relation to each such compliance area, or "Vertical". Each Group policy belongs to a compliance area and each compliance area shall have a clearly documented owner and/or driver. In addition, the Group has defined "horizontals" for supporting harmonization and coordination of common processes applicable to all or several compliance areas.

The Group has established a number of committees and work groups, including the functions for Finance/Tax and ICFR, Corporate Finance/Treasury and Legal/Risk and Insurance. Quarterly meetings are held with the President and CEO, the CFO, Senior Vice President Finance and Senior Vice President General Counsel, at which topics that will be reported to the Audit Committee are discussed. There is also a separate IS/IT Board, Digital Security Steering Committee, Enterprise Risk Management Committee, Compliance working group, Ethics and Sustainability Board and an ICFR Board.

J INTERNAL AUDIT (THE THIRD LINE)

During 2020 the Audit Committee decided to formalize a new and independent Group Internal Audit. In the first quarter of 2021 a new Chief Audit Executive was recruited, and has since then built the department. The new function is a part of the integrated assurance agenda to ensure that the Securitas operational model is adhered to. The risk-based audit plan is updated on a continuous basis, and adjusted throughout the year to best fit a changing operational risk landscape. The audit reports, including the findings and action plans for improvement, are reported to the operational management and to the Board of Directors and the Audit Committee.

K EXTERNAL AUDIT

The Annual General Meeting 2021 elected Ernst & Young AB (EY) as the Parent company's and the Group's audit firm, with authorized public accountant Rickard Andersson as auditor in charge, for a period of one year.

The auditors' work is based on an audit plan, which is agreed upon in consultation with the Audit Committee and the Board of Directors. The auditors participate in all meetings of the Audit Committee and present their findings from the annual audit at the Board meeting held in February. In addition, the auditors should inform the Audit Committee on an annual basis of any services rendered, other than audit assignments, and any auditing fees received for such services or other circumstances that might affect the evaluation of the auditors' independence. The auditors should also participate in the Annual General Meeting to present the audit report and its conclusions.

The audit is performed in compliance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing (ISA).

For audit fees and reimbursement to auditors, see note 11 and 45.

AUDITOR IN CHARGE

Rickard Andersson, born 1973, Authorized Public Accountant, Auditor in charge, Ernst & Young AB. Rickard Andersson has been the auditor in charge since 2021. Other audit assignments: Elekta AB (publ), Munters Group AB (publ) and SSAB AB (publ). Member of FAR.

Board of Directors

JAN SVENSSON
Chair, born 1956
Chair of Securitas AB since 2021
Principal education: Degree in Mechanical Engineering and Master of Science in Business and Economics
Other assignments: Chair of AB Fagerhult, BillerudKorsnäs AB and Tomra Systems ASA, Director of Nobia AB, Stena Metall AB, Herenco Holding AB and Climeon AB
Previously: President and CEO of Investment AB Latour 2003–2019 and CEO of AB Sigfrid Stenberg
Shares in Securitas: 30 000 Series B shares

INGRID BONDE
Born 1959
Director of Securitas AB since 2017
Principal education: BSc in Business and Economics
Other assignments: Chair of Alecta, Apoteket AB and tbd30 AB, Vice-Chair of Telia Company AB, Director of Husqvarna AB
Previously: CFO and Deputy CEO Vattenfall AB, CEO AMF, Chair of Hoist Finance AB, Swedish Climate Policy Council, Director General Swedish Financial Supervisory Authority, Loomis AB and Swedish Corporate Governance Board
Shares in Securitas: 2 600 Series B shares

JOHN BRANDON
Born 1956
Director of Securitas AB since 2017
Principal education: Bachelor of Arts in History
Other assignments: Director of Hexagon AB
Previously: Vice President of Apple International, Vice President of Apple Americas and Asia, and President and CEO of Academic Systems
Shares in Securitas: 10 000 Series B shares

FREDRIK CAPPELEN
Born 1957
Director of Securitas AB since 2008
Principal education: BSc in Business Administration
Other assignments: Chair of Dometic Group AB, KonfiDents GmbH, Transcom AB and Zacco A/S. Member of the ICC Executive Board
Previously: President and Group Chief Executive of Nobia, Chair of Dustin Group AB, Byggmax Group AB, Terveystalo Oy and Sanitec Oy, Vice-Chair of Munksjö AB
Shares in Securitas: 4 000 Series B shares

GUNILLA FRANSSON
Born 1960
Director of Securitas AB since 2021
Principal education: MSc in Engineering and Licentiate in Nuclear Science
Other assignments: Chair of Net Insight AB and Director of Eltel AB, Trelleborg AB, Nederman AB, Weibel Scientific A/S, Nilar AB and Dunkerintressena
Previously: Part of Group Management team in Saab AB and different management positions in Ericsson AB
Shares in Securitas: 0 Series B shares

SOFIA SCHÖRLING HÖGBERG
Born 1978
Director of Securitas AB since 2005
Principal education: BSc in Economics and Business Administration
Other assignments: Vice-Chair Melker Schörling AB, Director Hexagon AB and Assa Abloy AB
Shares in Securitas: 4 500 000 Series A shares and 11 811 639 Series B shares[1]

[1] Through family and Melker Schörling AB.

All figures refer to holdings on December 31, 2021.

HARRY KLAGSBRUN
Born 1954
Director of Securitas AB since 2021
Principal education: B.A. in Journalism, a M Sc. in Business and an MBA
Other assignments: Partner at EQT AB
Previously: Director of Duni AB, Securitas Direct AB, Academedia AB, Gambro AB, Dako A/S, ISS A/S, Dometic Group AB, Piab AB and Press Ganey Inc
Shares in Securitas: 100 000 Series B shares

JOHAN MENCKEL
Born 1971
Director of Securitas AB since 2021
Principal education: MSc in Engineering
Other assignments: Executive Vice President and Chief Investment Officer at Investment AB Latour. Director of Saab AB, Nederman AB and World Materials Forum France
Previously: CEO at Gränges AB and Sapa Heat Transfer, Consultant at Accenture and founder of addnature.com
Shares in Securitas: 0

Employee representative
ÅSE HJELM
Born 1962
Director of Securitas AB since 2008
Employee Representative, Vice-Chair of Salaried Employees' Union local branch, Norrland, Chair of the Securitas Council for Salaried Employees
Shares in Securitas: 120 Series B shares

Employee representative
JAN PRANG
Born 1959
Director of Securitas AB since 2008
Employee Representative, Chair of Swedish Transport Workers' Union local branch, Securitas Göteborg
Shares in Securitas: 0

Employee representative
MIKAEL PERSSON
Born 1966
Director of Securitas AB since 2021
Chair of Swedish Transport Workers' Union local branch, Securitas Värmland
Shares in Securitas: 0

Composition of the board and attendance in 2021

	Position			Attendance					
Board member	Board of Directors	Audit Committee	Remuneration Committee	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Total fee[1], SEK	Independent to company (8)	Independent to share-holders (5)
Jan Svensson[2]	Chair	–	Chair	10/10	–	–	2 500 000	Yes	No
Ingrid Bonde	Director	Member	–	14/14	4/4	–	1 025 000	Yes	Yes
John Brandon	Director	–	–	14/14	–	–	800 000	Yes	Yes
Fredrik Cappelen	Director	Chair	–	14/14	4/4	–	1 150 000	Yes	Yes
Gunilla Fransson[2]	Director	–	Member	10/10	–	–	850 000	Yes	Yes
Sofia Schörling Högberg	Director	–	–	14/14	2/2	–	800 000	Yes	No
Harry Klagsbrun[2]	Director	–	–	9/10	–	–	800 000	Yes	Yes
Johan Menckel[2]	Director	Member	–	9/10	2/2	–	1 025 000	Yes	No
Åse Hjelm[3]	Director	–	–	14/14	–	–	0	–	–
Jan Prang[3]	Director	–	–	14/14	–	–	0	–	–
Mikael Persson[3]	Director	–	–	4/4	–	–	0	–	–
Marie Ehrling[4]	Chair	–	Chair	4/4	–	1/1	–	Yes	Yes
Carl Douglas[4]	Director	–	Member	4/4	–	1/1	–	Yes	No
Anders Böös[4]	Director	–	–	4/4	–	–	–	Yes	No
Dick Seger[4]	Director	–	–	4/4	–	–	–	Yes	Yes
Susanne Bergman Israelsson[5]	Director	–	–	3/4	–	–	–	–	-

1 Total fee includes fees for committee work. In total, SEK 950 000 was paid for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 800 000 for Audit Committee work. For more details, refer to the minutes of the Annual General Meeting 2021 at Securitas' website: www.securitas.com.
2 Jan Svensson, Gunilla Fransson, Harry Klagsbrun and Johan Menckel were elected to the Board at the AGM May 5, 2021.
3 Employee representatives. Deputy employee representative is Thomas Fanberg (b. 1961), who has been Deputy Director of Securitas AB since 2008.
4 Marie Ehrling, Carl Douglas, Anders Böös and Dick Seger declined re-election and resigned from the Board following the AGM May 5, 2021.
5 Employee representative, resigned from the Board in April 2021 due to retirement.

For comparative information about remuneration to the Board of Directors and senior management, see note 9.

Group management

MAGNUS AHLQVIST
President and CEO of Securitas AB*
Born: 1974
Employed: 2015
Shares in Securitas: 156 906 Series B shares, 200 000 share options[1]

ANDREAS LINDBACK
Chief Financial Officer
Born: 1982
Employed: 2011
Shares in Securitas: 11 612 Series B shares

MARTIN ALTHÉN
Chief Information Officer
Born: 1968
Employed: 2016
Shares in Securitas: 12 248 Series B shares

GREG ANDERSON
Divisional President Security Services North America
Born: 1967
Employed: 2010
Shares in Securitas: 18 195 Series B shares

HELENA ANDREAS
Senior Vice President, Group Communications & People
Born: 1975
Employed: 2019
Shares in Securitas: 8 140 Series B shares

TONY BYERLY
President, Securitas Electronic Security
Born: 1966
Employed: 2016
Shares in Securitas: 17 291 Series B shares

JOSÉ CASTEJON
Chief Operating Officer, North American Guarding, Security Services North America
Born: 1968
Employed: 2007
Shares in Securitas: 11 154 Series B shares

JORGE COUTO
Divisional President, Security Services Ibero-America
Born: 1970
Employed: 1998
Shares in Securitas: 11 239 Series B shares

PETER KARLSTRÖMER
Divisional President, Security Services Europe
Born: 1971
Employed: 2019
Shares in Securitas: 25 378 Series B shares

JAN LINDSTRÖM
Senior Vice President, Finance
Born: 1966
Employed: 1999
Shares in Securitas: 19 995 Series B shares

BRIAN RIIS NIELSEN
Senior Vice President, Global Clients and leader of Global Clients & Vertical Markets
Born: 1966
Employed: 2002
Shares in Securitas: 5 945 Series B shares

BRETT PICKENS
Divisional President for AMEA
Born: 1978
Employed: 2018
Shares in Securitas: 7 222 Series B shares

FRIDA ROSENHOLM
Senior Vice President, General Counsel
Born: 1974
Employed: 2018
Shares in Securitas: 8 050 Series B shares

HENRIK ZETTERBERG
Chief Operating Officer, Security Services Europe
Born: 1976
Employed: 2014
Shares in Securitas: 16 075 Series B shares, 45 000 share options[1]

All figures refer to holdings on December 31, 2021.

* Magnus Ahlqvist holds a Master of Science in Economics and Business Administration from the Stockholm School of Economics, and a leadership exam from Harvard Business School. Previously he has held various management positions in Motorola Mobility, Sony and Sony Ericsson Mobile Communications. He is a Director of International Security Ligue.

The following changes in Group Management took place during 2021:

- Andreas Lindback was appointed new Group CFO from August 16, 2021, as Bart Adam stepped down.
- Brett Pickens was appointed Divisional President AMEA and became a member of Group Management from April 1, 2021.

For more information about Group Management, visit www.securitas.com/en/about-us/group-management

[1] Share options regarding acquisition of Securitas Series B shares, issued by Melker Schörling AB and Investment AB Latour.

Proactive risk management and internal control

Securitas' internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss, as well as compliance with the main policies.

Internal control over financial reporting is included as a part of the overall internal control of Securitas and constitutes a central part of the Group's corporate governance. The description below covers a broader perspective on how Securitas' internal control is organized, using a structure based on the COSO model, but also makes specific reference to items pertaining directly to internal control over financial reporting. On page 40, we describe Securitas' enterprise risk management process (ERM process), which sets the overall process for Securitas' proactive and continuous work with risk management and internal control. Securitas' insurance and claims strategy is to "act as if uninsured". Refer to page 39 for more information about insurance as a risk management tool.

CONTROL ENVIRONMENT

The key features of Securitas control environment include: the Board's rules of procedure which ensure clear terms of reference for the Board and each of its committees, a clear organizational structure with documented delegation of authority documented in a Group Approval Policy and Matrix, from the Board to President and CEO and further to Group Management. The Group Approval Policy also sets the boundary for all divisional and country approval policies. The control environment also includes the competence of employees and a series of Group policies, procedures and frameworks.

Emphasis lies on the competence and abilities of the Group's employees, with continuous training and development actively encouraged through a wide variety of training programs.

The Group has three fundamental values – Integrity, Vigilance and Helpfulness – to help the employees exercise good judgment and make decisions on a consistent basis. The Securitas' Values and Ethics Code sets the high ethical standards that are a vital part of Securitas' operations and provides guidance for employees and business partners on how to act in an ethical and compliant way.

Policies and frameworks that apply to internal control over financial reporting are described in Securitas' Group policies, which include the company's model for financial control, and in the Securitas Reporting Manual, which specifically focuses on reporting matters to ensure compliance with reporting requirements and rules. This creates an environment that supports reliable and accurate reporting.

RISK ASSESSMENT

At the highest level, the Board considers where future strategic opportunities and risks lie and helps shape the corporate strategy. Balanced and focused risk management is necessary for the fulfilment of Securitas' strategies and the achievement of its corporate objectives.

Enterprise risk management (ERM) is an integral component of Securitas' operations, and risk awareness is part of the company culture. Risk assessments are conducted within the framework of the Securitas ERM process, further described on page 40, regardless whether the assessments pertain to operational, financial or strategic risks. Risk assessment is a dynamic process that aims to identify and analyze risks in relation to Securitas' objectives. It serves as the basis for implementing mitigating actions after considering the controls in place (reduce, transfer/share or accept the risk in question).

GROUP-WIDE CONTROL ACTIVITIES

Internal control activities are established by frameworks, policies and processes, which help ensure that all management directives to manage risks are executed. Controls are performed on several levels within the organization and are established based on the process concerned. Examples of key Group-wide control activities is the ERM Self Assessment which is an annual self assessment performed by every major country throughout the Group. It covers key risks, including financial reporting risks, measures taken and compliance with Securitas Group Policies and Securitas Reporting Manual. Other examples are Securitas' internal controls framework and the financial control activities specifically aimed at managing risks related to financial reporting include methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports, and ensuring compliance with defined guidelines.

INFORMATION AND COMMUNICATION

Securitas' channels for information and communication are constantly developed to ensure that all employees are given clear objectives and are made aware of the parameters that constitute acceptable business practices, as well as the expectations of the Board in managing risks. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees.

Systems and procedures have been implemented that support complete, accurate and timely financial reporting and provide management with the necessary reports on business performance relative to the established objectives. The Group reporting department regularly issues guidance on reporting matters and the reporting manual is available in a Group-wide database. Reporting units regularly prepare financial and management reports that are discussed at review meetings at different levels. These include an analysis of financial performance and risks for the organization to understand its responsibility with regard to internal control and its impact in relation to risks, goals and objectives.

MONITORING

Monitoring is performed at different levels and by different functions within the organization depending on whether it is related to operational or financial reporting matters. Key functions include the Board of Directors, the Audit Committee, Group Management, Internal audit, committees and work groups, Group ICFR, the Group Legal function, the Business Ethics compliance function, the Group Risk function, and other compliance functions as well as local and divisional management.

Insurance as a risk management tool

Securitas' insurance and claims strategy is to "act as if uninsured." This means that while external insurance is used to protect the balance sheet and minimize fluctuations in earnings, our day-to-day task is to perform our assignment as if we do not have any insurance in place.

IMPORTANCE OF ACTIVE CLAIMS MANAGEMENT

One important part of our risk management work involves taking a proactive approach to contracts and assignment instructions to prevent claims from occurring. Another significant part of Securitas' risk management work involves active claims management, as well as ongoing claims analysis of losses with the aim of identifying the underlying driving forces in order to set up measures to mitigate future claims. As the Group's external insurance premiums are partly determined by the historic loss record, a favorable loss record will contribute to lower premiums and a lower cost of risk.

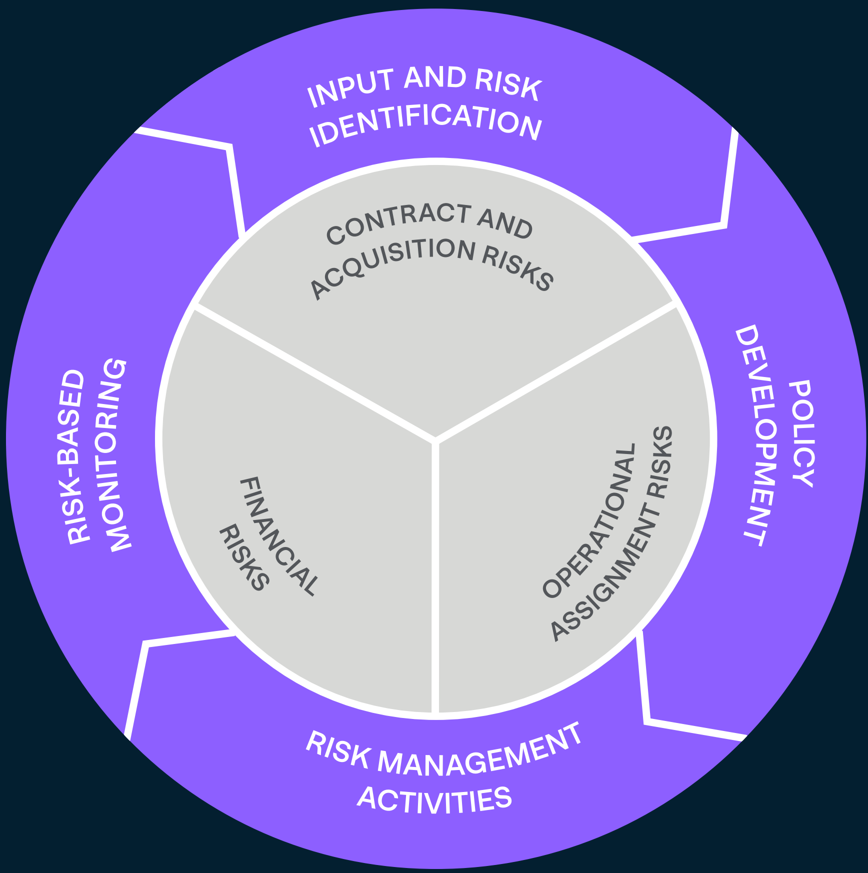
PROCUREMENT STRATEGY

Insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs.

BENEFITS FOR OUR CLIENTS

An important advantage of our Global insurance programs is that our clients can be confident that Securitas' high-quality insurance cover is consistent in all markets.

Securitas' four-step process to manage enterprise risk



INPUT AND RISK IDENTIFICATION
The process starts with risk identification and prioritization during the ERM planning process. As part of the overall annual business plan process, the organization prepares an ERM business plan, which sets the focus and priorities for operational risk management within countries, divisions and the Group for the coming year. The yearly risk assessment process is coordinated by the risk organization led by the Group Risk function. The Group Risk function is also responsible for maintenance of the risk register, which is updated annually primarily based on ERM business plans, but also on other sources of input.

POLICY DEVELOPMENT
The next step in the process is to assess whether new policies need to be issued or existing policies need to be updated. Securitas Group policies, which is one of the cornerstones of Securitas' ERM process, establish the framework for all policies and compliance monitoring in the Group. The Group policies are developed by management and key policies are approved by the Board of Directors. A general policy update is released after the statutory Board meeting in May every year, but specific policies are also issued or updated when necessary throughout the year. Some of the key policies adopted that are relevant for governance perspectives are Corporate Governance policy, Group Contract policy, Securitas' Values and Ethics Code, Whistle-blower policy, Communication policy, Anti Bribery and Corruption policy, Fair competition and Anti-trust policy, Privacy policy and Insider policy.

RISK MANAGEMENT ACTIVITIES
The third step of the process is the risk management activities. The Board of Directors has the ultimate responsibility for governance of risk management while the accountability for managing risks and for implementing and maintaining control systems in accordance with Group policies is clearly assigned to management at Group, divisional and local level. Specifically, divisional management are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization as well as creating risk awareness throughout the division. Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

RISK-BASED MONITORING
The identified risks and adopted policies set the structure for the fourth step of the process – Risk-based monitoring. Key risks are monitored through self assessments, audits, risk and control diagnostics and/or are subject to other monitoring activities throughout the year. Monitoring permeates all levels throughout the organization and is performed by different functions depending on whether it is related to operational or financial reporting matters.

More information on each step of the process is to be found at www.securitas.com

Signatures of the Board of Directors

Stockholm, March 24, 2022

Jan Svensson
Chair

Ingrid Bonde
Director

John Brandon
Director

Fredrik Cappelen
Director

Gunilla Fransson
Director

Sofia Schörling Högberg
Director

Harry Klagsbrun
Director

Johan Menckel
Director

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Mikael Persson
Director
Employee Representative

Magnus Ahlqvist
President and
Chief Executive Officer

Auditor's report on the corporate governance statement

(translation of the Swedish original)

To the general meeting of the shareholders of Securitas AB (publ), corporate identity number 556302-7241

ENGAGEMENT AND RESPONSIBILITY
It is the Board of Directors who is responsible for the corporate governance statement for the year 2021 on pages 26-40 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination has been conducted in accordance with FAR's standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

OPINIONS
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 24, 2022
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

How to read and understand our finances

Securitas' financial model – six fingers – focuses on the factors that impact profit, and are clearly linked to operations. Factors are grouped into three categories: volume-related factors, efficiency-related factors and capital-usage-related factors.

These factors are then assigned key figures that are measured continuously, allowing managers to make decisions based on facts, enabling them to make quick adjustments if needed. The model is also used when analyzing acquisition targets. The factors and key figures are used throughout our operations from branch level to Group level.

Six key figures represent the backbone of the Six Fingers model (highlighted in the text and table), but there are complementary key figures used by all divisions, such as organic sales growth and operating margin. There are also complimentary key figures tailored to measure the business in prioritized areas such as within security solutions and electronic security. These key figures include volume-, efficiency- and capital-usage-related factors that hold specific bearing on the Group's progress. Examples are the number of remote video solution installations, gross margin on security solution contracts (compared with traditional guarding contracts), the investment in security equipment and order backlog for alarm installations.

SECURITAS' MODEL FOR FINANCIAL KEY FIGURES

Volume-related factors

The first two key figures, **New sales** (of contracts) and **Net change** (of contract portfolio), relate to the development of the client contract portfolio. **New sales** are newly signed contracts that will increase the monthly fixed sales. **Net change** in the client contract portfolio refers to new starts (a newly signed contract that has started) plus increased sales in existing contracts, less terminated client contracts and reduced sales in existing contracts. Price changes are measured separately and added to **Net change** to determine the period's closing balance of the contract portfolio. The closing balance is the total value of monthly invoicing on our monthly fixed contracts at the closing date for the current period. The third key figure, taken from the statement of income, is **Total sales**, which in addition to contract-based sales, includes short-term guarding assignments but also alarm installations, certain maintenance services, product sales and certain risk management services.

Group	Operations
	New sales
	Gross margin on new sales
	Terminations
	Gross margin on terminations
	Net change
	Price change
Organic sales growth	Organic sales growth
Acquired sales growth	
Real sales growth	
Total sales	**Total sales**

Efficiency-related factors

The efficiency-related key figures provide managers with tools to monitor service efficiency and cost trends. The fourth and fifth key figures are: **Gross margin**, which is defined as total sales less direct expenses as a percentage of total sales, and **Indirect expenses**, which pertain to the organization and include sales and administrative expenses (costs of branch, area and regional / country offices). Gross income less **Indirect expenses** equals operating income before amortization of acquisition-related intangible assets and acquisition-related costs. When this is expressed as a percentage of total sales, it indicates the Group's operating margin, which in Securitas' financial model, comes before acquisition-related items.

Group	Operations
	Employee turnover
	Wage cost increase
	Gross margin
	Indirect expenses
Operating margin	Operating margin
Income before tax	
Earnings per share	

Capital-usage-related factors

In general, Securitas' operations are not capital intensive. Accounts receivable tie up the most capital. The sixth key figure is **Days of sales outstanding (DSO)**. Payment terms and effective collection procedures are decisive in determining how much capital is tied up in accounts receivable. These figures are followed up on an ongoing basis at all levels in the organization.

Group	Operations
	Days of sales outstanding
Operating capital employed as % of sales	Operating capital employed as % of sales
Cash flow from operating activities as % of operating income before amortization	Cash flow from operating activities as % of operating income before amortization
Free cash flow	
Return on capital employed	Return on capital employed
Free cash flow in relation to net debt	

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

Statement of income
The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key indicators, and used in reviewing operations at both divisional and Group level. Amortization of acquisition-related intangible assets, acquisition-related costs, financial items and taxes are monitored separately.

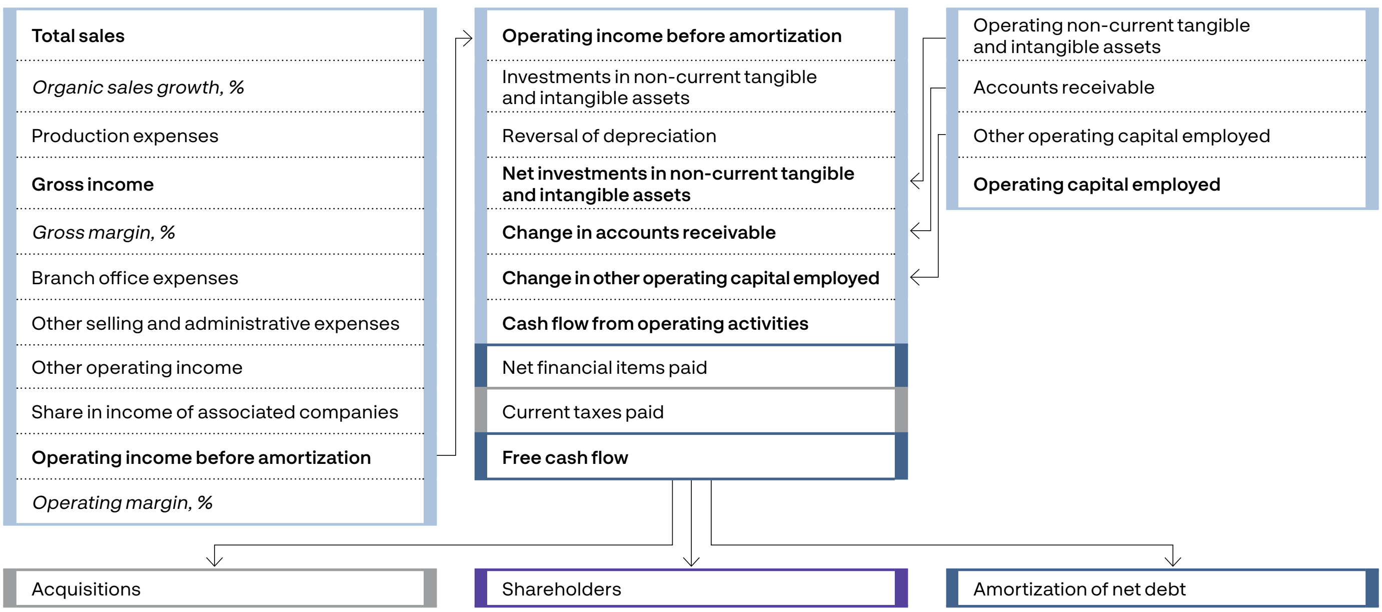
Statement of cash flow
In principle, operating income should generate the same amount of cash flow from operating activities. The cash flow is affected by investments in non-current tangible and intangible assets used in operations and by changes in working capital. Cash flow from operating activities is an important indicator at operational level. It is defined as operating income less investments in non-current tangible and intangible assets (including equipment for solution contracts) plus reversal of depreciation, change in accounts receivable and change in other operating capital employed.

Free cash flow is cash flow from operating activities less net financial items paid and current taxes paid. Cash flow for the year is arrived at when cash flow relating to acquisitions and shareholders' equity is deducted from free cash flow.

The consolidation of net debt in foreign currencies usually generates a translation difference that is reported separately. In addition, accounting standards require that certain elements of the net debt are revalued to market value after the initial recognition and this revaluation is also reported separately. The change in net debt corresponds to cash flow for the year plus the change in loans and lease liabilities, translation differences and also the revaluation of financial instruments.

Balance sheet
Securitas uses the terms "capital employed" and "financing of capital employed" to describe the balance sheet and financial position. Capital employed consists of operating capital employed plus goodwill, acquisition-related intangible assets and shares in associated companies.

Operating capital employed, which consists of operating non-current tangible and intangible assets and working capital, is continuously monitored at the operating level to avoid unnecessary tied-up capital. Capital employed is financed by net debt and shareholders' equity.



This picture shows the connection between the statement of income, the statement of cash flow and the balance sheet. Different colors are used for the sake of clarity.
Operating items. Net debt-related items. Goodwill, taxes and non-operating Items. Items related to shareholders' equity.

Annual Report

The formal annual accounts and the consolidated accounts comprise pages 45–123

Report of the Board of Directors

The Board of Directors and the President of Securitas AB (publ.), corporate registration number 556302-7241, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2021 financial year.

Securitas has a leading global and local market presence with operations in 46 countries. 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.

In 2021, the Securitas Group consisted of the business segments Security Services North America, Security Services Europe and Security Services Ibero-America. In addition, the Group conducts operations in Africa, the Middle East, Asia and Australia, which are included under the heading Other in the segment reporting in note 10.

The Group finished the year with 4 percent organic sales growth. The conditions in the business environment improved gradually during the year, with good commercial activity across all business segments while growth was hampered in North America due to reduced corona-related extra sales and the announced contract losses of the airport security contract in Hawaii and the contract within the healthcare client segment.

Sales of security solutions and electronic security showed real sales growth of 8 percent (5) in 2021, representing 22 percent of Group sales.

The operating result for the Group, adjusted for changes in exchange rates, increased by 28 percent (–10). The operating margin improved to 5.6 percent (4.5). The focus on delivering the leading client value proposition combined with strong focus on profitability through active portfolio management strengthened all business segments. The improvement was further supported by the cost-savings program initiated during 2020 and lower levels of provisioning compared to 2020.

With the continued return to business as usual related to the pandemic, government grants and support were materially reduced towards the end of 2021. The price and wage balance was successfully kept on par throughout the year. Going into 2022, the Group is well positioned to maintain this balance.

Earnings per share amounted to SEK 8.59 (6.63), a total change of 30 percent compared with the preceding year. The real change in earnings per share in 2021 was 37 percent. Earnings per share before items affecting comparability amounted to SEK 10.41 (8.02), representing a total change of 30 percent compared with the preceding year and a real change of 37 percent in 2021.

The Group delivered a strong operating cash flow, corresponding to 93 percent of operating income in 2021. The net debt to EBITDA ratio was 1.9 (2.1).

SALES

Sales amounted to MSEK 107 700 (107 954) and organic sales growth to 4 percent (0) where all business segments contributed. Extra sales amounted to 15 percent (16) of total sales. Organic sales growth in Security Services North America was 3 percent (2), supported by all business units. Security Services Europe had 5 percent (–2), supported by most countries in the segment and Security Services Ibero-America showed 6 percent (2).

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 24 105 (23 478) or 22 percent (22) of total sales in 2021. Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 8 percent (5).

Sales January – December

MSEK	2021	2020	%
Total sales	**107 700**	**107 954**	**0**
Currency change from 2020	5 484	–	
Currency adjusted sales	**113 184**	**107 954**	**5**
Acquisitions/divestitures	-1 162	-275	
Organic sales	**112 022**	**107 679**	**4**

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 5 978 (4 892) which, adjusted for changes in exchange rates, represented a real change of 28 percent (–10). The operating income was supported by corona-related government grants and support measures of MSEK 550 (780) in 2021, mostly within Security Services Europe. These grants and support measures relate primarily to partial unemployment support and compensate partly for increased cost levels due to idle time.

The Group's operating margin was 5.6 percent (4.5), an improvement seen in all business segments including a lower level of provisioning compared to last year. All business units supported the development in Security Services North America. In Security Services Europe, most countries supported the development including the airport security business and the cost-savings program initiated in 2020. The improvement in Security Services Ibero-America was primarily driven by Spain and Peru, also supported by the cost-savings program initiated in 2020. Total price adjustments in the Group were on par with wage cost increases in 2021.

Operating income January – December

MSEK	2021	2020	%
Operating income before amortization	**5 978**	**4 892**	**22**
Currency change from 2020	300	–	
Currency adjusted operating income before amortization	**6 278**	**4 892**	**28**

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –290 (–286).

Acquisition-related costs totaled MSEK –122 (–137). For further information refer to note 11.

Items affecting comparability were MSEK –871 (–640), whereof MSEK –923 (–640) 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 1 (–117), which is included in items affecting comparability above. Items affecting comparability further included MSEK 114 (0), related to a lump-sum payment received in the fourth quarter from the AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden as well as MSEK –62 (0) relating to the acquisition of Stanley Security. For further information refer to note 11.

Operating income after amortization was MSEK 4 695 (3 829).

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –364 (–500). The financial income and expenses were positively impacted by lower interest rates and the exchange rates for interest income and expenses.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 4 331 (3 329).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's effective tax rate was 27.6 percent (27.4). The tax rate before tax on items affecting comparability was 27.0 percent (26.4).

Net income was MSEK 3 134 (2 416).

Earnings per share amounted to SEK 8.59 (6.63). Earnings per share before items affecting comparability amounted to SEK 10.41 (8.02).

Condensed statement of income according to Securitas' financial model

MSEK	2021	2020
Total sales	**107 700**	**107 954**
Organic sales growth, %	*4*	*0*
Production expenses	-87 855	-89 046
Gross income	**19 845**	**18 908**
Selling and administrative expenses	-13 953	-14 100
Other operating income	43	39
Share in income of associated companies	43	45
Operating income before amortization	**5 978**	**4 892**
Operating margin, %	*5.6*	*4.5*
Amortization of acquisition-related intangible assets	-290	-286
Acquisition-related costs	-122	-137
Items affecting comparability	-871	-640
Operating income after amortization	**4 695**	**3 829**
Financial income and expenses	-364	-500
Income before taxes	**4 331**	**3 329**
Taxes	-1 197	-913
Net income for the year	**3 134**	**2 416**

Securitas' financial model is described on pages 42–43.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

DEVELOPMENT IN THE GROUP'S BUSINESS SEGMENTS

Security Services North America

Sales and income

MSEK	2021	2020	Change, % Total	Change, % Real
Total sales	**46 747**	**47 801**	**-2**	**4**
Organic sales growth, %	*3*	*2*		
Share of Group sales, %	*43*	*44*		
Operating income before amortization	**3 191**	**2 800**	**14**	**19**
Operating margin, %	*6.8*	*5.9*		
Share of Group operating income, %	*53*	*57*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 10.

Organic sales growth was 3 percent (2). All business units improved except Guarding where the level of corona-related extra sales decreased compared to last year. The business units Electronic Security and Critical Infrastructure Services have gradually recovered from the severe impacts from the corona pandemic last year, and Pinkerton had a strong development across the business. The client retention rate was 86 percent (91), negatively impacted by the announced contract losses of the airport security contract in Hawaii and the contract within the healthcare client segment, but excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 8 279 (8 365) or 18 percent (17) of total sales in the business segment in 2021.

The operating margin was 6.8 percent (5.9), an improvement driven by all business units supported by our strong focus on profitable growth and active portfolio management. Last year was hampered by the corona pandemic, including a higher level of provisioning. The operating margin in Guarding improved as did Electronic Security, supported by the recovery of the installation business and the acquisition of FE Moran Security Solutions. The strong performance in Pinkerton was primarily driven by leverage from the sales growth whereas the operating margin in Critical Infrastructure Services was stable.

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 19 percent (–2) in 2021.

Security Services Europe

Sales and income

MSEK	2021	2020	Change, % Total	Change, % Real
Total sales	**46 138**	**45 188**	**2**	**6**
Organic sales growth, %	*5*	*-2*		
Share of Group sales, %	*43*	*42*		
Operating income before amortization	**2 696**	**2 069**	**30**	**35**
Operating margin, %	*5.8*	*4.6*		
Share of Group operating income, %	*45*	*42*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 10.

Organic sales growth was 5 percent (–2), with last year negatively impacted by the corona pandemic, primarily within airport security. Most countries reported positive organic sales growth reflecting the gradual recovery in the business environment. The client retention rate was 92 percent (90), excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 11 366 (10 758) or 25 percent (24) of total sales in the business segment in 2021.

The operating margin was 5.8 percent (4.6), supported by our strong focus on profitable sales growth and active portfolio management. Most countries contributed to the operating margin development, with improved profitability in the airport security contract portfolio and high-margin corona-related extra sales acting as contributing factors. The improvement was further supported by the cost-savings program that was initiated in the Group in 2020, which also had a higher level of provisioning. Corona-related government grants and support helped to offset 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 35 percent (–17) in 2021.

Security Services Ibero-America

Sales and income

MSEK	2021	2020	Change, % Total	Change, % Real
Total sales	**12 286**	**12 552**	**-2**	**6**
Organic sales growth, %	*6*	*2*		
Share of Group sales, %	*11*	*12*		
Operating income before amortization	**702**	**570**	**23**	**32**
Operating margin, %	*5.7*	*4.5*		
Share of Group operating income, %	*12*	*12*		

Further information regarding the statement of income, cash flow and capital employed is provided in note 10.

Organic sales growth was 6 percent (2), driven by organic sales growth in Spain of 5 percent (1) and by price increases in Argentina. The portfolio refinement programs in Argentina and Peru hampered organic sales growth and the client retention rate was 94 percent (93) excluding the effect of corona-related temporary reductions.

Security solutions and electronic security sales represented MSEK 3 743 (3 720) or 30 percent (30) of total sales in the business segment in 2021.

The operating margin was 5.7 percent (4.5), an improvement supported by Spain including efficiency gains from the integration of Techco Security. The operating margin in Latin America also improved supported by bad debt provision recovery and portfolio refinement programs in Argentina and Peru. Last year had a higher level of provisioning. The improvement was further 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 32 percent (3) in 2021.

CASH FLOW

Cash flow from operating activities amounted to MSEK 5 576 (7 207), equivalent to 93 percent (147) of operating income before amortization.

The impact from changes in accounts receivable was MSEK 117 (123). The positive cash flow impact comes from further improvement of the level of days of sales outstanding reflecting our collection effort but is also with a negative offset coming from the improved organic sales growth that drive up the level of accounts receivable in absolute terms. The comparatives for last year also saw a positive cash flow impact from accounts receivable explained by both lower organic sales growth as well as a lower level of days of sales outstanding. Changes in other operating capital employed were MSEK –399 (2 289). In the third quarter approximately MSEK 600 out of the previously postponed payroll tax balances in the North American operations were paid. The comparatives were positively impacted by the timing of payments relating to payroll taxes and value added tax in Europe and North America of approximately MSEK 1 300. Other than the remaining amount for payroll taxes in the North American operations of an additional approximately MSEK 600 to be paid in 2022, no material balances remain to be settled out of the various governmental schemes for postponement of various tax payments introduced during the corona pandemic.

Financial income and expenses paid was MSEK –312 (–401) and current taxes paid was MSEK –1 265 (–862).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –120 (–97), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –2 824 (–2 787) and reversal of depreciation of MSEK 2 704 (2 690).

Free cash flow was MSEK 3 999 (5 944), equivalent to 95 percent (178) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –1 366 (–1 801). Refer to note 17 for further information.

Cash flow from items affecting comparability amounted to MSEK –602 (–405). Refer to note 11 for further information.

Cash flow from financing activities was MSEK –1 935 (–2 762) due to dividend paid of MSEK –1 460 (–1 752) and a net decrease in borrowings of MSEK –475 (–1 010).

Cash flow for the year was MSEK 96 (976). The closing balance for liquid funds after translation differences of MSEK –7 was MSEK 4 809 (4 720).

Condensed statement of cash flow according to Securitas' financial model

MSEK	2021	2020
Operating income before amortization	**5 978**	**4 892**
Investments in non-current tangible and intangible assets	-2 824	-2 787
Reversal of depreciation	2 704	2 690
Net investments in non-current tangible and intangible assets	**-120**	**-97**
Change in accounts receivable	117	123
Change in other operating capital employed	-399	2 289
Cash flow from operating activities	**5 576**	**7 207**
Cash flow from operating activities, %	*93*	*147*
Financial income and expenses paid	-312	-401
Current taxes paid	-1 265	-862
Free cash flow	**3 999**	**5 944**
Free cash flow, %	*95*	*178*
Cash flow from investing activities, acquisitions and divestitures	-1 366	-1 801
Cash flow from items affecting comparability	-602	-405
Cash flow from financing activities	-1 935	-2 762
Cash flow for the year	**96**	**976**

Securitas' financial model is described on pages 42–43.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items.

CAPITAL EMPLOYED AND FINANCING

Capital employed

The Group's operating capital employed was MSEK 9 908 (8 893), corresponding to 9 percent of sales (8), 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 556.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2021 in conjunction with the business plan process for 2022. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2021. No impairment losses were recognized in 2020 either.

The Group's total capital employed was MSEK 35 351 (32 042). The translation of foreign capital employed to Swedish kronor increased the Group's capital employed by MSEK 1 906. The return on capital employed was 14 percent (13).

Financing

The Group's net debt amounted to MSEK 14 551 (14 335). The net debt was positively impacted mainly by the free cash flow of MSEK 3 999, while it was negatively impacted mainly by a dividend of MSEK –1 460, paid to the shareholders in May 2021, net payments for acquisitions and divestitures of MSEK –1 366, translation differences of MSEK –838 and payments for items affecting comparability of MSEK –602.

The net debt to EBITDA ratio was 1.9 (2.1). The free cash flow to net debt ratio amounted to 0.27 (0.41). The interest coverage ratio amounted to 13.8 (9.1).

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 December 31, 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 700 was issued as of December 31, 2021.

On December 8, 2021, Securitas signed a Multicurrency Term Facilities Agreement with SEB. There are two facilities totaling MUSD 3 300. The purpose of the facilities is to fund the acquisition of the electronic Security Solutions business from Stanley Black & Decker Inc. The facilities will be refinanced after completion by a mix of equity and long-term debt. The facilities were subsequently partly syndicated among seven core relationship banks, BBVA, CIC, Citi, Commerzbank, Danske, ING and Unicredit.

On December 8, 2021, Standard & Poor's placed Securitas on CreditWatch Negative on announced acquisition of Stanley Security.

Further information regarding financial instruments and credit facilities is provided in note 7.

Shareholders' equity amounted to MSEK 20 800 (17 707). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 1 068. Refer to the statement of comprehensive income for further information.

The total number of shares amounted to 365 058 897 (365 058 897) as of December 31, 2021. Refer to note 31 for further information.

Condensed capital employed and financing according to Securitas' financial model

MSEK	2021	2020
Operating capital employed	**9 908**	**8 893**
Operating capital employed as % of sales	*9*	*8*
Goodwill	23 373	21 414
Acquisition-related intangible assets	1 732	1 424
Shares in associated companies	338	311
Total capital employed	**35 351**	**32 042**
Return on capital employed, %	*14*	*13*
Net debt	14 551	14 335
Shareholders' equity	20 800	17 707
Total financing	**35 351**	**32 042**

Securitas' financial model is described on pages 42–43.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Net debt development

MSEK	2021	2020
Opening balance January 1	**-14 335**	**-17 541**
Cash flow from operating activities	5 576	7 207
Financial income and expenses paid	-312	-401
Current taxes paid	-1 265	-862
Free cash flow	**3 999**	**5 944**
Cash flow from investing activities, acquisitions and divestitures	-1 366	-1 801
Cash flow from items affecting comparability	-602	-405
Dividend paid	-1 460	-1 752
Change in lease liabilities	107	-139
Change in net debt before revaluation and translation	**678**	**1 847**
Revaluation of financial instruments	-56	17
Translation differences	-838	1 342
Change in net debt	**-216**	**3 206**
Closing balance December 31	**-14 551**	**-14 335**

ACQUISITIONS AND DIVESTITURES

Acquisitions and divestitures January–December 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
Protection One, Germany	Security Services Europe	Aug 19	100	337	674	445	171
Tepe Güvenlik, Turkey	Security Services Europe	Aug 24	100	85	99	62	34
Supreme Security Systems, the US	Security Services North America	Dec 1	–	90	184	135	54
Other acquisitions and divestitures[5,6]		–	–	-127	139	-136	201
Total acquisitions and divestitures January - December 2021				**466**	**1 244**[7]	**586**	**535**
Amortization of acquisition-related intangible assets						–	-290
Translation differences and remeasurement for hyperinflation						1 373	63
Closing balance						**23 373**	**1 732**

1 Refers to business segment with main responsibility for the acquisition.
2 Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3 Estimated annual sales.
4 Purchase price paid/received plus acquired/divested net debt but excluding any deferred considerations.
5 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: FE Moran Security Solutions, the US, Protector i Sundsvall, Eventsäkerhet/7H Bevakning (contract portfolios), Polar Park (contract portfolio), NVS Bevakning (contract portfolio), Sweden, SAMCA Vagt, KLEY (contract portfolio), Denmark, Oy Bevex Security (contract portfolio), Kokkolan Vartiointi ja Kiinteistövalvonta Pekka Isoaho (contract portfolio), Finland, ORQUAL, Switzerland, 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 Teleassistance, France, Securitas Estonia, Securitas Slovenia, Securitas Panama (asset deal), Securitas Sri Lanka, Securitas Egypt and Securitas Jordan as well as to deferred considerations paid in the US, Sweden, Germany, France, Austria, Turkey, Spain, Australia and China.
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 -137. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 134.
7 Cash flow from acquisitions and divestitures amounts to MSEK -1 366, which is the sum of enterprise value MSEK -1 244 and acquisition-related costs paid MSEK -122.

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 and in note 31. Transaction costs and revaluation of deferred considerations can be found in note 11.

On December 8, 2021, Securitas entered into an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. ("Stanley Security") for a cash purchase price of MUSD 3 200 on a debt and cash free basis, representing a multiple of approximately 13x Stanley Security's estimated adjusted EBITDA 2021 including cost synergies of approximately MUSD 50, before commercial synergies and strategic benefits.

Stanley Security is a highly reputable provider of electronic security solutions with operations in 12 markets globally, expected to generate sales of nearly MUSD 1 700 in 2021, of which around 40 percent is recurring revenue. The future of security is built around the combination of global presence, connected technology and intelligent use of data and, together with Stanley Security, Securitas is perfectly placed to win in this environment with an outstanding offering and client experience.

The acquisition brings significant commercial synergy opportunities with over 500 000 existing as well as new clients, adds significant scale and innovation potential in the attractive BUSD 70 electronic security market, and creates a leading platform to accelerate growth. It is expected to be immediately operating margin accretive to the Group on completion, create compelling cost synergy opportunities, deliver accretion in earnings per share in the first full year post completion (excluding items affecting comparability and costs associated with the transaction) and lead to substantial operating margin improvement over time.

The acquisition is fully funded through an underwritten bridge facility which is expected to be refinanced by long-term debt financing and an equity rights issue of MUSD 915, intended to be launched following completion. Current shareholders have in total provided commitments, declarations of intent and guarantees to subscribe for 44.6 percent of the rights issue.

Investment AB Latour and subsidiaries, Melker Schörling AB and EQT have also entered into guarantee commitments to subscribe for an additional 21.9 percent of the rights issue without subscription rights. The agreed fee is 1 percent of the guaranteed amounts.

The acquisition is expected to complete in the first half year of 2022, subject to customary regulatory approvals and closing conditions.

For further information regarding acquisitions and divestitures completed in 2021, refer to note 17.

CHANGES IN GROUP MANAGEMENT

Andreas Lindback, Divisional President for AMEA since 2017 and with Securitas since 2011, took over the role of CFO on August 16, 2021, as Bart Adam stepped down. Brett Pickens, COO AMEA and with Securitas since 2018, took over the role of Divisional President AMEA and became a member of Group Management on April 1, 2021. All other Group Management members continue in their present roles.

OTHER SIGNIFICANT EVENTS

Stanley Security

On December 8, 2021, Securitas entered into an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. ("Stanley Security"). Refer to the information disclosed above under the section Acquisitions and divestitures.

Portuguese 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.

OTHER SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In February and March 2022, Securitas AB have issued three Private Placement notes for respectively MSEK 2 000 and MSEK 1 500, maturing in 2024, and MEUR 50, maturing in 2023.

In order to hedge the share portion of Securitas short-term share-based incentive scheme 2021, the Group entered into a swap agreement with a third party in the beginning of March 2022.

Regarding the ongoing corona pandemic, refer to the information disclosed below under the section Risk and uncertainties.

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

RISK AND UNCERTAINTIES

Managing risk is necessary for Securitas to be able to fulfil its strategies and achieve its corporate objectives. Securitas' approach to enterprise risk management is described in more detail on pages 38–40.

Securitas' risks fall into three main categories: contract and acquisition risks, operational assignment risks and financial risks.

Contract and acquisition risks

This category encompasses the risks related to entering into a client contract and also those risks related to the acquisition of new businesses.

When entering into a contract with a client a balanced allocation of responsibilities and risks between Securitas and the client is essential. Standardized contracts are the norm. Reasonable caps on potential liability and indemnification for third-party claims are important. Significant focus is devoted to contract risks and the management of contract risks. Each segment has developed policies and procedures tailored to their specific needs. These policies are all based on the contract policies approved by the Board of Directors in the Group Policies.

In addition to organic growth resulting from new and/or increased client contracts, the Group has grown by a significant number of acquisitions over the years and will, as part of the Group's strategy, continue to acquire security companies. The integration of new companies always carries certain risks. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

The acquisitions made during 2021 are described under the heading Acquisitions and divestitures above and in note 17.

Operational assignment risks

Operational assignment risks are risks associated with daily operations and the services we provide to our clients including risks related to necessary infrastructure to run the business. For example, when services do not meet the required standards and result in loss of property, damage to property or bodily injury. Proper recruitment, training and supervision of security officers are important to mitigate these risks. Another type of operational assignment risk which may impact profitability is the risk that Securitas will not be able to increase prices to be paid by clients in order to compensate fully for increases in wages and related costs.

Financial risks

The financial risks include risks related to financial reporting, as well as financial risks related to external financing needs including currency exposure.

Financial risks are mainly managed through continuous measurement and follow-up of financial performance, with the help of Securitas' financial model. This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. The financial model is described in more detail on pages 42-43. In addition, financial risks (other than relating to financial reporting) arise because the Group has external financing needs and operates in a number of foreign currencies. The risks are mainly interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

The client credit risk, that is the risk of Securitas' clients not being able to fulfil their obligation of paying invoices for services being provided, is reduced by the fact that the numerous clients are spread over many business sectors and geographies, and by established routines for monitoring and collecting of accounts receivable within the organization. Further information regarding financial risk management is provided above under the section Capital employed and financing/Financing and in note 7.

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. Further information regarding critical estimates and judgments is provided in note 4.

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

On December 8, 2021, Securitas entered into an agreement to acquire the Electronic Security Solutions business from Stanley Black & Decker Inc. The acquisition and integration of new companies always carries certain risks. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

For the forthcoming 12-month period, the financial impact of the corona pandemic, the acquisition and integration of Stanley Security as well as certain items affecting comparability, provisions and contingent liabilities, as described in note 11, note 34, note 37 and note 39 respectively 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.

STATUTORY SUSTAINABILITY REPORT

The statutory Sustainability Report is included in separate parts of the Securitas AB Annual Report 2021 and is not a part of the statutory Annual Report.

Securitas AB's Sustainability Report describes the Group's work with regards to economic, environmental and social aspects. The report is prepared according to the Sustainability Reporting Standards, issued by Global Reporting Initiative (GRI). The Sustainability reporting also includes the statutory Sustainability Report under Chapter 6 Section 11 of the Annual Accounts Act.

Securitas is a service company with relatively low environmental impact compared with a manufacturing company. The operations of the Group do not require a permit under the Swedish Environmental Code.

INFORMATION ABOUT:	See page
Environment	135, 137, 141
Social conditions	134-135
Personnel	5, 8, 16-17, 132, 134, 138-139
Respect for human rights	135
Anti-corruption	134, 137
Business model	16-17
Significant risks for sustainability	136-137
GRI index	143-145

RESEARCH AND DEVELOPMENT

The service offering of the Group is continuously being developed, not least as an integrated item when carrying out the service delivery to the clients. Security solutions are an important part of the protective services offering and in order to accelerate the growth a strengthening of this organization both on country and business segment level is ongoing. In 2019, the Group also created a Global Electronic Security Business Center, responsible for developing a global business approach with common tools, processes, products and services within Electronic Security which has continued develop the electronic security business well also in 2021. The capabilities within technical solutions is also supported by a number of acquisitions within Electronic security such as Protection One in Germany, Tepe Güvenlik in Turkey, Dansk Brandteknik in Denmark, Supreme Security in the US and the transformative acquisition of Stanley Security.

The Group's CIO with team are leading the development of Securitas' global digitization and IS/IT transformation and are responsible for large scale global IT/business projects. For further information relating to transformation programs, refer to the section Group development below.

Securitas is a service company and has historically not carried out any material research and development activities as defined in IAS 38 Intangible assets. Under the responsibility of the Group's CIO the Group has gradually invested in capabilities to develop improved data-driven and intelligence-based services for a future where scale and data availability are critical for the next big shift in the security services industry to the benefit of our clients and society as a whole. A number of development projects that support this are ongoing and as of December 31, 2021, the Group had MSEK 62 (51) in capitalized development expenditures.

INFORMATION REGARDING THE SECURITAS SHARE

Information about the Securitas share regarding the number of shares of Series A and Series B, differences between shares in Series A and Series B as well as information on major shareholders can be found in note 31. Further information regarding the Securitas share can also be found on pages 148–149.

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 5, 2022, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of all shares in the company. There is currently an authorization by the Annual General Meeting 2021, to the Board of Directors to repurchase Securitas shares for the purpose of adjusting the company's capital structure, be able to exploit acquisition opportunities and/or to ensure the company's undertakings in respect of share-based incentive programs (other than delivery of shares to participants of incentive programs). In June 2021, a further 350 000 shares were repurchased in order to ensure the company's undertaking in respect of existing share-based incentive programs, bringing the total repurchased number of shares to 475 000 (125 000). These shares are held as treasury shares and have not reduced the company's share capital.

A shareholders' agreement that among other items comprises pre-emption rights for the sale of Series A shares by any part exists among the Douglas family and Schörling family and companies closely related to them. Apart from this, the Board of Directors of Securitas AB is not aware of any shareholders' agreements or other arrangements between shareholders of Securitas AB.

GROUP DEVELOPMENT

Securitas continues to lead the development in the security services industry with the strongest client offering and team, and with a strong focus on innovation. Organic sales growth was 4 percent in 2021 supported by solid growth in Europe and Ibero-America. The operating margin was 5.6 percent. This represented a material improvement compared to the previous year mainly due to general business recovery in light of the Covid-19 development, contribution from the transformation programs, strong portfolio management and the price wage balance on par.

To execute on our strategy, we continued to drive important transformation to build an even stronger company tomorrow and reach our wanted position, to become the Intelligent Protective Services Partner.

In 2021 Securitas finalized two major transformation programs (North America and Global IT) to modernize and digitize the operations and drive financial benefits from a more efficient way of working. Both programs have been successfully executed from a risk as well as time and cost perspective, making Securitas taking a major step in becoming a more modern and digital company.

With higher efficiency and productivity, we will free up resources to invest in speeding up the development and delivery of intelligent services and to improve margins. The business transformation program in North America will, everything else equal, support our North American operating margin up to 0.5 percentage points, with a first positive impact starting in 2021 and gradually increasing during 2022.

Accelerating the modernization of our IS/IT capability and digitization of our operations will enable us to offer greatly improved data-driven and intelligence-based services. In a future where scale and data availability are critical, we will drive the next big shift in the security services industry to benefit our clients and society as a whole. This will also enable us to grow faster than the market and deliver profitable growth.

We are continuing to execute well on our two remaining transformation programs in Europe and Ibero-America. These activities represent significant investments in the execution of our strategy, and we expect to see important benefits as a result, also benefiting from our previous experience and success in the two previous programs. We will be able to benefit from our scale and common ways of working and will help change the business mix and improve our margins. The business transformation program in Security Services Europe and Security Services Ibero-America targets an increase of the operating margin in the segments to around 6.5 percent and 6.0 percent respectively, upon completion in 2024. Items affecting comparability of approximately MSEK -1 400 and capital expenditure of approximately MSEK -1 100 are planned for the years 2021-2023, excluding the impact from the new cloud computing accounting standards.

In 2021 we also closed our cost reduction program which was announced in 2020, where the target benefits have been achieved. We are coming out of the pandemic strongly and the cost reduction program has contributed to this. As part of the program, we identified 11 markets where we deemed the current and future business opportunities to be limited. We have exited 10 countries by the end of 2021 and expect to close the last country in 2022. These actions will remove complexity and enable us to drive a sharper focus on realizing our strategic ambition in the remaining footprint.

In 2021 we also took a major step to reach our 2023 strategic ambition to double our electronic security and solutions business through the acquisition of Stanley Security. Together with Stanley we will become a leading global electronic security provider which creates compelling opportunities to increase our growth in the important electronic security and solution businesses. Stanley's operation is concentrated to 12 markets. These countries are core to Securitas strategy and we will have increased scale in operations driving both commercial and cost synergies as well as spurring our opportunities to develop and grow innovative solutions.

Our purpose is "We help make your world a safer place," and in 2021 we truly lived up to this. During the pandemic, our services have been classified as essential to society in many countries.

We have managed a very challenging situation for the world, including Securitas, our clients and our people thanks to clear focus and priorities throughout the pandemic. Looking ahead, we are maintaining a high level of preparedness to initiate further actions as required.

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.

The Parent Company's income amounted to MSEK 1 734 (1 233) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 1 635 (1 067). The increase compared with last year is mainly explained by higher dividends received from subsidiaries. Income before taxes amounted to MSEK 1 994 (1 280).

Income before taxes includes dividends from subsidiaries of MSEK 1 852 (2 942), interest income of MSEK 143 (253), interest expense of MSEK -300 (-388) and other financial income and expenses, net, of MSEK -60 (-1 740). For further information, refer to note 47.

Net income was MSEK 1 980 (1 430).

Cash flow for the year amounted to MSEK 919 (-1 445).

The Parent Company's non-current assets amounted to MSEK 46 173 (45 822) and mainly comprise shares in subsidiaries of MSEK 44 932 (44 233). Current assets amounted to MSEK 5 350 (4 052) of which liquid funds accounted for MSEK 1 070 (151).

Shareholders' equity amounted to MSEK 29 448 (28 999). A dividend of MSEK 1 460 was paid to the shareholders in May 2021. Last year, a dividend of MSEK 1 752 was paid to the shareholders in December 2020.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 22 075 (20 875) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's financial statements and the accompanying notes and comments.

GUIDELINES FOR REMUNERATION TO SENIOR MANAGEMENT IN SECURITAS FOR 2022

The Annual General Meeting 2021 adopted guidelines for remuneration, which apply until the Annual General Meeting 2025 unless any changes are adopted by the general meeting. The guidelines apply to remuneration and other terms of employment for the individuals who are included in the Group Management of Securitas (the "senior management employees").

The guidelines shall apply to agreements entered into after the Annual General Meeting 2021, and to changes made in existing agreements after the Annual General Meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting. The full text of the adopted guidelines can be found in note 9.

PROPOSED ALLOCATION OF EARNINGS

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting 2022.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	31 419 288
Retained earnings	19 707 981 692
Net income for the year[1]	1 980 312 787
Total	**21 719 713 767**

1 Includes Group contributions to subsidiaries of SEK 733 810 962.

The Board of Directors proposed that the earnings are allocated as follows:

	SEK
a dividend to the shareholders of SEK 4.40 per share	1 604 169 147
retained earnings to be carried forward	20 115 544 620
Total	**21 719 713 767**

The dividend amount and retained earnings to be carried forward are calculated on the number of shares outstanding as per February 7, 2022. No dividend is payable on Securitas AB's holding of treasury shares, the exact number of which is determined on the record date for payment of dividend. Securitas AB held 475 000 treasury shares as per February 7, 2022.

PROPOSAL ON RECORD DATE FOR DIVIDEND

As record date for dividend, the Board has proposed May 9, 2022. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 12, 2022.

PROPOSED AUTHORIZATION TO ACQUIRE THE COMPANY'S OWN SHARES

The Board has further proposed that the 2022 Annual General Meeting should authorize the Board to, on one or several occasions during the time up to the Annual General Meeting in 2023, decide on the acquisition of the Company's own shares. The proposal entails that the Board may decide on acquisitions so that the maximum number of shares held by the Company at each point in time does not exceed ten (10) percent of all shares in the Company.

THE BOARD'S STATEMENTS ON THE PROPOSED DIVIDEND AND THE PROPOSED AUTHORIZATION TO ACQUIRE THE COMPANY'S OWN SHARES

The Board has issued the following statements regarding proposed allocation of earnings and proposed authorization to acquire the Company's own shares pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act.

The Company's unappropriated earnings as per December 31, 2021 amount to SEK 19 739 400 980. The net income for the year amounts to SEK 1 980 312 787 of which SEK 733 810 962 is related to Group contributions to subsidiaries and SEK -5 354 094 is the result of financial instruments being valued pursuant to Chapter 4, Section 14a of the Swedish Annual Accounts Act.

The Company's equity would have been SEK 23 165 879 lower as per December 31, 2021, if financial instruments, having been valued at fair value pursuant to Chapter 4, Section 14a of the Swedish Annual Accounts Act, had instead been valued at the lower of cost or market.

At the disposal of the Annual General Meeting is thereby a total amount of SEK 21 719 713 767 in unappropriated earnings before the decision on dividend for 2021.

Provided that the 2022 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 20 115 544 620 will be carried forward. Hence, there will be full coverage for the Company's restricted equity after distribution of the proposed dividend, Group contributions and authorization to acquire the Company's own shares.

In view of the proposed dividend and authorization to acquire the Company's own shares, the Board has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the possibilities of the Company and the Group to discharge its obligations in the long term. The proposed dividend, the Group contributions to subsidiaries and the proposed authorization to acquire the Company's own shares does not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment than that the Company can continue its operations and that the Company is expected to comply with its obligations in a short as well as long term perspective. In addition to the assessment of the Company's consolidation requirements and liquidity, the Board has also taken into consideration all other known circumstances that may impact the Company's financial position.

With reference to the above, the Board makes the assessment that the proposed dividend, the Group contributions and the proposed authorization to acquire the Company's own shares are justifiable considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow as well as notes and comments. The Board will continue to assess further the financial position and liquidity up to the decision on the Annual General Meeting.

Consolidated statement of income

MSEK	Note	2021	2020
Sales		106 538	106 642
Sales, acquired business		1 162	1 312
Total sales	**6, 10**	**107 700**	**107 954**
Production expenses	11, 12, 13	-87 855	-89 046
Gross income		**19 845**	**18 908**
Selling and administrative expenses	11, 12, 13	-13 953	-14 100
Other operating income	6	43	39
Share in income of associated companies	23	43	45
Amortization of acquisition-related intangible assets	19	-290	-286
Acquisition-related costs	11	-122	-137
Items affecting comparability	11	-871	-640
Operating income	**11**	**4 695**	**3 829**
Financial income	14, 15	99	68
Financial expenses	15	-463	-568
Income before taxes		**4 331**	**3 329**
Taxes	16	-1 197	-913
Net income for the year		**3 134**	**2 416**
Whereof attributable to:			
Equity holders of the Parent Company		3 133	2 419
Non-controlling interests		1	-3
Average number of shares before and after dilution		364 738 281	364 933 897
Earnings per share before and after dilution (SEK)	3	8.59	6.63
Earnings per share before and after dilution and before items affecting comparability (SEK)[1]	3	10.41	8.02

Consolidated statement of comprehensive income

MSEK	Note	2021	2020
Net income for the year		**3 134**	**2 416**
Other comprehensive income			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit pension plans net of tax	33	294	-78
Total items that will not be reclassified to the statement of income		**294**	**-78**
Items that subsequently may be reclassified to the statement of income			
Remeasurement for hyperinflation net of tax		92	62
Cash flow hedges net of tax	7	-53	-22
Cost of hedging net of tax	7	9	34
Net investment hedges net of tax		-382	528
Other comprehensive income from associated companies, translation differences		22	-40
Translation differences		1 428	-3 087
Total items that subsequently may be reclassified to the statement of income		**1 116**	**-2 525**
Other comprehensive income	**16**	**1 410**	**-2 603**
Total comprehensive income for the year		**4 544**	**-187**
Whereof attributable to:			
Equity holders of the Parent Company		4 542	-180
Non-controlling interests		2	-7

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2021	2020
Sales	106 538	106 642
Sales, acquired business	1 162	1 312
Total sales	**107 700**	**107 954**
Organic sales growth, %	*4*	*0*
Production expenses	-87 855	-89 046
Gross income	**19 845**	**18 908**
Gross margin, %	*18.4*	*17.5*
Expenses for branch offices	-5 307	-5 579
Other selling and administrative expenses	-8 646	-8 521
Total expenses	**-13 953**	**-14 100**
Other operating income	43	39
Share in income of associated companies	43	45
Operating income before amortization	**5 978**	**4 892**
Operating margin, %	*5.6*	*4.5*
Amortization of acquisition-related intangible assets	-290	-286
Acquisition-related costs	-122	-137
Items affecting comparability	-871	-640
Operating income after amortization	**4 695**	**3 829**
Financial income and expenses	-364	-500
Income before taxes	**4 331**	**3 329**
Net margin, %	*4.0*	*3.1*
Taxes	-1 197	-913
Net income for the year	**3 134**	**2 416**

1 Alternative Performance Measure (APM). Refer to note 3 for definition and calculation.

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 42-43.

Consolidated statement of cash flow

MSEK	Note	2021	2020
Operations			
Operating income		4 695	3 829
Adjustment for effect on cash flow from items affecting comparability	11	269	235
Adjustment for effect on cash flow from acquisition-related costs	11	0	18
Reversal of depreciation	19, 20, 21, 22	2 994	2 976
Financial items received		49	53
Financial items paid		-480	-589
Current taxes paid		-1 265	-862
Change in accounts receivable		117	123
Change in other operating capital employed		-399	2 289
Cash flow from operations		**5 980**	**8 072**
Investing activities			
Investments in non-current tangible and intangible assets		-1 785	-1 756
Acquisitions and divestitures of subsidiaries	17	-1 244	-1 682
Cash flow from investing activities		**-3 029**	**-3 438**
Financing activities			
Dividend paid to shareholders of the Parent Company		-1 460	-1 752
Proceeds from bond loans	32, 35	3 864	–
Redemption of bond loans	32, 35	-4 754	-341
Proceeds from commercial paper		2 650	3 115
Redemption of commercial paper		-1 950	-3 870
Payment of principal portion of lease liabilities		-920	-896
Change in other interest-bearing net debt excluding liquid funds		-285	86
Cash flow from financing activities	**7**	**-2 855**	**-3 658**
Cash flow for the year		**96**	**976**
Liquid funds at beginning of year		4 720	3 948
Translation differences on liquid funds		-7	-204
Liquid funds at year-end	**7, 30**	**4 809**	**4 720**

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2021	2020
Operating income before amortization	**5 978**	**4 892**
Investments in non-current tangible and intangible assets	-2 824	-2 787
Reversal of depreciation	2 704	2 690
Net investments in non-current tangible and intangible assets	**-120**	**-97**
Change in accounts receivable	117	123
Change in other operating capital employed	-399	2 289
Cash flow from operating activities[1]	**5 576**	**7 207**
Cash flow from operating activities as % of operating income before amortization	*93*	*147*
Financial income and expenses paid[2]	-312	-401
Current taxes paid	-1 265	-862
Free cash flow	**3 999**	**5 944**
Free cash flow as % of adjusted income	*95*	*178*
Acquisitions and divestitures of subsidiaries	-1 244	-1 682
Acquisition-related costs paid	-122	-119
Cash flow from items affecting comparability	-602	-405
Cash flow from financing activities	-1 935	-2 762
Cash flow for the year	**96**	**976**

1 Includes interest expenses accounted for under IFRS 16 Leases.
2 Excludes interest expenses accounted for under IFRS 16 Leases.

Operating items. Net debt-related items. Goodwill, taxes and non-operating items.

Securitas' financial model is described on pages 42–43.

Consolidated balance sheet

MSEK	Note	2021	2020
ASSETS			
Non-current assets			
Goodwill	18	23 373	21 414
Acquisition-related intangible assets	19	1 732	1 424
Other intangible assets	6, 20	1 834	1 788
Right-of-use assets	21	3 348	3 334
Buildings and land	22	220	234
Machinery and equipment	22	3 262	3 028
Shares in associated companies	23	338	311
Deferred tax assets	16	1 068	1 080
Interest-bearing financial non-current assets	24	494	686
Other long-term receivables	25	825	755
Total non-current assets		**36 494**	**34 054**
Current assets			
Inventories	26	524	395
Accounts receivable	27	15 246	14 695
Current tax assets	16	535	485
Other current receivables	28	5 552	4 634
Other interest-bearing current assets	29	203	144
Liquid funds	30	4 809	4 720
Total current assets		**26 869**	**25 073**
TOTAL ASSETS		**63 363**	**59 127**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		365	365
Other capital contributed		7 363	7 363
Other reserves		-1 766	-2 789
Retained earnings, including net income for the year		14 830	12 758
Shareholders' equity attributable to equity holders of the Parent Company		**20 792**	**17 697**
Non-controlling interests		8	10
Total shareholders' equity	**31**	**20 800**	**17 707**
Long-term liabilities			
Long-term lease liabilities	32	2 573	2 554
Other long-term loan liabilities	32	12 207	11 694
Other long-term liabilities	32	270	265
Provisions for pensions and similar commitments	33	896	1 196
Deferred tax liabilities	16	661	674
Other long-term provisions	34	721	607
Total long-term liabilities		**17 328**	**16 990**
Current liabilities			
Current lease liabilities	35	897	876
Other short-term loan liabilities	35	4 380	4 761
Accounts payable		2 028	1 820
Current tax liabilities	16	1 402	1 287
Other current liabilities	36	14 604	14 185
Short-term provisions	37	1 924	1 501
Total current liabilities		**25 235**	**24 430**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**63 363**	**59 127**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2021	2020
Operating capital employed		
Other intangible assets	1 834	1 788
Right-of-use assets	3 348	3 334
Buildings and land	220	234
Machinery and equipment	3 262	3 028
Deferred tax assets	1 068	1 080
Other long-term receivables	825	755
Inventories	524	395
Accounts receivable	15 246	14 695
Current tax assets	535	485
Other current receivables	5 552	4 634
Total assets	**32 414**	**30 428**
Other long-term liabilities	270	265
Provisions for pensions and similar commitments	896	1 196
Deferred tax liabilities	661	674
Other long-term provisions	721	607
Accounts payable	2 028	1 820
Current tax liabilities	1 402	1 287
Other current liabilities	14 604	14 185
Short-term provisions	1 924	1 501
Total liabilities	**22 506**	**21 535**
Total operating capital employed	**9 908**	**8 893**
Goodwill	23 373	21 414
Acquisition-related intangible assets	1 732	1 424
Shares in associated companies	338	311
Total capital employed	**35 351**	**32 042**
Operating capital employed as % of sales	*9*	*8*
Return on capital employed, %	*14*	*13*
Net debt		
Interest-bearing financial non-current assets	494	686
Other interest-bearing current assets	203	144
Liquid funds	4 809	4 720
Total interest-bearing assets	**5 506**	**5 550**
Long-term lease liabilities	2 573	2 554
Other long-term loan liabilities	12 207	11 694
Current lease liabilities	897	876
Other short-term loan liabilities	4 380	4 761
Total interest-bearing liabilities	**20 057**	**19 885**
Total net debt	**14 551**	**14 335**
Net debt equity ratio, multiple	*0.70*	*0.81*
Shareholders' equity		
Share capital	365	365
Other capital contributed	7 363	7 363
Other reserves	-1 766	-2 789
Retained earnings, including net income for the year	14 830	12 758
Non-controlling interests	8	10
Total shareholders' equity	**20 800**	**17 707**
Total financing	**35 351**	**32 042**

Operating items. Net debt-related items. Goodwill and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 42–43.

Consolidated statement of changes in shareholders' equity

MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings, including net income for the year	Total	Non-controlling interests[1]	Total share-holders' equity
	Shareholders' equity attributable to equity holders of the Parent Company[1]							
Opening balance 2020	**365**	**7 363**	**63**	**-269**	**12 047**	**19 569**	**30**	**19 599**
Net income for the year	**–**	**–**	**–**	**–**	**2 419**	**2 419**	**-3**	**2 416**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	-78	-78	–	-78
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**-78**	**-78**	**–**	**-78**
Items that subsequently may be reclassified to the statement of income								
Remeasurement for hyperinflation net of tax	–	–	–	–	62	62	–	62
Cash flow hedges net of tax[2]	–	–	-22	–	–	-22	–	-22
Cost of hedging net of tax[2]	–	–	34	–	–	34	–	34
Net investment hedges net of tax[3]	–	–	–	528	–	528	–	528
Other comprehensive income from associated companies, translation differences	–	–	–	-40	–	-40	–	-40
Translation differences	–	–	–	-3 083	–	-3 083	-4	-3 087
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**12**	**-2 595**	**62**	**-2 521**	**-4**	**-2 525**
Other comprehensive income	**–**	**–**	**12**	**-2 595**	**-16**	**-2 599**	**-4**	**-2 603**
Total comprehensive income for the year	**–**	**–**	**12**	**-2 595**	**2 403**	**-180**	**-7**	**-187**
Transactions with non-controlling interests[1]	–	–	–	–	–	–	-13	-13
Share-based incentive schemes[1]	–	–	–	–	60	60	–	60
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 752	-1 752	–	-1 752
Closing balance 2020	**365**	**7 363**	**75**	**-2 864**	**12 758**	**17 697**	**10**	**17 707**
Opening balance 2021	**365**	**7 363**	**75**	**-2 864**	**12 758**	**17 697**	**10**	**17 707**
Net income for the year	**–**	**–**	**–**	**–**	**3 133**	**3 133**	**1**	**3 134**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	294	294	–	294
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**294**	**294**	**–**	**294**
Items that subsequently may be reclassified to the statement of income								
Remeasurement for hyperinflation net of tax	–	–	–	–	92	92	–	92
Cash flow hedges net of tax[2]	–	–	-53	–	–	-53	–	-53
Cost of hedging net of tax[2]	–	–	9	–	–	9	–	9
Net investment hedges net of tax[3]	–	–	–	-382	–	-382	–	-382
Other comprehensive income from associated companies, translation differences	–	–	–	22	–	22	–	22
Translation differences	–	–	–	1 427	–	1 427	1	1 428
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**-44**	**1 067**	**92**	**1 115**	**1**	**1 116**
Other comprehensive income	**–**	**–**	**-44**	**1 067**	**386**	**1 409**	**1**	**1 410**
Total comprehensive income for the year	**–**	**–**	**-44**	**1 067**	**3 519**	**4 542**	**2**	**4 544**
Transactions with non-controlling interests[1]	–	–	–	–	–	–	-4	-4
Share-based incentive schemes[1]	–	–	–	–	13	13	–	13
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 460	-1 460	–	-1 460
Closing balance 2021	**365**	**7 363**	**31**	**-1 797**	**14 830**	**20 792**	**8**	**20 800**

1 Further information is provided in note 31.
2 Specification can be found in note 7, in the table revaluation of financial instruments, as well as in note 16.
3 For tax amount see note 16.

Group notes

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Note 1
General corporate information

Operations

Securitas serves a wide range of clients of all sizes in a variety of industries and client segments. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, electronic security, fire and safety and corporate risk management. Securitas operates in North America, Europe, Latin America, Africa, the Middle East, Asia and Australia and has 345 000 employees in 46 countries.

Information regarding Securitas AB

Securitas AB, corporate registration number 556302-7241, is a Swedish public company and has its registered office in Stockholm, Sweden.
The address of the head office is:

Securitas AB
Lindhagensplan 70
SE-102 28 Stockholm
Sweden

Securitas AB is listed on Nasdaq Stockholm on the Large Cap List and Securitas has been listed on the stock exchange since 1991.

Information regarding the Annual Report and the consolidated financial statements

This Annual Report including the consolidated financial statements was signed by the Board of Directors and the President and CEO of Securitas AB and also approved for publication on March 24, 2022.

The statements of income and balance sheets for the Parent Company and the consolidated financial statements for the Group included in the Annual Report are subject to adoption by the Annual General Meeting on May 5, 2022.

Note 2
Accounting principles

Basis of preparation

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements have been prepared in accordance with the historical cost convention method except where a fair value measurement is required according to IFRS. Examples of assets and liabilities measured at fair value are financial assets or financial liabilities (including derivatives) at fair value through profit or loss and plan assets related to defined benefit pension plans.

Estimates and judgments

NOTE 4

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual outcome may differ from these judgments under different assumptions or conditions.

Adoption and impact of new and revised IFRS for 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 significant impact on the Group's financial statements due to the IBOR reform.

The IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 on "cloud computing arrangement costs", that is costs for configuring or adapting software in a cloud-based solution. The Group has during 2021 conducted a review of all major projects and the adjustments relating to previously recognized assets are not material. Some of the future transformation activities will be impacted by the agenda decision and this is expected to result in approximately MSEK 250 of planned capital expenditure and future amortization charges being charged directly as an expense during the project phase and classified as items affecting comparability. This does not impact the total cash expenditure nor the business case for the transformation programs. The Group's accounting principles have been updated to reflect the agenda decision by IFRS IC. For further information, refer to the section Cloud computing arrangements below.

Securitas has adopted the practical expedient to IFRS 16 Leases that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the corona pandemic. The practical expedient applies to rent concessions up until June 30, 2022 and has had no significant impact on the Group's financial statements.

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

Introduction and effect of new and revised IFRS that are effective as from 2022

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

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

Introduction and effect of new and revised IFRS that are effective as from 2023 and onwards

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

Business combinations (IFRS 3)

NOTE 11, 17, 18 AND 19

The acquisition method is used to account for the Group's business combinations. All payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition-related option liabilities classified as debt subsequently remeasured through the statement of income. The Group chooses on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related transaction costs are expensed. These costs are in the Group accounted for on a line in the statement of income named acquisition-related costs. Costs accounted for on this line are transaction costs, revaluation (including discounting) of contingent considerations and acquisition-related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition-related restructuring and integration costs.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

Scope of the consolidated financial statements (IFRS 10 and IFRS 12) NOTE 17 AND 51

The consolidated financial statements relate to the Parent Company Securitas AB and all subsidiaries. Subsidiaries are all companies where the Group has control, which is the case where the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The consolidated financial statements include companies acquired with effect from the date that the Group obtains control. Companies divested are excluded with effect from the date that the Group ceases to have control.

Pricing of deliveries among Group companies is based on normal business principles. Intercompany transactions, balances and unrealized gains and losses between Group companies are eliminated.

Non-controlling interests (IFRS 3 and IFRS 10) NOTE 31

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity on the line transactions with non-controlling interests in the consolidated statement of changes in shareholders' equity. Gains or losses on disposals to non-controlling interests are also recorded in equity on the same line.

The principle to treat transactions with non-controlling interests as transactions with equity owners of the Group is also applied to the valuation of options relating to non-controlling interests. This means that at both initial recognition and for any subsequent revaluation, according to the economic entity model, the transactions are recognized in equity as transactions with non-controlling interests.

Investments in associates (IAS 28) NOTE 23 AND 52

Associates are entities in which Securitas can exert a significant influence, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. The equity method is used to account for these shareholdings. All payments to acquire a business are recorded at fair value on the acquisition date, with contingent considerations and acquisition-related option liabilities classified as debt subsequently remeasured through the statement of income. All acquisition-related transaction costs are expensed.

Share in income of associates is recognized in the consolidated statement of income. Depending on the purpose of the investment, share in income of associates is included either in operating income, if it is related to associates that have been acquired to contribute to the operations, or in income before taxes as a separate line within net financial items, if it is related to associates that have been acquired as part of the financing of the Group. In both cases the share in income of associates are net of tax. All associates in the Group are currently classified as operational associates.

In the consolidated balance sheet, investments in associates are stated at cost including the cost of the acquisition that is attributed to goodwill and other acquisition-related intangible assets, adjusted for dividends and the share of income after the acquisition date. Investments in associates are also adjusted for translation differences of foreign investments to the exchange rate prevailing on the last day of the month. The translation differences are posted directly to other comprehensive income and thus do not affect net income for the year.

The consolidated financial statements include associates with effect from the date of the acquisition. Associates divested are excluded with effect from the divestment date.

Transactions, balances and unrealized gains and losses between the Group and its associates are eliminated to the extent of the Group's interest in the associate.

Translation of foreign subsidiaries (IAS 21) NOTE 31

The functional currency of each Group company, that is the currency in which the company primarily generates and expends cash, is determined by the primary economic environment in which the company operates. The functional currency of the Parent Company and the presentation currency of the Group, that is the currency in which the financial statements are presented, is Swedish kronor (SEK).

When translating the financial statements of each foreign subsidiary, each month's statement of income is translated using the exchange rate prevailing on the last day of the month. This means that income for each month is not affected by foreign exchange fluctuations during subsequent periods. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the conversion of balance sheets are posted directly to other comprehensive income and thus do not affect net income for the year. The translation difference arising because statements of income are translated using average rates, while balance sheets are translated using exchange rates prevailing at each balance sheet date, is posted directly to other comprehensive income.

Where loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and qualify for the hedge accounting criteria, exchange rate differences on such loans are recognized together with the exchange rate differences arising from the translation of foreign net assets in other comprehensive income.

The accumulated translation differences are accounted for in translation reserve in equity. When a foreign operation or part thereof is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using exchange rates prevailing at each balance sheet date.

Remeasurement for hyperinflation (IAS 29) NOTE 14

The Group´s subsidiaries in countries that according to IAS 29 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. This includes the subsidiaries with functional currency in ARS as well as consolidated goodwill that is consolidated into SEK from ARS.

The non-monetary balance sheet items have been remeasured by applying a general price index. The index used by Securitas for the remeasurement of the financial statements is the consumer price index with base period January 2003. The items in the financial statements subject to remeasurement are based on the historical cost approach.

Remeasurement of the consolidated goodwill balance is recognized as part of other comprehensive income. This is based on the fact that goodwill would be offset in equity if pushed down to subsidiary level. Also, it does not contribute to any changes in the net monetary position of the subsidiary.

Remeasurement of the non-monetary balance sheet items and the statement of income on subsidiary level is part of the net monetary gain or loss recognized in the statement of income as part of financial income and expenses. The statements of income for each month have been translated at the closing rate on the balance sheet date ending each quarter during the year.

Transactions, receivables and liabilities in foreign currency (IAS 21) NOTE 11 AND 15

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognized in the statement of income when they arise, with the exception of net investment hedges recognized via other comprehensive income (see above under the section Translation of foreign subsidiaries). Exchange differences from operating items are recognized as either production expenses or selling and administrative expenses, while exchange differences from financial items are recognized as financial income or financial expenses.

When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Revenue recognition (IFRS 15) NOTE 6 AND 45

The Group's revenue is generated mainly from various types of security services, as described below.

Guarding services 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 comprise two broad categories. 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 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 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 consists in its entirety of trade mark fees for the use of the Securitas brand name.

The segments have the principle of expensing costs to obtain contracts as they are incurred. Such costs are capitalized at Group level and amortized over the expected duration of the contract. This effect is accounted for under Other in the segment overviews and constitutes a difference between the segment's accounting principles and the Group´s accounting principles, reflecting the operating result measure reported to the chief operating decision maker.

Costs to fulfil a contract such as salaries and payroll overhead are expensed immediately as the services are rendered by Securitas and consumed by the client.

Operating segments (IFRS 8) NOTE 10

A combination of factors has been used in order to identify the Group's segments. Most important is the characteristic of the services provided and the geographical split. The operating segments are regularly reviewed by the chief operating decision maker, which is the President and CEO.

The Group's operations are divided into three reportable segments and Other. The reportable segments are also referred to as business segments in the Group's financial reports. Refer to note 10 for further information regarding the segments.

As described above under Revenue recognition, the segments have the principle of expensing costs to obtain contracts as they are incurred. Such costs are capitalized at Group level and amortized over the expected duration of the contract. This effect is accounted for under Other in the segment overviews and constitutes a difference between the segment's accounting principles and the Group´s accounting principles, reflecting the operating result measure reported to the chief operating decision maker. This is the only difference in principles between the segments and the Group.

The assets and liabilities of each segment include only those items that have been utilized or arisen in ongoing operations. Non-operational balance sheet items, primarily current tax, deferred tax, and provisions for taxes, are accounted for under the Other heading in the table Capital employed and financing in note 10. In the table Assets and liabilities in the same note, these items are accounted for as unallocated non-interest bearing assets and unallocated non-interest bearing liabilities. Reconciliation between total segments and the Group is disclosed in note 10.

Geographical information related to sales and non-current assets is disclosed in note 10 for Sweden (which is Securitas' country of domicile) and for all individual countries where the sales or non-current assets exceed 10 percent of the total amount for the Group.

The geographical split of sales is based on the location of the sales. The location of the sales corresponds in all material aspects to the location of the clients. There are no sales to any individual client that are deemed to represent a significant portion of the Group's total sales.

Accounting for government grants and disclosure of government assistance (IAS 20) NOTE 11

Securitas, like other employers, is eligible for a variety of government grants relating to employees. These grants relate mainly to compensation for salaries paid for partial unemployment and costs for training and education, but also to for example incentives for hiring new staff and compensation for sickness costs. All grants are accounted for in the statement of income as a cost reduction in the same period as the related underlying cost.

The grants recognized in the statement of income are based on Securitas assessment of having fulfilled all conditions pertaining to the particular grant. If there are conditions for particular grants and there is uncertainty relating to the fulfilment of any condition, these grants have been deferred until the assessment is that all conditions have been fulfilled.

Acquisition-related restructuring and integration costs (IAS 37) NOTE 11

Acquisition-related restructuring costs are costs relating to the restructuring and/or integration of acquired operations into the Group. Restructuring costs can cover several activities that are necessary to prepare acquired operations for integration into the Group, such as redundancy payments. Integration costs normally cover activities that do not qualify to be recognized as provisions. Such activities could be re-branding (changing logotypes on buildings, vehicles, uniforms, etc.), but could also cover personnel costs, for example training, recruitment, relocation and travel, certain client related costs and other incremental costs to transform the acquired operation into Securitas' format. Classifying expenses as costs relating to integration of acquired operations must also fulfill the criteria below:

- The cost would not have been incurred if the acquisition not had taken place
- The cost relates to a project identified and controlled by management as part of an integration program set up at the time of acquisition or as a direct consequence of an immediate post-acquisition review

Items affecting comparability NOTE 11

This item includes events and transactions with significant effects, which are relevant for understanding the Group's financial performance when comparing income for the current period with previous periods. They include capital gains and losses arising from the disposal of operations that are material individually or aggregated, material impairment losses and bad debt losses, litigations and insurance claims and other material income and expense items that affect comparability. The latter thus also includes costs for material restructuring and transformation programs such as the Group´s cost savings programs and the transformation programs for further digitization of the company. Costs relating to the Stanley Security acquisition also have an impact that is relevant to account for as items affecting comparability when comparing income for the current period with previous periods, and in 2021 this includes transaction costs but will also include acquisition-related restructuring and integration costs in the coming periods as these are deemed to affect comparability. Tax on items affecting comparability and tax items that in themselves constitute items affecting comparability are reported on the line taxes in the consolidated statement of income.

The difference between items affecting comparability according to the statement of income and cash flow from items affecting comparability is accounted for on the line Adjustment for effect on cash flow from items affecting comparability in the consolidated statement of cash flow and specified in note 11, except when it relates to the disposal of subsidiaries classified as items affecting comparability, where the cash flow is accounted for on the line Acquisitions and divestitures of subsidiaries.

Items that are classified as items affecting comparability in a period are accounted for consistently in future periods by treating any reversal of those items as items affecting comparability.

Taxes (IAS 12) NOTE 16 AND 48

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if

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the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized when it is probable that sufficient taxable income will arise that the deferred tax asset can be offset against. Deferred tax assets are valued as of the balance sheet date, and any potential previously unvalued deferred tax asset is recognized when it is expected to be usable, or correspondingly, reduced when it is expected to be wholly or partly unusable against future taxable income.

Current tax liabilities include provisions for taxes. Current and deferred taxes are posted directly to other comprehensive income if the relevant underlying transaction or event is posted directly to other comprehensive income in the period, or previous period if it pertains to an adjustment of an opening balance of retained earnings as the result of a change in accounting principle. Changes in current and deferred taxes that relate to exchange rate differences in the translation of the balance sheets of foreign subsidiaries are posted to translation differences in other comprehensive income.

Provisions are allocated for estimated taxes in the case dividends are anticipated and paid from subsidiaries to a Parent Company in the following year.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Impairment (IAS 36)

NOTE 18

The Group's assets that have an indefinite useful life are not subject to amortization and are tested for impairment annually and if circumstances indicate that the carrying amount may not be recoverable. In addition to goodwill, these assets are limited to the brand name Securitas in one of the Group's countries of operations, where it has been acquired from a third party.

For the purpose of impairment testing, assets are grouped as cash-generating units (CGU), which corresponds to the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets.

Assets and liabilities for the segments are measured fully on segment level as the lowest level. This level corresponds to how Securitas evaluates its business in accordance with IFRS 8 and IAS 36.

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this is the case, an impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is measured as expected future discounted cash flows. The calculation of value in use is based on assumptions and estimates. The main assumptions concern the organic sales growth, the development of the operating margin and the necessary operating capital employed requirement as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount future cash flows. When determining the relevant WACC, Securitas considers the segments currency and risk profile.

Goodwill and other acquisition-related intangible assets (IFRS 3, IAS 36 and IAS 38)

NOTE 18 AND 19

Goodwill and other acquisition-related intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per segment. The segment level corresponds to the lowest level where complete financial information that is reviewed and used for control is available. The segment level is also the basis for the yearly impairment testing.

Goodwill is carried at cost less accumulated impairment losses. Other acquisition-related intangible assets arising from the Group's acquisitions can include various types of intangible assets such as marketing-related, client-related, contract-related, brand-related and technology-based intangible assets. Other acquisition-related intangible assets normally have a definite useful life. These assets are recognized at fair value on the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Securitas' acquisition-related intangible assets mainly relate to client contract portfolios and the related client relationships. The valuation of the client contract portfolios and the related client relationships is based on the Multiple Excess Earnings Method (MEEM), which is a valuation model based on discounted cash flows. The valuation is based on the churn rates and profitability of the acquired portfolio at the time of the acquisition. In the model a specific charge – a contributory asset charge – is applied as a cost or return requirement for the assets supporting the intangible asset. Cash flows are discounted using the Weighted Average Cost of Capital (WACC) adjusted for local interest rate levels in the countries of acquisition. The useful life of client contract portfolios and the related client relationships is based on the churn rate of the acquired portfolio and is normally between 3 and 10 years, corresponding to a yearly amortization of between 10.0 percent and 33.3 percent, but there are also lower churn rates for certain portfolios and thus a longer amortization period than 10 years. Brand-related intangible assets are calculated using the relief of royalty method. The useful life of these brands is normally between 5 and 10 years, corresponding to a yearly amortization of between 10 and 20 percent.

Amortization is calculated using the linear method and disclosed on the line amortization and impairment of acquisition-related intangible assets in the Group's statement of income.

A deferred tax liability is calculated, recognized and reversed over the same period as the intangible asset is amortized, in order to neutralize the impact on the Group's full tax rate from the acquisition.

Cloud computing arrangements (IAS 38)

NOTE 20

The IFRS Interpretations Committee (IFRS IC) published an agenda decision in April 2021 on "cloud computing arrangement costs", that is costs for configuring or adapting software in a cloud-based solution. The Group has during 2021 conducted a review of all major projects and the adjustments relating to previously recognized assets are not material. Some of the future transformation activities will be impacted by the agenda decision and this is expected to result in approximately MSEK 250 of planned capital expenditure and future amortization charges being charged directly as an expense during the project phase and classified as items affecting comparability. This does not impact the total cash expenditure nor the business case for the transformation programs.

Securitas accounting principles have been updated to follow the agenda decision. The first assessment per arrangement is to determine if it contains a lease component, which would result in an application of IFRS 16. If this is not the case, the second assessment is if costs can be capitalized in accordance with IAS 38 or if costs should be recognized directly in the statement of income in the period to which the configuration and customization is attributable in accordance with a service contract. Within the concept of a service contract, it is possible that costs are expensed over the contract term if the configuration and customization is performed by the software as a service arrangement provider or a subcontractor engaged by the provider. Within the framework of a larger transformation project, where different applications and software are being integrated to achieve the total functionality, it is possible that both capitalized cost under IAS 38 as well as costs that are recognized immediately or over the contract term exist. The assessment is then carried out for the different parts of the project. Recognition as an intangible asset under IAS 38 entail integration with other applications with a significant enhancement to functionality, middleware solutions and a high level of complexity. Securitas currently has no ongoing or finished projects that are deemed to fall under IFRS 16.

Other intangible assets (IAS 36 and IAS 38)

NOTE 20 AND 49

The Group's other intangible assets include the trademark Securitas, which is estimated to have an indefinite useful life. The trademark has been capitalized only in those cases where it has been acquired from a third party. This trademark is not amortized but tested annually for impairment.

All other items in other intangible assets have a definite useful life. Amortization is linear and based on estimated useful lives of the assets. The amortization rates are normally:

Software licenses and similar assets	10.0–33.3 percent
Other intangible assets	10.0–33.3 percent

Rental rights and similar rights are amortized over the same period as the underlying contractual period.

Tangible non-current assets (IAS 16 and IAS 36)

NOTE 22 AND 50

Securitas applies the cost method for measurement of tangible non-current assets. Depreciation is linear and based on estimated useful lives of the assets and estimated residual value. The depreciation rates are normally:

Machinery and equipment	10–50 percent
Buildings and land improvements	2–10 percent
Land	0 percent

Leases (IFRS 16)

NOTE 13 AND 21

Securitas as a lessee

Securitas' lease agreements are mainly attributable to buildings and vehicles. In the consolidated balance sheet, they are accounted for as right-of-use assets (included in non-current assets) and long-term and current lease liabilities.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In the consolidated statement of income, depreciation is accounted for on the lines production expenses and selling and administrative expenses. Interest expenses are accounted for on the line financial expenses. In the Group's segment overviews, the effects on the financial statements from leases are accounted for under each segment, except for interest expense, which is accounted for on Group level only.

The lease liabilities are initially measured at the present value of remaining lease payments, discounted by using the incremental borrowing rate for each country. Lease payments are allocated between principal and interest expense.

The right-of-use assets are initially measured at an amount equal to the lease liabilities. If advance payments have been made, the right-of-use assets are adjusted for these payments. Any reassessment of the lease liabilities in subsequent periods leads to corresponding adjustments to the right-of-use assets.

Extension clauses are evaluated for each lease agreement and are applied based on the best estimate at each closing. They are included in the lease period if it is reasonably certain that the lease will be extended.

Payments for short-term leases, where the lease term ends within 12 months of the date of initial application, as well as leases of low-value assets, are recognized on a straight-line basis as an expense in the statement of income and thus excluded from the lease liabilities accounted for under IFRS 16.

Securitas as a lessor

The extent of lease contracts where the Group is the lessor is limited. Leases where the Group is a lessor are classified as either finance leases or operating leases, depending if they transfer substantially all the risks and rewards of the ownership from the lessor. In cases where the Group is the lessor of lease contracts classified as operational, revenue is recognized on a linear basis over the lease term and included in total sales in the consolidated statement of income. Depreciation is recognized under operating income on a straight-line basis over the assets' useful life.

Accounts receivable (IFRS 9)

NOTE 27

Accounts receivable are accounted for at nominal value net after provisions for expected bad debt losses. Expected and recognized bad debt losses are included in the line production expenses in the statement of income.

Recognized revenue that has not been invoiced as of the balance sheet date is classified as accrued sales income (note 28). Contract balances for performance obligations not yet satisfied are classified as deferred revenue (note 36).

Financial instruments (IFRS 7/IFRS 9/ IFRS 13/IAS 32/IAS 39)

NOTE 7, 15, 24, 29, 32, 35 AND 44

Classification and measurement of financial instruments

The Group classifies financial assets and liabilities as those to be measured at amortized cost and those to be measured at fair value (either through other comprehensive income (OCI) or through the statement of income). The classification of financial assets depends on Securitas' business model for managing these assets and the contractual terms of the cash flows. The business model mainly applied by Securitas is hold to collect, meaning that financial assets are held to collect contractual cash flows. These cash flows solely represent payments of principal and interest (SPPI). The majority of Securitas financial assets are thus measured at amortized cost. Financial liabilities, except for derivatives, are measured at amortized cost. Derivatives are measured at fair value through profit and loss unless hedge accounting is applied.

Financial instruments with maturities within 12 months after the balance sheet date are either included in current assets on the line other interest-bearing current assets, or in current liabilities on the line other short-term loan liabilities. Financial instruments with maturities later than 12 months after the balance sheet date are either included in non-current assets on the line interest-bearing financial non-current assets, or in long-term liabilities on the line other long-term loan liabilities.

Securitas applies the forward-looking expected credit loss model. The most important financial assets subject to this model are accounts receivable, for which the Group applies the simplified approach permitted by IFRS 9. This method requires expected lifetime losses to be recognized from initial recognition of the receivables. For further information refer to note 27.

Financial assets at amortized cost

Assets in this category are measured at amortized cost using the effective interest rate method. Most of the Group's current assets are measured at amortized cost, for example assets such as accounts receivable and long-term and short-term receivables, which are non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Financial assets at fair value through profit and loss (FVPL)

Assets in this category are measured at fair value, for example derivatives with positive fair value. Changes in fair value are recognized in the statement of income as they arise unless hedge accounting is applied.

Financial assets at fair value through other comprehensive income (FVOCI)

Securitas currently has no financial assets in this category.

Financial liabilities at amortized cost

Liabilities in this category are measured at amortized cost using the effective interest rate method. This category comprises such items as accounts payable and other current liabilities, and any long-term and short-term loans not included in the category financial liabilities at fair value through profit and loss.

Financial liabilities at fair value through profit and loss (FVPL)

Liabilities in this category are measured at fair value, for example derivatives with negative fair value and deferred considerations. Changes in fair value are recognized in the statement of income as they arise unless hedge accounting is applied.

Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial instruments are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss

(FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial risk management and hedge accounting

Securitas' business activities create exposure to financial risks, such as interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

Derivatives are used for the following main purposes: hedging the interest rate element of external debt and changing its currency profile, gearing ratio hedging and hedging of internal borrowings and investments.

Where all relevant criteria are met, Securitas applies hedge accounting to remove the accounting mismatch between the hedging instrument and the hedged item. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items. The economic relationship is determined based on the matching of critical terms. For interest rate hedges these are interest rates, cash flow, currency, interest periods and maturity. For cash flow hedges these are currency, nominal amount and dates. The Group documents its risk management objective and strategy for undertaking its hedge transactions. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For derivatives designated in fair value hedges, the gains or losses from re-measuring the hedging instruments at fair value are recognized in the statement of income. Also included in this category are derivatives where there is a natural offset in the accounting and where the purpose is to achieve an offsetting impact without qualifying for hedge accounting. The Group does not hedge 100 percent of its fixed rate loans; therefore, the hedged item is identified as a proportion of the outstanding loans equal to the notional amount of the swaps. Accordingly, the hedge ratio is 1:1.

For derivatives designated in cash flow hedges, the gains or losses from re-measuring the hedging instruments at fair value are recognized in the hedging reserve in other comprehensive income, with a reversal from the hedging reserve to the statement of income in the period in which the cash flow of the hedged item impacts the statement of income. Any ineffectiveness is recognized in the statement of income. The Group does not hedge 100 percent of its floating rate loans; therefore, the hedged item is identified as a proportion of the outstanding loans equal to the notional amount of the swaps. Accordingly, the hedge ratio is 1:1.

For derivatives which are part of net investment hedges, the exchange rate gains and losses are recognized in other comprehensive income. Any ineffectiveness is recognized in the statement of income.

All cash flows (accrued interest income/expenses) that arise from interest-rate derivative contracts are recognized as interest income and /or interest expense in the statement of income in the period to which they relate. Changes in fair value (after accruals) for both the hedged item and the hedging instrument (derivative) are recognized as revaluation of financial instruments. Revaluation of financial instruments is included in financial income and/or financial expenses in the statement of income and specified in the table Revaluation of financial instruments in note 7 as well as on a separate line in note 15.

Refer to note 7 for further information regarding the Group´s risk exposure.

Hedge ineffectiveness

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rates, reset dates, payment dates, maturities and notional amounts.

Hedge ineffectiveness for interest rate swaps may occur if changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument. It may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan. This is mitigated by the use of credit support annexes, and
- differences in critical terms between the interest rate swaps and loans.

As all hedging relationships had matching terms, there was no significant hedge ineffectiveness during the year.

Share-based payments (IFRS 2) NOTE 9, 12, 31 AND 55

Securitas has two share-based incentive schemes. The short-term share-based incentive scheme has been in place several years and is subject to yearly approval by the Annual General Meeting. The long-term share-based incentive scheme has been in place since 2019 and is also subject to yearly approval by the Annual General Meeting.

For both schemes, the cost for Securitas, including social security expenses, is accounted for in the statement of income during the vesting period. The share-based portion of the bonus is classified as equity. At the end of the program, a revaluation is made of the original estimates and the final outcome of social security expenses is determined. Any deviation due to the revaluation, for example due to any participant leaving the Group and not receiving allocated shares, is accounted for in the statement of income.

Under the short-term share-based incentive scheme the participants in the scheme receive a bonus of which two thirds are payable in cash in the beginning of the year after the bonus has been accrued. The remaining one third of the bonus is used to acquire shares at market value. These shares are delivered to the participants in March, two years following the performance year, conditioned by a continuous employment during the vesting period, except where a participant has left his/her employment due to retirement, death or long-term disability, in which case the participant shall have a continued right to receive shares.

In order to hedge the share portion of Securitas share-based incentive scheme 2020, the Group has in 2021 entered into a swap agreement with a third party. The swap agreement represents an obligation for the Parent Company to purchase its own shares at a predetermined price. The swap agreement is consequently classified as an equity instrument and accounted for in equity as a reduction of retained earnings. A swap agreement was also entered into to hedge the share portion of Securitas share-based incentive scheme 2019. That swap agreement settled during 2021 in conjunction with the delivery of the shares to the participants upon vesting.

Under the long-term share-based incentive scheme participants will have to invest Securitas series B shares at market price or nominate already vested or currently vesting shares under the short-term incentive schemes. For every shares thus purchased or invested the company will grant so called performance awards free of charge. The performance condition is linked to the development of real change in earnings per share (if applicable excluding items affecting comparability) and the outcome is calculated yearly, whereby one third is measured against the outcome of the first year, one third against the second year and one third against the third year. The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day and that the invested shares are kept during the whole vesting period. The number of shares awarded will also include compensation for dividend during the vesting period by increasing the number of shares awarded.

The cost for the service rendered under the long-term incentive program is spread over the vesting period and is based on a fair value on the grant date for Securitas series B share.

The share purchase in Securitas may be handled by a swap agreement with a third party. Any share-swap agreement will be separate from those entered into for the short-term share-based incentive scheme described above. The accounting principles described for the swap agreement above will also be applicable for any future swap agreements in relation to the long-term program.

Employee benefits (IAS 19) NOTE 25, 33 AND 36

Employee benefits are all forms of consideration given by the Group in exchange for services rendered by its employees. With the exception of the share-based incentive schemes, described above, which falls under IFRS 2, they are all covered under IAS 19. The considerations mainly relate to salaries and payroll overhead such as social charges and payroll taxes, but also include other short-term employee benefits that are expected to be settled within 12 months of the balance sheet date. These include, but are not limited to, vacation payments, cash-settled bonuses and also short-term healthcare benefits. When applicable these benefits also include the applicable social charges and payroll taxes. In addition to these benefits the Group is also responsible to withhold social charges, payroll taxes and income tax on behalf of its employees. These balances are included in other current liabilities and in other short-term provisions.

The Group also operates or participates in a number of defined benefit and defined contribution pension and other post-employment benefit plans as well as some other long-term employment plans. Other post-employment plans primarily relate to healthcare benefits. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all members the benefits relating to employee service in the current and prior periods. Contributions are recognized as expenses when they fall due for payment. Other plans are defined benefit plans.

Calculations for the defined benefit plans that exist within Securitas are carried out by independent actuaries. Costs related to defined benefit plans are recognized in operating income. The calculation of service cost is based on the projected unit credit method in a way that distributes the cost over the employee's working life. The net interest cost is estimated by applying the discount rate to the net defined benefit obligation. Administration costs are recognized in operating income in the period which they occur.

The net defined benefit obligation recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The obligations are valued at the present value of the expected future cash flows using a discount rate corresponding to the interest rate on high quality corporate bonds or government bonds with a remaining term that is approximately the same as the obligations.

Remeasurements of post-employment benefit plans and reimbursement rights are recognized in other comprehensive income in the period which they occur. Remeasurements of other long-term employee benefit plans as well as past service costs are recognized immediately in operating income.

If accounting for a defined benefit plan results in a net balance sheet asset, this is reported in the consolidated balance sheet under other long-term receivables. Otherwise it is reported as a provision under provisions for pensions and similar commitments. Provisions for pensions and similar commitments are not included in net debt.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognized. This reimbursement right is measured at fair value and classified as a long-term receivable.

Provisions (IAS 37)

NOTE 16, 33, 34 AND 37

The Group's provisions are mainly related to deferred tax liabilities (note 16), provisions for pensions and similar commitments (note 33) and liability insurance-related claims reserves (note 34 and 37).

Liability insurance-related claims reserves are calculated on the basis of a combination of case reserves, which represent claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed quarterly to assess the adequacy of the reserves based on open claims and historical IBNR.

The Group has approximately 345 000 employees and as such from time to time faces labor-related disputes with current or former employees in relation to various matters. Such matters can involve, but are not limited to, the diverse interpretation of labor legislation, individual employee contracts or collective bargaining agreements and can for example relate to working hours, benefits payable, various reimbursements or the termination of employment. The Group follows IAS 37 and IAS 19 in determining when a contingent liability, a provision or a liability should be disclosed and/or recognized for these disputes.

Note 3
Definitions, calculation of key ratios and exchange rates

DEFINITIONS

Statement of income according to Securitas' financial model

Production expenses[1]

Wages and related costs, the cost of equipment used when performing professional duties, and all other costs directly related to the performance of services invoiced.

Selling and administrative expenses[1]

All costs of selling, administration and management including branch office expenses. The primary function of the branch offices is to provide the production with administrative support as well as to serve as a sales channel.

Gross margin

Gross income as a percentage of total sales.

Operating income before amortization

Operating income before amortization and impairment of acquisition-related intangible assets, acquisition-related costs and items affecting comparability, but including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Operating margin

Operating income before amortization as a percentage of total sales.

Operating income after amortization

Operating income after amortization and impairment of acquisition-related intangible assets, acquisition-related costs, items affecting comparability and including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Adjusted income

Operating income before amortization, adjusted for financial income and expenses (excluding revaluation of financial instruments according to IAS 39) and current taxes.

Net margin

Income before taxes as a percentage of total sales.

Real change

Change adjusted for changes in exchange rates.

Statement of cash flow according to Securitas' financial model

Cash flow from operating activities

Operating income before amortization adjusted for depreciation/amortization less capital expenditures in non-current tangible and intangible assets (excluding acquisition/divestiture of subsidiaries), change in accounts receivable and changes in other operating capital employed.

Free cash flow

Cash flow from operating activities adjusted for financial income and expenses paid and current taxes paid.

Cash flow for the year[1]

Free cash flow adjusted for acquisition/divestiture of subsidiaries, acquisition-related costs paid, cash flow from items affecting comparability, dividends, new issues and change in interest-bearing net debt excluding liquid funds.

Balance sheet according to Securitas' financial model

Operating capital employed

Capital employed less goodwill, acquisition-related intangible assets and shares in associated companies.

Capital employed

Non interest-bearing non-current and current assets less non interest-bearing long-term and current liabilities.

Net debt

Interest-bearing non-current and current assets less long-term and short-term interest-bearing loan liabilities.

1 The definition is also valid for the formal primary statements – the statement of income and the statement of cash flow.

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CALCULATION OF KEY RATIOS 2021

Usage of key ratios not defined in IFRS

Securitas applies ESMA's (European Securities and Markets Authority) guidelines for Alternative Performance Measures (APM). An APM is a financial measure of historical or future financial performance, financial position or cash flow that has not been defined in IFRS. In order to facilitate the analysis of the Group's development made by Group Management and other interested parties, Securitas accounts for certain APMs. The APMs are additional information and do not replace key ratios according to IFRS. Securitas definitions of APMs may be different from the definitions in other companies. Refer to the Annual Report 2020 for the previous year's calculations.

Acquired sales growth: 1%

This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 1 162 / 107 954 = 1%

Organic sales growth: 4%

Total sales for the year adjusted for acquisitions and changes in exchange rates as a percentage of the previous year's total sales adjusted for divestitures.
Calculation: ((107 700 - 1 162 + 5 484) / (107 954 - 275))-1 = 4%

Real sales growth: 5%

Total sales for the year including acquisitions and adjusted for changes in exchange rates as a percentage of the previous year's total sales.
Calculation: ((107 700 + 5 484) / 107 954)-1 = 5%

Change of currency adjusted operating income before amortization: 28%

Operating income before amortization adjusted for changes in exchange rates as a percentage of the previous year's operating income before amortization.
Calculation: ((5 978 + 300) / 4 892)-1 = 28%

Operating margin: 5.6%

Operating income before amortization as a percentage of total sales.
Calculation: 5 978 / 107 700 = 5.6%

Change of currency adjusted operating income after amortization: 29%

Operating income after amortization adjusted for changes in exchange rates as a percentage of the previous year's operating income after amortization.
Calculation: ((4 695 + 229) / 3 829)-1 = 29%

Change of currency adjusted income before taxes: 37%

Income before taxes adjusted for changes in exchange rates as a percentage of the previous year's income before taxes.
Calculation: ((4 331 + 232) / 3 329)-1 = 37%

Change of currency adjusted net income: 37%

Net income adjusted for changes in exchange rates as a percentage of the previous year's net income.
Calculation: ((3 134 + 168) / 2 416)-1 = 37%

Earnings per share before dilution[1,2]: SEK 8.59 (6.63)

Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2021: ((3 134 - 1) / 364 738 281) × 1 000 000 = SEK 8.59
Calculation 2020: ((2 416 + 3) / 364 933 897) × 1 000 000 = SEK 6.63

Earnings per share before dilution[1,2], and before items affecting comparability[3]: SEK 10.41

Net income for the year attributable to equity holders of the Parent Company before items affecting comparability in relation to the average number of shares before dilution.
Calculation: ((3 134 -1 + 871 - 206) / 364 738 281) × 1 000 000 = SEK 10.41

Change of currency adjusted earnings per share before dilution[1,2]: 37%

Net income for the year attributable to equity holders of the Parent Company adjusted for changes in exchange rates in relation to the average number of shares before dilution as a percentage of the previous year's earnings per share before dilution.
Calculation: ((((3 134 - 1 + 169) / 364 738 281) × 1 000 000) /6.63)-1 = 37%

Change of currency adjusted earnings per share before dilution[1,2] and before items affecting comparability[3]: 37%

Net income for the year attributable to equity holders of the Parent Company before items affecting comparability and adjusted for changes in exchange rates, in relation to the average number of shares before dilution as a percentage of the previous year's earnings per share before dilution and before items affecting comparability.
Calculation:
((((3 134 - 1 + 871 - 206 + 204) / 364 738 281) × 1 000 000) / 8.02)-1 = 37%

Cash flow from operating activities as % of operating income before amortization: 93%

Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 5 576 / 5 978 = 93%

Free cash flow as % of adjusted income: 95%

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: 3 999 / (5 978 - 364 - 0 - 1 389) = 95%

Free cash flow in relation to net debt: 0.27

Free cash flow in relation to closing balance net debt.
Calculation: 3 999 / 14 551 = 0.27

Net debt to EBITDA ratio: 1.9

Net debt in relation to operating income after amortization plus amortization of acquisition-related intangible assets and depreciation.
Calculation: 14 551/ (4 695 + 290 + 2 704) = 1.9

Operating capital employed as % of total sales: 9%

Operating capital employed as a percentage of total sales adjusted for full year sales of acquired and divested entities.
Calculation: 9 908 / (107 700 + 306) = 9%

Return on operating capital employed: 54%

Operating income before amortization plus items affecting comparability as a percentage of the average balance of operating capital employed.
Calculation: (5 978 - 871) / ((9 908 + 8 893) / 2) = 54%

Return on capital employed: 14%

Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (5 978 - 871) / 35 351 = 14%

Net debt equity ratio: 0.70

Net debt in relation to shareholders' equity.
Calculation: 14 551 / 20 800 = 0.70

Interest coverage ratio: 13.8

Operating income before amortization plus interest income in relation to interest expense.
Calculation: (5 978 + 51) / 437 = 13.8

Return on equity: 16%

Net income for the year as a percentage of average shareholders' equity.
Calculation: 3 134 / ((20 800 + 17 707) / 2) = 16%

Equity ratio: 33%

Shareholders' equity as a percentage of total assets.
Calculation: 20 800 / 63 363 = 33%

1 There are no convertible debenture loans. Consequently there is no difference between earnings per share before and after dilution.
2 Number of shares includes shares related to the Group's share-based incentive scheme that have been hedged through a swap agreement.
3 Items affecting comparability in the full year is consisting of one-off effects of MSEK -633 from the transformation programs, MSEK -290 from the cost savings program in the Group, MSEK 114 from a repayment from the AFA insurance company and MSEK -62 from the acquisition of Stanley Security.

Exchange rates used in the consolidated financial statements 2021 and 2020

			2021		2020	
			Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	0.09	0.09	0.13	0.10
Australia	AUD	1	6.46	6.57	6.33	6.28
Bosnia and Herzegovina	BAM	1	5.20	5.24	5.36	5.14
Bulgaria	BGN	1	5.20	5.24	5.36	5.14
Canada	CAD	1	6.87	7.08	6.83	6.41
Chile	CLP	100	1.13	1.07	1.16	1.13
China	CNY	1	1.34	1.42	1.32	1.26
Colombia	COP	100	0.23	0.23	0.25	0.24
Costa Rica	CRC	100	1.39	1.41	1.57	1.34
Croatia	HRK	1	1.35	1.36	1.38	1.33
Czech Republic	CZK	1	0.40	0.41	0.40	0.38
Denmark	DKK	1	1.37	1.38	1.40	1.35
Egypt	EGP	1	0.55	0.57	0.58	0.52
EMU countries	EUR	1	10.16	10.24	10.48	10.05
Hong Kong	HKD	1	1.11	1.16	1.18	1.06
Hungary	HUF	100	2.83	2.77	2.95	2.75
India	INR	1	0.12	0.12	0.12	0.11
Indonesia	IDR	100	0.06	0.06	0.06	0.06
Jordan	JOD	1	11.88	12.76	12.88	11.56
Mexico	MXN	1	0.42	0.44	0.43	0.41
Morocco	MAD	1	0.96	0.98	0.97	0.92
Norway	NOK	1	1.00	1.03	0.97	0.96
Paraguay	PYG	100	0.13	0.13	0.14	0.12
Peru	PEN	1	2.22	2.27	2.64	2.26
Poland	PLN	1	2.22	2.23	2.35	2.22
Romania	RON	1	2.06	2.07	2.16	2.06
Saudi Arabia	SAR	1	2.30	2.41	2.42	2.18
Serbia	RSD	1	0.09	0.09	0.09	0.09
Singapore	SGD	1	6.40	6.69	6.62	6.19
South Africa	ZAR	1	0.58	0.57	0.56	0.56
South Korea	KRW	100	0.75	0.76	0.77	0.75
Sri Lanka	LKR	100	4.33	4.49	4.97	4.42
Switzerland	CHF	1	9.42	9.89	9.78	9.26
Thailand	THB	1	0.27	0.27	0.29	0.27
Turkey	TRY	1	0.96	0.70	1.31	1.11
United Arab Emirates	AED	1	2.34	2.46	2.48	2.23
UK	GBP	1	11.85	12.20	11.79	11.15
Uruguay	UYU	1	0.20	0.20	0.22	0.19
USD countries	USD	1	8.61	9.05	9.16	8.19
Vietnam	VND	100	0.04	0.04	0.04	0.04

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Note 4
Critical estimates and judgments

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments using certain assumptions. Estimates and judgments will impact the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different assumptions and conditions.

Acquisition of subsidiaries/operations and deferred considerations

The valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries or operations involves that items in the acquired company's balance sheet as well as items that have not been recognized in the acquired company's balance sheet, such as client relations, should be valued at fair value. In normal circumstances, as quoted market prices are not available for the assets and liabilities that are to be valued, different valuation methods have to be used. These valuation methods are based on a number of assumptions. For a personnel intensive company like Securitas, employee related items such as accrued salaries, accrued social benefits, holiday pay, long-term employee benefits and post-employment benefits are significant items in the balance sheet that can be difficult to value. Accounts receivable is another example of a significant balance sheet item where it can be difficult to value the amount of bad debt and thus to what extent they will be collected. Other items that can be difficult both to identify as well as to value are contingent liabilities that could have arisen in the acquired company in connection with for example litigations. As part of the Group's strategy to acquire companies active within the electronic security business this also entails some additional balance sheet items that can be of significant impact such as net amounts due from or to clients for installation projects (work in progress on behalf of clients) and the related inventory of components that will be used for installation projects or for service and maintenance work. The profitability in the installation projects need to be assessed and the existence and valuation of the inventory needs to be established.

The valuation of identifiable assets and liabilities is also dependent on the accounting environment that the acquired company/operations have been active in. This is true for example for the basis of preparation for the financial reporting and consequently the extent of adjustments that are necessary in order to follow the Group's accounting principles, the frequency for which closings have been prepared and the availability of different types of data that can be necessary in order to value identifiable assets and liabilities. All balance sheet items are thus subject to estimates and judgments. This also means that the initial accounting may have to be provisionally determined and subsequently adjusted. All acquisition calculations are finalized no later than one year after the acquisition is made. Considering the above description including the practicability to compile and disclose all individual adjustments in a manner that will benefit the reader of the financial statements, Securitas has chosen not to state the reasons to why the initial accounting of the business combination is provisional nor which assets and liabilities for which the initial accounting is provisional for each individual business combination unless it is a material adjustment.

All payments to acquire a subsidiary/operation are recorded at fair value at the acquisition date, including debt related to deferred or contingent considerations and acquisition-related option liabilities (referred to collectively as deferred considerations). This debt is measured at fair value in subsequent periods with remeasurement through the statement of income. The final outcome of deferred considerations often depends on one or more events which only will be confirmed by a future development, such as the future profitability development for an agreed period. The final outcome can therefore either be lower or higher than the initially recognized amount. Short-term deferred considerations, which amount to MSEK 59 (191) and are included in other current liabilities (note 36) and long-term deferred considerations, which amount to MSEK 75 (103) and are included in other long-term liabilities (note 32), are thus subject to critical estimates and judgments.

Further information regarding acquisitions is provided in note 17 and regarding revaluation of deferred considerations in note 11.

Impairment testing of goodwill, other acquisition-related intangible assets and shares in associated companies

In connection with the impairment testing of goodwill, other acquisition-related intangible assets and shares in associated companies, the book value is compared to the recoverable value. The recoverable value is determined by the higher of an asset's net realizable value and its value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable value, the book value is normally compared to the value in use. The calculation of the value in use is based on assumptions and judgments. The most important assumptions are the organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC, which is used to discount future cash flows.

All in all, this means that the valuation of the balance sheet items goodwill, which amounts to MSEK 23 373 (21 414), acquisition-related intangible assets, which amounts to MSEK 1 732 (1 424) and shares in associated companies, which amounts to MSEK 338 (311) are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 18.

Leases

Leases where Securitas is the lessee are mainly attributable to buildings and vehicles. Leases are accounted for as right-of-use assets (included in non-current assets), which amounts to MSEK 3 348 (3 334), long-term lease liabilities of MSEK 2 573 (2 554) and current lease liabilities of MSEK 897 (876). The accounting for leases under IFRS 16 involves making critical estimates and judgments. Areas where critical estimates and judgments are applied include determination of the discount rate and the lease term.

The lease liabilities are initially measured at the present value of remaining lease payments. As the interest rate implicit in the lease generally cannot be readily determined for leases in the Group, the present value is calculated by using the incremental borrowing rate for each country. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The rate is set in line with the Group's internal borrowing rate, by using each country's swap rate for the relevant duration plus an internal borrowing margin. The right-of-use assets are initially measured at an amount equal to the lease liabilities. A change in the discount rate could increase or decrease the present value of the lease liabilities and consequently the right-of-use assets. Furthermore, it could impact the total cost in the statement of income and the split between depreciation and interest expense.

Lease terms are negotiated individually for each lease agreement. Determining the correct lease term is important since it impacts the size of the right-of-use assets and lease liabilities. It also impacts whether a lease can be classified as a short-term lease and thus excluded from the lease liabilities accounted for under IFRS 16. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). In general, extension options have not been included in the lease liability since the Group could replace the assets without significant cost or business disruption. A change in the lease term could increase or decrease the present value of the lease liabilities and consequently the right-of-use assets.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 15 246 (14 695), is one of the most significant balance sheet items. Accounts receivable are accounted for at the nominal value net after provisions for expected bad debt losses. The provision for bad debt losses, which amounts to MSEK -843 (-872), is thus subject to critical estimates and judgments. Securitas has historically experienced a low level of bad debt losses, in the range of 0.1 to 0.2 percent of sales over a long period of time. As a consequence of the ongoing corona pandemic, with lower level of government grants and support as well as a higher level of inflation and increased interest rates, there is still an increased risk in the business environment relating primarily to outstanding accounts receivables. The provision for bad debt losses in 2021 was somewhat lower than in 2020 but still higher compared to 2019. We assess that the provision for bad debt losses is adequate for the increased risks mentioned above.

As stated above, accounts receivable is also often an important item in relation to the acquisition of subsidiaries/operations. Further information regarding the credit risk in accounts receivable is provided in note 7. Information regarding the ageing of accounts receivable and the development of the provision for bad debt losses during the year is provided in note 27.

Employee benefits including labor-related disputes

With 345 000 employees and salaries and social benefits representing more than 80 percent of the total operating expenses, the accounting for employee benefits is crucial to determine a correct result. The Group operates in many countries with different legislation and different regulatory frameworks surrounding the benefits payable to employees and the related payroll overhead such as social charges and payroll taxes.

Given the large number of employees, the Group from time to time also faces labor-related disputes with current or former employees in relation to various matters. Such matters can involve, but are not limited to, the diverse interpretation of labor legislation, individual employee contracts or collective bargaining agreements and can for example relate to working hours, benefits payable, various reimbursements or the termination of employment. All in all, this means that the employee-related items in the balance sheet are subject to critical estimates and judgments. These balances are mainly included under employee-related items (note 36), which amounts to MSEK 9 491 (9 136), but also form part of short-term provisions (note 37) as a part of other provisions MSEK 1 205 (867).

For defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item pension balances for defined benefit plans which amounts to MSEK 72 (71) and which is stated under other long-term receivables (note 25), and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 896 (1 196), is subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, salary increases, the inflation rate and the expected life span. A sensitivity analysis regarding these four variables is provided in note 33.

Actuarial calculations regarding claims reserves and timing of outflows

The Group is exposed to various types of risks in the day-to-day running of the business. The operational risks can result in the need to recognize reserves for damages resulting from property claims, personal injuries as well as workers' compensation claims relating to the Group's employees. Liability insurance-related claims reserves are calculated based on a combination of case reserves and incurred but not reported reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. Claims reserves comprise a large number of individual insurance cases, where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 719 (634) and is included in short-term provisions (note 37), and liability insurance-related claims reserves, which amounts to MSEK 455 (463) and is included in other long-term provisions (note 34), are subject to critical estimates and judgments.

Calculation of taxes and timing of outflows

Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Assumptions and assessments affect recognized deferred tax, partly to determine the carrying amounts of the different assets and liabilities, and partly related to forecasts regarding future taxable profits, where future utilization of deferred tax assets depends on this. Significant assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks and the potential impact of ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

The balance sheet includes deferred tax assets of MSEK 1 068 (1 080), current tax assets of MSEK 535 (485), deferred tax liabilities of MSEK 661 (674), and current tax liabilities of MSEK 1 402 (1 287), which are subject to critical estimates and judgments. Further information regarding taxes is provided in note 16 and note 39.

The impact on the Group's financial position of ongoing litigations and the valuation of contingent liabilities

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of proceedings, including legal proceedings and tax audits arising out of the operations that are not related to acquisitions. The accounting for these are subject to critical estimates and judgments. Further information is provided in note 39.

Corona pandemic

Securitas as well as other companies continue to face the challenge of the corona pandemic. As disclosed in this Annual Report, as well as in the Annual Report 2020, the corona pandemic has in different ways impacted the Group's result, and poses an additional challenge when making estimates and judgments. It is still unclear when certain service levels will return to normal levels and to what extent any costs will be further supported by government grants. With government support measures in the form of cash grants and deferred payment schemes being unwound, the valuation of accounts receivable remains another key topic in relation to estimates and judgments in preparing the statement of income and balance sheet as well as disclosures. Further, risks related to the general macro-economic environment still remain, including the recent increase in inflation rates, and it is still unclear what type of impact the corona pandemic will have in terms of economic development and recovery of the different markets and geographies in which we operate.

Note 5
Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2021

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors and the President and CEO of Securitas AB on March 24, 2022.

Other significant events after the balance sheet date

In February and March 2022, Securitas AB have issued three Private Placement notes for respectively MSEK 2 000 and MSEK 1 500, maturing in 2024, and MEUR 50, maturing in 2023.

In order to hedge the share portion of Securitas short-term share-based incentive scheme 2021, Securitas AB entered into a swap agreement with a third party in the beginning of March 2022.

The geopolitical situation in the world has changed radically with Russia's invasion of Ukraine at the end of February 2022. We have no operations neither in Russia nor in Ukraine but we follow the development closely and will do everything we can to contribute to reduced uncertainty and a safer society.

Regarding the ongoing corona pandemic, refer to the information disclosed in note 4 Critical estimates and judgments.

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

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Note 6
Revenue

Disaggregation of revenue

The Group has chosen to disaggregate revenue from sales to clients into three broad categories; Guarding services, Security solutions and electronic security and Other. These categories are described in note 2 Accounting principles under the heading Revenue recognition. In addition, revenue also includes Other operating income which consists of trade mark fees.

MSEK	2021	%	2020	%
Guarding services	80 602	75	81 838	76
Security solutions and electronic security	24 105	22	23 478	22
Other	2 993	3	2 638	2
Total sales	**107 700**	**100**	**107 954**	**100**
Other operating income	43	0	39	0
Total revenue	**107 743**	**100**	**107 993**	**100**

Revenue per segment

The Group's business segments follow the same accounting principles for revenue recognition as the Group. The disaggregation of revenue by segment is shown in the table 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	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Guarding services	35 475	36 798	34 772	34 430	8 543	8 832	1 834	1 808	-22	-30	**80 602**	**81 838**
Security solutions and electronic security	8 279	8 365	11 366	10 758	3 743	3 720	717	635	–	–	**24 105**	**23 478**
Other	2 993	2 638	–	–	–	–	–	–	–	–	**2 993**	**2 638**
Total sales	**46 747**	**47 801**	**46 138**	**45 188**	**12 286**	**12 552**	**2 551**	**2 443**	**-22**	**-30**	**107 700**	**107 954**
Other operating income	–	–	–	–	–	–	43	39	–	–	**43**	**39**
Total revenue	**46 747**	**47 801**	**46 138**	**45 188**	**12 286**	**12 552**	**2 594**	**2 482**	**-22**	**-30**	**107 743**	**107 993**

Contract balances

MSEK	2021	2020
Contract receivables		
Accounts receivable (note 27)	15 246	14 695
Accrued sales income (note 28)	3 447	2 837
Total contract receivables	**18 693**	**17 532**
Contract liabilities		
Deferred revenue (note 36)	897	1 000
Total contract liabilities	**897**	**1 000**

Revenue recognized in 2021 that was included in contract liabilities 2020 amount to MSEK 1 000 (965). Most of the contract liabilities 2021 is expected to be recognized as revenue in 2022.

Revenue recognized in 2021 from performance obligations satisfied in 2020 (and in 2020 from 2019) is not material due to the nature of the services.

Most revenue is recognized in advance of the payment by clients. Payment terms vary mainly between 0 and 60 days. Prepayments from clients are normally done quarterly in advance, but there is also to some extent prepayments covering up to one year in advance.

Costs to obtain a contract

MSEK	2021	2020
Included in other intangible assets (note 20)	552	517
Total costs to obtain a contract	**552**	**517**

This item mainly consists of sales commissions paid for individual contracts signed. All commissions are expensed on subsidiary level and thus on segment level. The Group capitalizes these costs and includes the capitalization and amortization under Other in the Group's segment overview.

The amortization for 2021 amounted to MSEK -109 (-102). There has been no impairment of assets relating to costs to obtain a contract for 2021 nor for 2020.

Remaining performance obligations

The Group's revenue can be of either a recurring or non-recurring nature. Recurring revenue is normally included in what the Group designates as its client contract portfolio. To qualify for inclusion in the client contract portfolio, a contract should normally have a duration of at least 12 months. However, contracts can be of various lengths ranging from a very short duration up to several years, particularly security solution contracts where on-site and/or mobile guarding and/or remote guarding are combined with a technology component in terms of equipment owned and managed by Securitas and used in the rendering of services. Contracts can have a yearly renewal date, but contracts can also be signed without a fixed end-date. All contracts normally contain cancellation clauses for both Securitas and the client.

Securitas uses the client retention rate* as a key measurement for how long a contract that is included in the client contract portfolio normally is operated. The client retention rate in the client contract portfolio per business segment and for the Group is shown in the table below.

Client retention rate*, %	2021	2020
Security Services North America	86	91
Security Services Europe	92	90
Security Services Ibero-America	94	93
Other	91	90
Group	**90**	**91**

*Client retention rate is defined as the opening balance client contract portfolio adjusted for annualized terminations in percent of opening balance client contract portfolio.

Contracts included in the client contract portfolio can be based on hours of work performed or with fixed monthly, quarterly or yearly invoicing and also including service level agreements.

In addition to its client contract portfolio, the Group also has revenue of a non-recurring nature. For Guarding services this can be from either contract clients or event-based sales. Within Electronic security, alarm installations are considered non-recurring revenue even if the same clients can order new installations from Securitas. Maintenance services performed upon request (time and material) is also considered a non-recurring revenue even if the same clients can revert and order further maintenance services for the same or for a different site/installation. Product sales (alarms and components) is also considered non-recurring revenue.

Corporate risk management services include both recurring and non-recurring revenue services.

Deferred revenue for performance obligations that is expected to be satisfied mainly during 2022 amount to MSEK 897 (1 000).

Note 7
Financial risk management

Financial risk factors

The Group's business activities create exposure to financial risks, such as interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk, as detailed in the sections below. The Group's overall financial risk management program focuses on the unpredictability of the financial markets and aims to minimize potential adverse effects on the financial performance of the Group.

Treasury organization and activities

The aim of the treasury organization in Securitas is to support business operations by identifying, quantifying and minimizing financial risks and to the extent possible, to take advantage of economies of scale in the treasury operations.

Group Treasury Centre (GTC)

By concentrating financial risk management in a single location, the Group can readily monitor and control these risks and benefit from the expertise of dedicated treasury personnel. Also, by concentrating internal and external financing through Group Treasury Centre (GTC), economies of scale can be used to obtain the best possible pricing of investments and loans. GTC also has responsibility for matching local liquidity surpluses and deficits between countries and cash-pools. GTC identifies, evaluates and hedges financial risks in co-operation with the operating units. The Board of Directors of Securitas AB establishes policies for overall risk management, as well as policies covering specific areas such as foreign exchange risks, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Derivatives are used for the following main purposes: hedging the interest rate element of external debt and changing its currency profile, gearing ratio hedging and hedging of internal borrowings and investments.

Business segments

Treasury operations in the business segments concentrate on improving cash flow by focusing on profitability in the business operations, reducing capital tied-up in accounts receivable and managing local cash in the most efficient way.

Countries

In countries with extensive operations, liquidity surpluses and liquidity deficits in local subsidiaries are matched at country level with the help of local cash-pooling solutions. In addition, Securitas operates an overall cash-pooling structure incorporating countries in the Eurozone, Sweden, the UK and the US. All local long-term financial requirements are financed directly from the Group's internal bank, Group Treasury Centre (GTC), in Dublin.

Interest rate risk

Interest rate risk is the risk that the Group's net income will be affected by changes in interest payable and/or receivable arising from changes in market interest rates. The Group has raised fixed and floating rate debt predominately in USD, EUR and SEK. Detailed information on long-term borrowings is provided in note 32. The Group uses interest rate derivatives in designated fair value and cash flow hedges to hedge changes in the risk-free rate, converting the interest rate profile of this debt. As at December 31, 2021 MEUR 671 (671) of issued debt is swapped from fixed to floating. Securitas does not expect any ineffectiveness between the hedged item and the hedging instrument in fair value hedges as a result of the transition to a new benchmark rate due to the IBOR reform. There were no interest rate cash flow hedges as at December 31, 2021.

Free cash flow to net debt as of December 31, 2021 was 0.27 (0.41). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 13.8 (9.1) as of December 31, 2021.

Information regarding the Group's debt profile and interest rate fixings is provided in the table below.

The Group's interest bearing liabilities and assets per currency as per December 31, 2021 and 2020

Currency	Amount, MSEK	Duration (days)	Current book cost (incl. credit margin)	Interest rates, +1%	Net impact on income statement due to 1% increase[1]	Interest rates, -1%	Net impact on income statement due to 1% decrease[1]
December 31, 2021							
USD liabilities	-7 869	543	2.8%	2.9%	-10	2.5%	17
EUR liabilities	-7 193	622	1.5%	1.9%	-24	1.1%	24
GBP liabilities	81	56	1.8%	2.8%	1	0.8%	-1
SEK liabilities	-3 309	15	1.1%	2.1%	-26	0.1%	26
Other currencies liabilities	-1 767	20	4.0%	5.0%	-14	3.0%	14
Total liabilities	**-20 057**	**440**	**2.1%**	**2.6%**	**-73**	**1.6%**	**80**
USD assets	160	7	0.0%	1.0%	1	-1.0%	-1
EUR assets	3 395	8	-1.1%	-0.1%	27	-2.1%	-27
GBP assets	32	1	0.0%	1.0%	0	-1.0%	0
SEK assets	341	0	0.0%	1.0%	3	-1.0%	-3
Other currencies assets	1 578	7	2.9%	3.9%	13	1.9%	-13
Total assets	**5 506**	**7**	**0.1%**	**1.1%**	**44**	**-0.9%**	**-44**
Total	**-14 551**	**–**	**2.6%**	**–**	**-29**	**–**	**36**
December 31, 2020							
USD liabilities	-6 503	616	3.1%	3.3%	-11	2.6%	22
EUR liabilities	-5 998	522	1.4%	1.7%	-14	1.1%	14
GBP liabilities	-64	0	3.4%	4.3%	0	2.3%	1
SEK liabilities	-5 734	14	1.6%	2.6%	-45	0.6%	45
Other currencies liabilities	-1 586	19	4.5%	5.5%	-12	3.5%	12
Total liabilities	**-19 885**	**365**	**2.2%**	**2.8%**	**-82**	**1.6%**	**94**
USD assets	221	5	0.0%	1.0%	2	-1.0%	-2
EUR assets	2 454	17	-0.9%	0.1%	19	-1.9%	-19
GBP assets	40	2	0.0%	1.0%	0	-1.0%	0
SEK assets	1 374	0	0.0%	1.0%	11	-1.0%	-11
Other currencies assets	1 461	7	3.4%	2.4%	-11	2.4%	-11
Total assets	**5 550**	**10**	**0.5%**	**1.0%**	**21**	**-0.5%**	**-43**
Total	**-14 335**	**–**	**2.5%**	**–**	**-61**	**–**	**51**

1 The 1 percent increase/decrease in interest rates is calculated by adjusting the floating rate accordingly and applying this rate to the asset/liability to establish the impact on net financial items in the income statement. This is further adjusted by the effective corporation tax rate.

Interest rate fixing

It is the policy of Securitas to use interest rate derivatives if required to manage its interest rate risk and consequently the Group's financing costs. The duration of these derivatives does not normally exceed the duration of the underlying debt. Group policy allows for the use of both options-based and fixed-rate products. There are no options-based products in the financial reporting in 2021 or 2020.

Interest fixing per currency[1,2]

	December 31, 2021			December 31, 2022			December 31, 2023			
Currency	Amount[3] MSEK	Amount[3] MLOC	Rate[4]	Amount[3] MSEK	Amount[3] MLOC	Rate[4]	Amount[3] MSEK	Amount[3] MLOC	Rate[4]	Final maturity[5]
USD	4 053	448	3.80%	4 596	508	3.60%	4 596	508	3.60%	October 2027
EUR	3 381	330	1.60%	3 381	330	1.60%	1 588	155	1.99%	December 2024
Total	**7 434**	**–**	**–**	**7 977**	**–**	**–**	**6 184**	**–**	**–**	

1 Refers to interest rate fixing with a maturity in excess of three months.
2 Where fixed rate for EUR debt is swapped into floating it is rate set semi-annually. No fixed USD debt is swapped to floating.
3 Includes long-term lease liabilities which are assumed to be fixed.
4 Average rate including credit margin.
5 The longest maturity date in fixed USD debt is to 2027 at 2.04%. The longest maturity date in fixed EUR debt is to 2024 at 1.25%.

Foreign currency risks

Transaction risk

Transaction risk is the risk that the Group's net income will be affected by changes in the value of commercial flows in foreign currencies due to fluctuating exchange rates. The nature of the business is domestic rather than cross-border and consequently foreign currency transaction risk is not significant.

Financing of foreign assets – translation risk

Translation risk is the risk that the SEK value of foreign currency equity will fluctuate due to changes in foreign exchange rates.

Securitas' foreign currency capital employed as of December 31, 2021 was MSEK 34 643 (31 497). Capital employed is financed by loans in local currency and shareholders' equity. This means that Securitas, from a Group perspective, has shareholders' equity in foreign currency that is exposed to changes in exchange rates. This exposure gives rise to a translation risk and consequently unfavorable changes in exchange rates could have a negative effect on the Group's foreign net assets when translated into SEK. With the object of minimizing the impact of changes in exchange rates on the Group's net debt to equity ratio, Securitas aims to maintain a long-term debt to equity ratio in USD and EUR that is close to the Group's total debt to equity ratio. Foreign exchange swaps and cross currency interest rate swaps are used to change the currency of the underlying debt where required in order to achieve this. Net investment hedge and cash flow hedge accounting is applied to these swaps.

The tables below show how the Group's capital employed is distributed by currency, and its financing, including derivatives. They also show the sensitivity of the net debt and capital employed to changes in the SEK exchange rate.

The consolidated statement of income is affected by the translation to SEK of the statements of income of foreign subsidiaries. As these subsidiaries essentially operate only in local currency, their competitive situation is not affected by changes in exchange rates and since the Group as a whole is geographically diversified, this exposure is not hedged.

Capital employed and financing per currency as per December 31, 2021 and 2020

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2021									
Capital employed	10 777	18 570	1 003	4 293	**34 643**	708	**35 351**	38 815	31 887
Net debt	-3 799	-7 657	114	-246	**-11 588**	-2 963	**-14 551**	-15 710	-13 392
Whereof foreign exchange swaps included in net investment hedge[2]	*2 920*	*-6 429*	*–*	*–*	***-3 509***	*-2 705*	***-6 214***	*-6 565*	*-5 863*
Whereof foreign exchange swaps included in cash flow hedge[3]	*4 400*	*–*	*–*	*–*	***4 400***	*-4 400*	***–***	*440*	*-440*
Whereof other foreign exchange swaps	*1 961*	*98*	*–*	*-246*	***1 813***	*350*	***2 163***	*2 344*	*1 984*
Whereof net debt excluding foreign exchange swaps	*-13 080*	*-1 326*	*114*	*–*	***-14 292***	*3 792*	***-10 500***	*-11 929*	*-9 073*
Non-controlling interests	2	–	–	6	**8**	–	**8**	9	7
Net exposure	6 976	10 913	1 117	4 041	**23 047**	-2 255	**20 792**	23 096	18 488
Net debt to equity ratio	*0.54*	*0.70*	*-0.10*	*0.06*	***0.50***	*-1.31*	***0.70***	*0.68*	*0.72*
December 31, 2020									
Capital employed	10 473	15 884	994	4 146	**31 497**	545	**32 042**	35 192	28 892
Net debt	-3 576	-6 287	-24	-159	**-10 046**	-4 289	**-14 335**	-15 340	-13 330
Whereof foreign exchange swaps included in net investment hedge[2]	*4 122*	*-4 359*	*–*	*–*	***-237***	*-4 531*	***-4 768***	*-4 792*	*-4 744*
Whereof foreign exchange swaps included in cash flow hedge[3]	*4 318*	*–*	*–*	*–*	***4 318***	*-4 318*	***–***	*432*	*-432*
Whereof other foreign exchange swaps	*2 015*	*-102*	*–*	*-159*	***1 754***	*-446*	***1 308***	*1 483*	*1 133*
Whereof net debt excluding foreign exchange swaps	*-14 031*	*-1 826*	*-24*	*–*	***-15 881***	*5 006*	***-10 875***	*-12 463*	*-9 287*
Non-controlling interests	1	–	–	9	**10**	–	**10**	11	9
Net exposure	6 896	9 597	970	3 978	**21 441**	-3 744	**17 697**	19 841	15 553
Net debt to equity ratio	*0.52*	*0.66*	*0.02*	*0.04*	***0.47***	*-1.15*	***0.81***	*0.77*	*0.86*

1 Changes in capital employed due to changes in foreign exchange rates are either accounted for in other comprehensive income or offset against changes in underlying debt. Consequently, they do not impact net income.
2 Relates to a portion of the net investment hedge which is fixed to the amount of MUSD 492 and the USD/SEK rates are 8.48 and 8.21. The balance is a dynamic hedge and rates vary periodically.
3 Currency cash flow hedges are applied to a nominal value of MEUR 430, fixing the EUR/SEK rates at 9.37 and 10.09.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Net debt

The table below details the changes to net debt during the year.

Change in interest-bearing net debt as per December 31, 2021 and 2020

	2021			2020		
MSEK	Liquid funds	Loans and other net debt	Total	Liquid funds	Loans and other net debt	Total
Opening balance	4 720	-19 055	**-14 335**	3 948	-21 489	**-17 541**
Cash flow from operating activities	5 576	–	**5 576**	7 207	–	**7 207**
Financial income and expenses paid	-312	–	**-312**	-401	–	**-401**
Current taxes paid	-1 265	–	**-1 265**	-862	–	**-862**
Payments for acquisition-related items	-1 366	–	**-1 366**	-1 801	–	**-1 801**
Payments for items affecting comparability	-602	–	**-602**	-405	–	**-405**
Dividend paid	-1 460	–	**-1 460**	-1 752	–	**-1 752**
Lease liabilities	–	107	**107**	–	-139	**-139**
Bond proceeds	3 864	-3 864	**-**	–	–	**-**
Bond redemption	-4 754	4 754	**-**	-341	341	**-**
Commercial paper proceeds	2 650	-2 650	**-**	3 115	-3 115	**-**
Commercial paper redemption	-1 950	1 950	**-**	-3 870	3 870	**-**
Other changes	-285	285	**-**	86	-86	**-**
Real change	**96**	**582**	**678**	**976**	**871**	**1 847**
Revaluation of financial instruments[1]	–	-56	**-56**	–	17	**17**
Translation[2]	-7	-831	**-838**	-204	1 546	**1 342**
Closing balance	**4 809**	**-19 360**	**-14 551**	**4 720**	**-19 055**	**-14 335**

1 Relates to unrealized gains and losses on fair value hedges and cash flow hedges including hedge ineffectiveness.
2 Whereof MSEK -646 (1 045) is related to USD and MSEK -71 (180) is related to EUR.

Liabilities from financing activities 2021 and 2020

			Non-cash changes				
MSEK	Opening balance Jan 1	Cash flows[1]	Reclassification	New leases[2]	Other changes	Translation	Closing balance Dec 31
2021							
Long-term borrowings	11 694	4 069	-3 518	–	-163	125	**12 207**
Short-term borrowings	4 761	-4 158	3 518	–	-66	325	**4 380**
Lease liabilities	3 430	–	–	787	-894	147	**3 470**
Assets held to hedge borrowings	-394	–	–	–	-45	–	**-439**
Total	**19 491**	**-89**	**-**	**787**	**-1 168**	**597**	**19 618**
2020							
Long-term borrowings	17 216	170	-4 666	–	-112	-914	**11 694**
Short-term borrowings	1 290	-1 219	4 666	–	49	-25	**4 761**
Lease liabilities	3 554	–	–	828	-689	-263	**3 430**
Assets held to hedge borrowings	-638	–	–	–	244	–	**-394**
Total	**21 422**	**-1 049**	**-**	**828**	**-508**	**-1 202**	**19 491**

1 Excluding other derivative positions and dividend paid to shareholders of the Parent Company, which are included in cash flow from financing activities in the consolidated statement of cash flow.
2 Refer to note 21 for further information.

Financing and liquidity risk

The Group's short-term liquidity is ensured by maintaining a liquidity reserve (cash and bank deposits, short-term investments and the unutilized portion of committed credit facilities), which should correspond to a minimum of 5 percent of consolidated annual sales. As of December 31, 2021, the short-term liquidity reserve corresponded to 11 percent (11) of the Group's annual sales.

The Group's long-term financing risk is minimized by ensuring that the level of long-term financing (shareholders' equity, long-term committed loan facilities and long-term bond loans) at least matches the Group's capital employed. Per December 31, 2021 long-term financing corresponded to 129 percent (131) of the Group's capital employed.

Financing of the Group should be well balanced among different sources and long-term. The aim is that committed loan facilities and bond loans should have an average maturity of more than 3.5 years. As per December 31, 2021 the average maturity was 3.5 years.

The following tables summarize the Group's liquidity risk at end 2021 and 2020 respectively.

Liquidity report as per December 31, 2021 and 2020

MSEK	Total	< 1 year	Between 1 year and < 3 years	Between 3 years and 5 years	> 5 years
December 31, 2021					
Borrowings, principal amount	**-16 884**	-4 333	-4 988	-3 073	-4 490
Borrowings, interest amount	**-543**	-168	-244	-94	-37
Derivatives outflows interest	**-209**	-121	-39	-29	-20
Other derivatives outflows	**-10 835**	-9 250	–	-1 585	–
Lease liabilities	**-3 631**	-902	-1 261	-708	-760
Accounts payable	**-2 028**	-2 028	–	–	–
Total outflows[1]	**-34 130**	**-16 802**	**-6 532**	**-5 489**	**-5 307**
Investments, principal amount	**3 343**	3 168	6	5	164
Derivatives receipts interest	**261**	63	110	58	30
Other derivatives receipts	**10 771**	9 311	–	1 460	–
Accounts receivable	**15 246**	15 246	–	–	–
Total inflows[1]	**29 621**	**27 788**	**116**	**1 523**	**194**
Net cash flows, total[2,3]	**-4 509**	**10 986**	**-6 416**	**-3 966**	**-5 113**
December 31, 2020					
Borrowings, principal amount	**-16 226**	-4 904	-3 518	-7 804	–
Borrowings, interest amount	**-594**	-236	-228	-130	–
Derivatives outflows interest	**-122**	-106	-11	-5	–
Other derivatives outflows	**-10 646**	-6 614	-2 597	-1 435	–
Lease liabilities	**-3 823**	-993	-1 277	-690	-863
Accounts payable	**-1 820**	-1 820	–	–	–
Total outflows[1]	**-33 231**	**-14 673**	**-7 631**	**-10 064**	**-863**
Investments, principal amount	**2 850**	2 676	5	5	164
Derivatives receipts interest	**177**	83	52	42	–
Other derivatives receipts	**10 930**	6 569	2 915	1 446	–
Accounts receivable	**14 695**	14 695	–	–	–
Total inflows[1]	**28 652**	**24 023**	**2 972**	**1 493**	**164**
Net cash flows, total[2,3]	**-4 579**	**9 350**	**-4 659**	**-8 571**	**-699**

1 Refers to gross cash flows excluding cash and bank.
2 All contractual cash flows per the balance sheet date are included, including future interest payments.
3 Variable rate cash flows have been estimated using the relevant yield curve as at the balance sheet date.

Securitas has a Revolving Credit Facility with 10 key relationship banks. The credit facility comprises one tranche of MEUR 938 and matures in 2026. There is a possibility to extend the facility to 2027. On December 31, 2021, the facility was undrawn.

On December 8, 2021, Securitas signed a Multicurrency Term Facilities Agreement with SEB. There are two facilities totaling MUSD 3 300. The purpose of the facilities is to fund the acquisition of the electronic Security Solutions business from Stanley Black & Decker Inc. The facilities will be refinanced after completion by a mix of equity and long-term debt. The facilities were subsequently partly syndicated among seven core relationship banks, BBVA, CIC, Citi, Commerzbank, Danske, ING and Unicredit.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 4 000 under which public and private funding can be raised on international capital markets. As of December 31, 2021 there were seven outstanding bond loans with maturities ranging from 2022 to 2028.

In addition, Securitas also has a short-term Swedish commercial paper program in the amount of MSEK 5 000 of which MSEK 700 was issued on December 31, 2021. The objective is to have access to short-term financing at competitive prices. Pricing is based on the prevailing market rates at time of issuance.

Securitas policy is to not engage in arrangements that take the form of supply chain financing or any form of reverse factoring transactions.

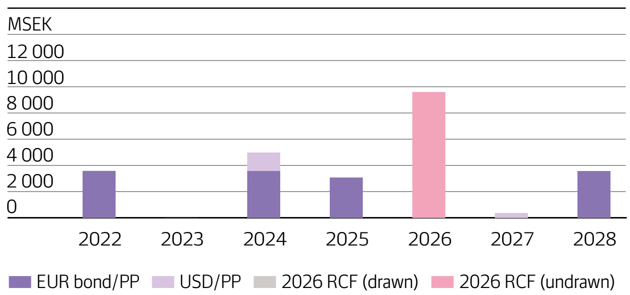
The table below shows a summary of the credit facilities as of December 31, 2021.

Credit facilities as per December 31, 2021

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
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 FRN private placement	USD	40	0	2027
EMTN Eurobond, 0.25% fixed	EUR	350	0	2028
Commercial Paper (uncommitted)	SEK	5 000	4 300	n/a

In combination with Securitas' strong cash flow, these sources of financing provide liquidity on a short- and long-term basis as well as flexibility to finance the Group's expansion.

The graph below shows the maturity profile as of December 31, 2021 for the Group's interest-bearing debt.



Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Rating

In order to access international debt capital markets in an effective manner, Securitas has obtained long-term and short-term credit ratings from Standard & Poor's. The rating is currently BBB for long-term debt and A2 for short term debt. On December 8, 2021, Standard & Poor's placed Securitas on CreditWatch Negative on announced acquisition of Stanley Security.

Credit/counterparty risks

Counterparty risk – accounts receivable

The Group has generally low risk in accounts receivables for a number of reasons. A large proportion of sales are based on contracts with well-known large and medium sized clients with an established and long-term relationship. This provides for transparent and safe collection of invoices. New clients are duly reviewed in terms of credit worthiness.

The contract portfolio sales are also diversified in several ways, of which the most important is that there are few/no clients that represent a significant portion of total sales. Default by a single client then has little overall effect. In addition, Securitas provides its services to geographically dispersed clients in a large number of sectors including governments, utilities, financial sector, travel, logistics and industrial. Hence, the exposure to financial distress in any particular sector or region is relatively limited.

Securitas' services are also, although vital in many aspects, mostly ancillary to the business of the clients. This means that the cost of security services represents a small fraction of total costs of running clients' business, making Securitas less exposed to payment defaults than suppliers of services or goods more directly involved in the value chain.

All of this provides for secure collection of the sales generated which is evidenced by low bad debt losses, historically in the range of 0.1 to 0.2 percent of sales over a long period of time. As a consequence of the ongoing corona pandemic, with lower level of government grants and support as well as a higher level of inflation and increased interest rates, there is still an increased risk in the business environment relating primarily to outstanding accounts receivables. The provision for bad debt losses in 2021 was somewhat lower than in 2020 but still higher compared to 2019. Refer to note 27 for further information.

Counterparty risk – liquid funds

The credit quality of interest-bearing receivables is described below, where 78 percent (76) of interest-bearing receivables have a rating from Standard & Poor's of A1 or from Moody's of P1.

Credit quality interest-bearing receivables

MSEK	2021	2020
A1/P1	4 316	4 227
Other	1 190	1 323
Total interest-bearing receivables	**5 506**	**5 550**

The Group has policies in place that limit the amount of credit exposure to any one financial institution. The use of Credit Support Annexes reduces the Group's counterparty exposures on its outstanding derivatives. Investments of liquid funds may only be made in government paper or with financial institutions with a high credit rating. As of December 31, 2021 the weighted average credit rating of these institutions was short-term A1/P1. The largest total exposure for all instrument types to any one institution was MSEK 1 327 (1 467).

Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and bank deposits and short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated by discounting future cash flows using prevailing market rates. The prices used are fair values stated excluding accrued interest.
- Debt: fair values of fixed rate debt are based on either quoted prices or are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The fair value of floating rate debt is assumed to equal the carrying value of the debt.

Revaluation of financial instruments[1]

MSEK	2021	2020
Recognized in the statement of income		
Other financial income and expenses[2,3]	–	1
Deferred tax	–	–
Impact on net income for the year	**–**	**1**
Recognized in other comprehensive income		
Transfer to cash flow hedging reserve before tax	2	-202
Transfer to cost of hedging reserve before tax	11	44
Deferred tax on transfer to hedging reserve	-2	33
Transfer to hedging reserve net of tax	**11**	**-125**
Transfer to statement of income before tax	-69	174
Deferred tax on transfer to statement of income	14	-37
Transfer to statement of income net of tax	**-55**	**137**
Change of cash flow hedging reserve before tax	-67	-28
Change of cost of hedging reserve before tax	11	44
Total change of hedging reserve before tax[4]	**-56**	**16**
Deferred tax on total change of hedging reserve[4]	12	-4
Total change of hedging reserve net of tax	**-44**	**12**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[5]	-56	17
Deferred tax on total revaluation[5]	12	-4
Total revaluation after tax	**-44**	**13**

1 Securitas has adopted the amendments to IFRS 9, specifically the temporary relief from certain accounting requirements to hedging relationships directly affected by the IBOR reform.
2 Related to financial assets and financial liabilities at fair value through profit or loss.
3 There was no significant ineffectiveness in the fair value hedges or in the cash flow hedges.
4 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
5 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.

Fair value – hierarchy as per December 31, 2021 and 2020[1]

MSEK	Quoted market prices 2021	Quoted market prices 2020	Valuation techniques using observable market data 2021	Valuation techniques using observable market data 2020	Valuation techniques using non-observable market data 2021	Valuation techniques using non-observable market data 2020	Total 2021	Total 2020
Financial assets at fair value through profit or loss	–	–	8	20	–	–	**8**	**20**
Financial liabilities at fair value through profit or loss	–	–	-9	-11	-134[2]	-295[2]	**-143**	**-306**
Derivatives designated for hedging with positive fair value	–	–	117	362	–	–	**117**	**362**
Derivatives designated for hedging with negative fair value	–	–	-265	-159	–	–	**-265**	**-159**

1 There have been no transfers between any of the valuation levels during the year.
2 Related to deferred considerations. These have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. For further information refer to note 11 and note 17.

The table below discloses carrying values and fair values of financial instruments according to the categories in note 2.

Financial instruments by category – carrying and fair values as per December 31, 2021 and 2020

MSEK	2021 Carrying value	2021 Fair value	2020 Carrying value	2020 Fair value
Assets				
Financial assets at amortized cost				
Interest-bearing financial non-current assets (note 24)	445	445	334	334
Other interest-bearing current assets (note 29)	127	127	114	114
Other long-term receivables (note 25)[1]	398	398	364	364
Accounts receivable (note 27)	15 246	15 246	14 695	14 695
Other current receivables (note 28)[2]	3 838	3 838	3 217	3 217
Liquid funds (note 30)	4 809	4 809	4 720	4 720
Total financial assets at amortized cost	**24 863**	**24 863**	**23 444**	**23 444**
Liabilities				
Financial liabilities at amortized cost				
Long-term loan liabilities (note 32)	4 370	4 370	4 046	4 046
Short-term loan liabilities (note 35)	1 672	1 672	2 023	2 023
Accounts payable	2 028	2 028	1 820	1 820
Other current liabilities (note 36)[3]	2 620	2 620	2 426	2 426
Long-term financial liabilities designated as hedged item in a fair value hedge (note 32)[4,5]	10 155	10 258	10 118	10 336
Short-term financial liabilities designated as hedged item in a fair value hedge (note 35)[4,5]	3 586	3 591	3 528	3 531
Total financial liabilities at amortized cost	**24 431**	**24 539**	**23 961**	**24 182**
Derivatives and other financial assets and liabilities at fair value				
Interest-bearing financial current assets (note 29)	76	76	30	30
Interest-bearing financial non-current assets (note 24)	49	49	352	352
Total financial assets at fair value	**125**	**125**	**382**	**382**
Interest-bearing financial current liabilities (note 35)	19	19	86	86
Interest-bearing financial long-term liabilities (note 32)	255	255	84	84
Other current liabilities at fair value (note 36)[3]	59	59	191	191
Other long-term liabilities at fair value (note 32)	75	75	103	103
Total financial liabilities at fair value	**408**	**408**	**464**	**464**
Total derivatives and other financial assets and liabilities at fair value, net	**-283**	**-283**	**-82**	**-82**

1 Excluding all pension balances and reimbursement rights (note 25).	427	427	391	391
2 Excluding prepaid expenses, other accrued income and value-added tax (note 28).	1 714	1 714	1 417	1 417
3 Excluding employee-related accrued expenses, prepaid income and value-added tax (note 36).	11 925	11 925	11 568	11 568
4 The adjustment to the carrying value of the hedged item in fair value hedges amounted to MSEK -138 (156).				
5 The difference between the carrying value and fair value of short-term and long-term loan liabilities is due to the credit margin in the discount rate.				

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Hedging reserve as per December 31, 2021 and 2020

MSEK	Cost of hedging reserve	Interest rate cash flow hedges	Currency cash flow hedges	Total before tax	Deferred tax	Total net of tax
Opening balance January 1, 2021	**4**	**-4**	**96**	**96**	**-21**	**75**
Change in fair value of hedging instrument recognized in other comprehensive income	11	1	31	**43**	-8	**35**
Reclassified from other comprehensive income to profit or loss	–	3	-102	**-99**	20	**-79**
Closing balance December 31, 2021	**15**	**0**	**25**	**40**	**-9**	**31**
Opening balance January 1, 2020	**-40**	**-2**	**122**	**80**	**-17**	**63**
Change in fair value of hedging instrument recognized in other comprehensive income	44	3	-205	**-158**	33	**-125**
Reclassified from other comprehensive income to profit or loss	–	-5	179	**174**	-37	**137**
Closing balance December 31, 2020	**4**	**-4**	**96**	**96**	**-21**	**75**

Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party, or bankruptcy.

Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2021					
Derivative financial assets	124	–	**124**	10	**114**
Total	**124**	**–**	**124**	**10**	**114**
December 31, 2020					
Derivative financial assets	382	–	**382**	49	**333**
Total	**382**	**–**	**382**	**49**	**333**

Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2021					
Derivative financial liabilities	274	–	**274**	26	**248**
Total	**274**	**–**	**274**	**26**	**248**
December 31, 2020					
Derivative financial liabilities	170	–	**170**	71	**99**
Total	**170**	**–**	**170**	**71**	**99**

References to other notes

For further information regarding financial instruments, refer to:

- Note 2 Accounting principles
- Note 15 Net financial items
- Note 24 Interest-bearing financial non-current assets
- Note 29 Other interest-bearing current assets
- Note 32 Long-term liabilities excluding provisions
- Note 35 Short-term loan liabilities
- Note 44 Financial risk management (Parent Company)

Note 8
Related party disclosures

In December 2021, Investment AB Latour and subsidiaries, Melker Schörling AB and EQT have entered into guarantee commitments to subscribe for an additional 21.9 percent of the planned rights issue without subscription rights related to the acquisition of Stanley Security. The agreed fee is 1 percent of the guaranteed amounts which corresponds to MUSD 2 (MSEK 18).

Guarantees on behalf of related parties amount to MSEK 0 (0).

Information on the remuneration to the Board of Directors and Senior Management is provided in note 9. Information on total payroll expenses for the Board of Directors and the Presidents of the Group is provided in note 12.

For information on the Parent Company's transactions with related parties, refer to note 43 and note 46.

Note 9
Remuneration to the Board of Directors and senior management

General

Board of Directors

The Chair of the Board and the Directors receive fees in accordance with the decision of the Annual General Meeting, which includes separate fees for committee work. The employee representatives do not receive Directors' fees.

Fees to the Board of Directors, relating to the period up to the Annual General Meeting 2022 are provided according to the Annual General Meeting's decision on May 5, 2021. For the 2021 financial year, the Chair Jan Svensson receives a director's fee, including committee work fee, of MSEK 2.5. The other Directors receive an aggregate director's fee, including committee work fee, of MSEK 6.4. The remuneration for each member of the Board of Directors is disclosed in the tables below. The Board of Directors is otherwise not entitled to any other compensation except for travel and lodging expenses.

Guidelines for remuneration to senior management in Securitas for 2021

Scope

The Annual General Meeting May 5, 2021 adopted the following guidelines for remuneration, which apply until the Annual General Meeting 2025 unless any changes are adopted by the general meeting. The guidelines apply to remuneration and other terms of employment for the individuals who are included in the Group Management of Securitas (the "senior management employees").

The guidelines shall apply to agreements entered into after the Annual General Meeting 2021, and to changes made in existing agreements after the Annual General Meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

Promotion of Securitas' business strategy, long-term interests and sustainability etc.

In short, Securitas business strategy is to offer protective services that integrate all areas of Securitas' competence. Together with the customers, Securitas develop optimal and cost-efficient solutions that are suited for the customers' needs. This brings added value to the customers and results in stronger, more long-term customer relationships and improved profitability. In order to attract and keep competent senior management employees, Securitas shall offer a competitive total remuneration that is in line with the market conditions on the relevant market for each senior management employee. Thereby, the ambition is to ensure that Securitas has the leading team in the security services industry, which is expected to contribute to Securitas' business strategy and long-term interests, including its sustainability. More information on Securitas' business strategy is available on Securitas' website securitas.com, section About us – our strategy.

Securitas has implemented share-related incentive plans. Every year since 2010, the Annual General Meeting has resolved on share related incentive schemes including approximately 2 600 employees within the Group. The outcome of these incentive schemes relates to how the criteria for awarding variable cash remuneration are satisfied and thus they are distinctly linked to Securitas' business strategy, long-term interests and sustainability. Furthermore, the Annual General Meetings 2019 and 2020 resolved on a long-term incentive programs (LTI 2019/2021 and LTI 2020/2022, together the "LTI Programs") including the CEO, other members of the Group Management and certain other key employees which are intended to work as an alternative incentive solution to the aforementioned incentive scheme and includes approximately up to 80 employees within Securitas. The outcome of the LTI Programs are based on the annual development of Securitas' earnings per share. The LTI Programs are conditional upon the participant's own investment and holding periods of several years. The share-related incentive plans have been resolved by the general meeting and are therefore excluded from these guidelines. The share-related incentive plans proposed by the Board of Directors and submitted to the Annual General Meeting 2021 for approval are excluded for the same reason.

More information on Securitas' incentive plans is available on Securitas' website securitas.com, section Corporate Governance – Remuneration to Senior Management.

Types of remuneration

The total remuneration to senior management shall consist of a fixed basic salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The fixed basic salary shall be competitive and reflect each senior management employee's responsibility and performance. The variable cash remuneration shall amount to a maximum of 85 percent of the fixed basic salary for the President and CEO and a maximum of 60-200 percent of the fixed basic salary for other senior management employees.

The senior management employees shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total cash remuneration and paid by the company during the term of employment. In exceptional cases, the value of such insurance premiums can instead be paid as part of the cash remuneration to a senior management employee. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. Insurance premiums may amount to not more than 35 percent of the fixed basic salary.

Other benefits, such as company car, life insurance, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the labor market where the senior management employee is active. Premiums and other costs relating to such benefits may amount to not more than 15 percent of the fixed basic salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Criteria for awarding variable cash remuneration

Variable cash remuneration shall be awarded based on the outcome of clearly measurable performance-based targets that are set as close to the local business as possible and aim for long-term profitability of Securitas. The performance-based targets may for example relate to EBITA, EPS and/or cash flow within each senior management employee's area of responsibility (group or division). Furthermore, the performance-based targets are intended to contribute to Securitas' business strategy and long-term interests, including its sustainability, by, among other things, promoting the senior management employee's long-term development within Securitas and reconciling the shareholders' interests with the employee's interests.

The Remuneration Committee shall, for the Board of Directors, prepare, monitor and evaluate matters regarding variable cash remuneration to the senior management. Ahead of each measurement period for the criteria for awarding variable cash remuneration, which can be one or several years, the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria that are deemed to be relevant for the upcoming measurement period. After a measurement period has ended, it shall be determined to which extent the criteria have been satisfied. Evaluations regarding fulfilment of financial targets shall be based on established financial information for the relevant period.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. If payment of variable cash remuneration has been effected on grounds later proven to be obviously inaccurate, Securitas shall, to the extent legally possible, have the possibility to reclaim such paid remuneration.

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Termination of employment

At dismissal, the notice period for senior management employees shall not exceed twelve months, with a right to redundancy payment equivalent to a maximum of 100 percent of the fixed basic salary for a period not exceeding twelve months after the end of the notice period. At resignation by a senior management employee, the notice period shall amount to a maximum of six months without a right to redundancy payment.

Additionally, remuneration may be paid for non-compete and non-solicitation undertakings in accordance with mandatory rules or established local practice. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time the non-compete or the non-solicitation undertaking applies, however not for more than 24 months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Remuneration Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the senior management. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior management, the application of the guidelines for remuneration to senior management as well as the current remuneration structures and compensation levels in Securitas. The members of the Remuneration Committee are independent of the company and its senior management. The CEO and other members of the senior management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Securitas long-term interests, including its sustainability, or to ensure Securitas financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

President and Chief Executive Officer

The President and CEO Magnus Ahlqvist's salary for the 2021 financial year, amounted to MSEK 16.8 including vacation pay. Pension premiums are paid for a defined contribution pension plan and a defined benefit plan which in total amounts to 30 percent of the base salary. The pension costs for the financial year 2021 amounted to MSEK 4.9, which includes premiums to a Swedish defined benefit plan (ITP), limited to deductible amounts for tax purposes. The defined benefit plan guarantees a lifetime pension from the age of 65 and the pension compensation corresponds to a certain percentage of the final salary, the maximum pensionable income is currently MSEK 2.0. The pension cost for the defined benefit pension plan in 2021 amounted to MSEK 0.4 (included in the total pension cost for the President and CEO, see also the table below). No pension benefits are conditioned by future employment.

Other salary benefits amounted to MSEK 0.1.

Upon dismissal, the notice period for the President and CEO amounts to twelve months with a right to a severance pay after the end of the notice period, equivalent to twelve months fixed salary.

Other members of Group Management

The other Group Management consisted by the end of 2021 of the following thirteen members: Martin Althén (CIO), Greg Anderson (Divisional President, Security Services North America), Helena Andreas (Senior Vice President, Group Communications & People), Tony Byerly (President, Securitas Electronic Security), José Castejon (COO, North American Guarding, Security Services North America), Jorge Couto (Divisional President, Security Services Ibero-America), Peter Karlströmer (Divisional President, Security Services Europe), Andreas Lindback (CFO as from August 16, 2021 and Divisional President AMEA, Africa, Middle East and Asia to April 1, 2021), Jan Lindström (Senior Vice President Finance), Brett Pickens (Divisional President AMEA, Africa Middle East and Asia as from April 1, 2021), Brian Riis Nielsen (Senior Vice President for Global Clients and leader of Global Clients & Vertical Markets), Frida Rosenholm (Senior Vice President, General Counsel, Group Legal, Risk & Business Ethics) and Henrik Zetterberg (COO, Security Services Europe).

Bart Adam (CFO) left the Group Management as of August 16, 2021.

In the 2021 financial year the other members of Group Management have received the following remuneration during the time as members. Aggregate fixed salaries amounted to MSEK 71.6, and other salary benefits to MSEK 3.9.

The other members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. As described under Types of remuneration above, members can allocate part of their remuneration to a defined contribution pension plan. All members of Group Management have defined contribution pension plans for which pension premiums are allocated from the member's total remuneration and paid by the company during the term of employment. These premiums may vary but are limited to amounts deductible for tax purposes by the company. In 2021 the pension costs for other members of Group Management amounted to MSEK 18.6. No pension benefits are conditioned by future employment.

During 2021 six members had a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 2.0 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these six members in 2021 was MSEK 3.9 (included in the total pension cost for other Group Management, see also the table below).

Upon dismissal, the notice period and a right to a severance pay after the end of the notice period, is equivalent to a maximum of 24 months fixed salary, for members of Group Management.

Short- and long-term incentives

Short-term as well as long-term incentives for eligible employees in Securitas include clearly measurable performance-based targets that are set as close to the local business as possible and aim for long-term profitability of the Group. The performance targets that are required to achieve maximum bonus vary depending on the position of the employee but are as a principle based on year-on-year improvement of the operating result (EBITA) in the area of responsibility and targets based on improvement of cash flow or development of real change earnings per share.

Securitas long-term share-based incentive scheme

Securitas' Annual General Meeting May 5, 2021 resolved on a new share-based bonus scheme, LTI 2021/2023 , for the President and CEO, other members of Group management and certain key employees all in all including around 60 participants. The scheme runs in parallel with the share-based bonus scheme LTI 2019/2021 decided by the Annual General Meeting on May 6, 2019 and LTI 2020/2022 decided by the Annual General Meeting on May 7, 2020. For the qualifying participants the scheme is intended to be an alternative to the short-term share-based incentive scheme. Participants in the long-term schemes are thus not entitled to participate in the short-term share-based incentive scheme. In order to participate in the scheme, which runs over the period 2019 to 2021, 2020 to 2022 and 2021 to 2023 respectively, participants have to invest Securitas series B shares at market price or nominate already vested shares.

The LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023 incentive includes the President and CEO Magnus Ahlqvist and 13 members of other Group Management. This means that neither the President and CEO or anyone of the other members of Group management participates in the short-term share-based incentive.

For every share thus purchased or invested the company will grant so called performance awards free of charge in as per below:

- Category 1 (the President and CEO): maximum five performance awards per each invested share.
- Category 2 (Group Management): maximum four performance awards per each invested share.

The performance conditions are linked to the development of real change in earnings per share (if applicable excluding items affecting comparability) and the outcome is calculated yearly, whereby one third is measured against the outcome of the first year (2019, 2020 and 2021 respectively), one third against the second year (2020, 2021 and 2022 respectively) and one third against the third year (2021, 2022 and 2023 respectively). The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in 2022, 2023 and 2024 respectively and that the invested shares are kept during the whole vesting period. The number of shares awarded thus will also include compensation for dividend during the vesting period by increasing the number of shares awarded.

The cost for the service rendered under the long-term incentive program is spread over the vesting period and is based on a fair value on the grant date for Securitas series B share of SEK 161.40 per share for the program 2019 to 2021, of SEK 118.70 per share for the program 2020 to 2022 and of SEK 136.20 per share for the program 2021 to 2023 .

See further information in note 2 and 12. Information regarding the potential allocation of shares in 2022, 2023 and 2024 respectively under the long-term share-based incentives LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023 respectively and the fair value of these shares, are disclosed in the table below.

Short- and long-term variable compensation 2021

	Variable short-term cash compensation	Variable long-term cash compensation	Short-term share-based incentive scheme	Long-term share-based incentive scheme
President and CEO	√	n/a	n/a	√
Other members of Group Management	√	√*	n/a	√

√ = illustrates the eligibility to participate.
√* = relating to three of the other members of Group Management.
n/a = illustrates that the member is not eligible to participate or when referring to the short-term share based incentive scheme that this scheme is not applicable since the member participates in the long-term share-based incentive scheme that is an alternative to the short-term scheme.

For the President and CEO Magnus Ahlqvist the variable short-term cash compensation relating to the 2021 performance amounted to MSEK 14.0 and will be paid in 2022. The long-term variable share-based compensation referring to the LTI 2019/2021, LTI 2020/2022 and the LTI 2021/2023 relating to the 2021 performance amounted to MSEK 11.1.

The aggregate short-term variable cash compensation relating to the 2021 performance to the other members of Group Management amounted to MSEK 60.6 and will be paid in 2022. The long-term variable share-based compensation referring to the LTI 2019/2021, LTI 2020/2022 and the LTI 2021/2023 relating to the 2021 performance amounted to MSEK 27.8.

During 2021 three members of other Group Management have had other long-term variable cash incentive schemes, which are provided for during the performance year. One scheme is reconciled to the final annual performance in 2020 and payment will be executed in 2022 and 2023. One scheme is reconciled also during 2021 to 2023 with payment due in 2024. Finally, two schemes run over the period 2020 to 2023 with payment due in 2024. The provision for other long-term variable compensation relating to the 2021 performance amounted to MSEK 8.6. The accumulated provision for other long-term variable cash incentive schemes amounted to MSEK 19.9 as of December 31, 2021, whereof MSEK 3.2 will be paid in 2022. At resignation by a management employee, any unpaid long-term cash incentive will stay with the company.

Allocation of shares to Group Management relating to Securitas' long-term share-based incentive schemes 2021

	Number of shares[1] 2021	Fair value, MSEK 2021
Magnus Ahlqvist, President and CEO	82 015	11
Other members of Group Management	204 125	28
Total holdings	**286 140**	**39**

1 Potential allocation of shares for Securitas long-term share-based incentive LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023, to be allocated in 2022, 2023 and 2024, respectively. The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in 2022, 2023 and 2024 respectively and that the invested shares are kept during the whole vesting period.

Remuneration to the Board of Directors and Group Management

Remuneration related to 2021

KSEK	Base salary/fee	Other benefits	Variable compensation[4]	Pension	Total remuneration
Jan Svensson, Chair of the Board[1]	2 500	–	–	–	**2 500**
Ingrid Bonde[1]	1 025	–	–	–	**1 025**
John Brandon	800	–	–	–	**800**
Fredrik Cappelen[1]	1 150	–	–	–	**1 150**
Gunilla Fransson[1]	850	–	–	–	**850**
Sofia Schörling Högberg	800	–	–	–	**800**
Harry Klagsbrun	800	–	–	–	**800**
Johan Menckel[1]	1 025	–	–	–	**1 025**
Subtotal Board of Directors	**8 950**	**–**	**–**	**–**	**8 950**
Magnus Ahlqvist, President and CEO[2]	16 782	137	25 150	4 946	**47 015**
Other members of Group Management[3]	71 592	3 893	96 970	18 632	**191 087**
Subtotal President and CEO and Group Management	**88 374**	**4 030**	**122 120**	**23 578**	**238 102**
Total	**97 324**	**4 030**	**122 120**	**23 578**	**247 052**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.
1 Including remuneration for committee work.
2 Base salary including vacation pay.
3 Other members of Group Management consisted as of December 31, 2021, of 13 persons. The compensation for members who left the Group Management is included.
4 Refer to the cost for 2021 for Securitas incentive scheme for cash bonus and long-term incentive plans, see also separate table for the share-based part. The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in 2022, 2023 and 2024 respectively and that the invested shares are kept during the whole vesting period.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Remuneration related to 2020

KSEK	Base salary/fee	Other benefits	Variable compensation[4]	Pension	Total remuneration
Marie Ehrling, Chair of the Board[3]	2 300	–	–	–	**2 300**
Carl Douglas, Vice Chair[1]	895	–	–	–	**895**
Ingrid Bonde[1]	835	–	–	–	**835**
John Brandon	635	–	–	–	**635**
Anders Böös	635	–	–	–	**635**
Fredrik Cappelen[1]	960	–	–	–	**960**
Sofia Schörling Högberg[1]	835	–	–	–	**835**
Dick Seger	635	–	–	–	**635**
Subtotal Board of Directors	**7 730**	**–**	**–**	**–**	**7 730**
Magnus Ahlqvist, President and CEO[2]	15 253	152	0	4 500	**19 905**
Other members of Group Management[3]	106 683	8 882	42 150	18 567	**176 282**
Subtotal President and CEO and Group Management	**121 936**	**9 034**	**42 150**	**23 067**	**196 187**
Total	**129 666**	**9 034**	**42 150**	**23 067**	**203 917**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.
1 Including remuneration for committee work.
2 Base salary including vacation pay.
3 Other members of Group Management consisted as of December 31, 2020, of 13 persons. The compensation for members who left the Group Management is included.
4 Refer to the cost for 2020 for Securitas incentive scheme for cash bonus and long-term incentive plans, see also separate table for the share-based part.

Shareholdings

The Board of Directors' and Group Management's shareholdings as of December 31, 2021 are detailed in the table below.

Board of Directors' and Group Management's holdings of Securitas series A and B shares[1]

	A shares 2021	A shares 2020	B shares 2021[9]	B shares 2020[9]	B shares Allocation 2022[10]
Jan Svensson, Chair of the Board[2]	–	–	30 000	–	–
Marie Ehrling[3]	–	–	–	10 000	–
Carl Douglas[3]	–	12 642 600	–	27 190 000	–
Ingrid Bonde	–	–	2 600	2 600	–
John Brandon	–	–	10 000	10 000	–
Anders Böös[3]	–	–	–	25 000	–
Fredrik Cappelen	–	–	4 000	4 000	–
Gunilla Fransson[2]	–	–	0	–	–
Harry Klagsbrun[2]	–	–	100 000	–	–
Johan Menckel[2]	–	–	0	–	–
Sofia Schörling Högberg[4]	4 500 000	4 500 000	11 811 639	11 811 639	–
Dick Seger[3]	–	–	–	26	–
Magnus Ahlqvist, President and CEO[5]	–	–	156 906	131 038	22 473
Bart Adam[6]	–	–	–	50 512	–
Martin Althén	–	–	12 248	8 810	4 149
Greg Anderson	–	–	18 195	10 803	3 109
Helena Andreas	–	–	8 140	5 394	3 043
Tony Byerly	–	–	17 291	12 077	8 330
José Castejon	–	–	11 154	6 440	3 124
Jorge Couto	–	–	11 239	9 471	2 742
Peter Karlströmer	–	–	25 378	16 793	9 220
Andreas Lindback	–	–	11 612	8 447	2 305
Jan Lindström	–	–	19 995	17 232	3 513
Brett Pickens[7]	–	–	7 222	–	1 916
Brian Riis Nielsen	–	–	5 945	3 793	3 184
Frida Rosenholm	–	–	8 050	5 348	3 054
Henrik Zetterberg[8]	–	–	16 075	11 756	4 611
Total holdings	**4 500 000**	**17 142 600**	**12 287 689**	**39 351 179**	**74 773**

1 Information refers to shareholdings as of December 31, 2021 and 2020.
2 Was elected to the Board at the AGM May 5, 2021, why earlier holdings is not applicable.
3 Declined re-election to the Board at the AGM May 5, 2021, why actual holdings is not applicable.
4 Through family and Melker Schörling AB.
5 Holds in addition to B-shares according to the table, 200 000 share options regarding acquisition of Securitas series B-shares, issued by Melker Schörling AB and Investment AB Latour.
6 Has left the Group Management during 2021, why actual holdings is not applicable.
7 Has joined the Group Management April 1, 2021, why earlier holdings is not applicable.
8 Holds in addition to B-shares according to the table, 45 000 share options regarding acquisition of Securitas series B-shares, issued by Melker Schörling AB and Investment AB Latour.
9 Holdings as of December 31 excluding potential allocation of shares according to Securitas share-based incentive schemes LTI 2019/2021, LTI 2020/2022 and LTI 2021/2023.
10 Actual allocation of shares 2022 according to Securitas share-based incentive scheme LTI 2019/2021, including shares corresponding to dividend decided related to potential allocation of shares during 2021. The gross number of allocated shares is stated, of which part of the shares may have been sold to cover tax on the benefit. Other holdings of Securitas Series B shares at the time allocation in 2022 are not included.

Note 10
Segment reporting

Segment structure

The Group's operations are divided into three reportable segments: Security Services North America, Security Services Europe and Security Services Ibero-America. 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.

All segments apply the accounting principles explained in note 2. The segment reporting follows the format of Securitas' financial model, which provides a foundation for financial planning and reporting from branch office level up to the Board of Directors. Acquisitions of subsidiaries are therefore excluded from the operating cash flow. All material acquisitions are stated at business segment level in the report of the Board of Directors under the heading Acquisitions and divestitures.

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. In total, the operations have 113 000 employees.

Security Services Europe

Security Services Europe provides protective services in 22 countries. In total, the operations have 120 000 employees.

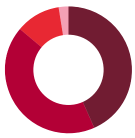
Security Services Ibero-America

Security Services Ibero-America provides protective services in seven Latin American countries as well as in Portugal and Spain in Europe. In total, the operations have 59 000 employees.

Other

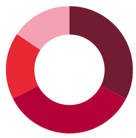
Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the operations in Africa, the Middle East, Asia and Australia.

SALES PER SEGMENT



- Security Services North America 43%
- Security Services Europe 43%
- Security Services Ibero-America 11%
- Other 3%

EMPLOYEES PER SEGMENT



- Security Services North America 33%
- Security Services Europe 35%
- Security Services Ibero-America 17%
- Other 15%

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January – December 2021

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	Group
Income							
Sales, external	46 728	46 137	12 285	2 550	107 700	–	107 700
Sales, intra-group	19	1	1	1	22	-22	–
Total sales	**46 747**	**46 138**	**12 286**	**2 551**	**107 722**	**-22**	**107 700**
Organic sales growth, %	*3*	*5*	*6*	–	–	–	*4*
Operating income before amortization[1]	**3 191**	**2 696**	**702**	**-611**	**5 978**	**–**	**5 978**
of which share in income of associated companies	*6*	*1*	–	*36*	*43*	–	*43*
Operating margin, %	*6.8*	*5.8*	*5.7*	–	*5.6*	–	*5.6*
Amortization of acquisition-related intangible assets	-84	-162	-11	-33	-290	–	-290
Acquisition-related costs	-47	-52	-15	-8	-122	–	-122
Items affecting comparability	-94	-317	-182	-278	-871	–	-871
Operating income after amortization	**2 966**	**2 165**	**494**	**-930**	**4 695**	**–**	**4 695**
Financial income and expenses	–	–	–	–	–	–	-364
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**4 331**
Taxes	–	–	–	–	–	–	-1 197
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3 134**
Operating cash flow							
Operating income before amortization	**3 191**	**2 696**	**702**	**-611**	**5 978**	**–**	**5 978**
Investments in non-current tangible and intangible assets	-655	-1 539	-341	-289	-2 824	–	-2 824
Reversal of depreciation[1]	641	1 498	335	230	2 704	–	2 704
Change in operating capital employed	-836	393	47	114	-282	–	-282
Cash flow from operating activities	**2 341**	**3 048**	**743**	**-556**	**5 576**	**–**	**5 576**
Cash flow from operating activities, %	*73*	*113*	*106*	–	–	–	*93*
Capital employed and financing							
Operating non-current assets	2 677	4 737	950	1 125	9 489	–	9 489
Accounts receivable	6 659	5 984	2 485	319	15 447	-201	15 246
Other assets	3 635	1 872	429	1 893	7 829	-150	7 679
Other liabilities	-6 206	-10 630	-2 344	-3 677	-22 857	351	-22 506
Total operating capital employed	**6 765**	**1 963**	**1 520**	**-340**	**9 908**	**–**	**9 908**
Operating capital employed as % of sales	*14*	*4*	*12*	–	–	–	*9*
Goodwill	11 932	9 175	1 556	710	23 373	–	23 373
Acquisition-related intangible assets	784	699	40	209	1 732	–	1 732
Shares in associated companies	8	37	0	293	338	–	338
Total capital employed	**19 489**	**11 874**	**3 116**	**872**	**35 351**	**–**	**35 351**
Return on capital employed, %	*16*	*25*	*26*	–	–	–	*14*
Net debt	–	–	–	–	–	–	14 551
Shareholders' equity	–	–	–	–	–	–	20 800
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**35 351**
Net debt equity ratio, multiple	–	–	–	–	–	–	*0.70*
Assets and liabilities							
Non-interest-bearing assets	25 695	22 504	5 460	2 916	56 575	-351	56 224
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 633
Unallocated interest-bearing assets	–	–	–	–	–	–	5 506
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**63 363**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**20 800**
Non-interest-bearing liabilities	6 206	10 630	2 344	1 432	20 612	-351	20 261
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	2 245
Unallocated interest-bearing liabilities	–	–	–	–	–	–	20 057
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**42 563**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**63 363**

1 Depreciation and amortization of tangible and non-acquisition-related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

January – December 2020

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	Group
Income							
Sales, external	47 773	45 188	12 551	2 442	107 954	–	107 954
Sales, intra-group	28	0	1	1	30	-30	–
Total sales	**47 801**	**45 188**	**12 552**	**2 443**	**107 984**	**-30**	**107 954**
Organic sales growth, %	*2*	*-2*	*2*	–	–	–	*0*
Operating income before amortization[1]	**2 800**	**2 069**	**570**	**-547**	**4 892**	**–**	**4 892**
of which share in income of associated companies	*4*	*-1*	–	*42*	*45*	–	*45*
Operating margin, %	*5.9*	*4.6*	*4.5*	–	*4.5*	–	*4.5*
Amortization of acquisition-related intangible assets	-80	-144	-16	-46	-286	–	-286
Acquisition-related costs	-37	-25	-55	-20	-137	–	-137
Items affecting comparability	-140	-319	-36	-145	-640	–	-640
Operating income after amortization	**2 543**	**1 581**	**463**	**-758**	**3 829**	**–**	**3 829**
Financial income and expenses	–	–	–	–	–	–	-500
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**3 329**
Taxes	–	–	–	–	–	–	-913
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2 416**
Operating cash flow							
Operating income before amortization	**2 800**	**2 069**	**570**	**-547**	**4 892**	**–**	**4 892**
Investments in non-current tangible and intangible assets	-700	-1 430	-318	-339	-2 787	–	-2 787
Reversal of depreciation[1]	649	1 474	357	210	2 690	–	2 690
Change in operating capital employed	1 105	1 293	461	-447	2 412	–	2 412
Cash flow from operating activities	**3 854**	**3 406**	**1 070**	**-1 123**	**7 207**	**–**	**7 207**
Cash flow from operating activities, %	*138*	*165*	*188*	–	–	–	*147*
Capital employed and financing							
Operating non-current assets	2 528	4 567	965	1 079	9 139	–	9 139
Accounts receivable	6 580	5 596	2 335	336	14 847	-152	14 695
Other assets	3 005	1 580	436	1 686	6 707	-113	6 594
Other liabilities	-6 846	-9 708	-2 202	-3 044	-21 800	265	-21 535
Total operating capital employed	**5 267**	**2 035**	**1 534**	**57**	**8 893**	**–**	**8 893**
Operating capital employed as % of sales	*11*	*5*	*12*	–	–	–	*8*
Goodwill	10 781	8 498	1 451	684	21 414	–	21 414
Acquisition-related intangible assets	606	538	51	229	1 424	–	1 424
Shares in associated companies	12	36	–	263	311	–	311
Total capital employed	**16 666**	**11 107**	**3 036**	**1 233**	**32 042**	**–**	**32 042**
Return on capital employed, %	*17*	*19*	*21*	–	–	–	*13*
Net debt	–	–	–	–	–	–	14 335
Shareholders' equity	–	–	–	–	–	–	17 707
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**32 042**
Net debt equity ratio, multiple	–	–	–	–	–	–	*0.81*
Assets and liabilities							
Non-interest-bearing assets	23 512	20 815	5 238	2 712	52 277	-265	52 012
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 565
Unallocated interest-bearing assets	–	–	–	–	–	–	5 550
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**59 127**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**17 707**
Non-interest-bearing liabilities	6 846	9 708	2 202	883	19 639	-265	19 374
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	2 161
Unallocated interest-bearing liabilities	–	–	–	–	–	–	19 885
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**41 420**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**59 127**

1 Depreciation and amortization of tangible and non-acquisition-related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.

2 Included in Other in the table Capital employed and financing.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Geographical information[1]

MSEK	Total sales from external clients[2] 2021	2020	Non-current assets[3] 2021	2020
The US	42 645	43 893	14 539	13 099
Sweden[1]	5 543	5 277	1 900	1 948
All other countries[4]	59 512	58 784	18 421	17 169
Total countries	**107 700**	**107 954**	**34 860**	**32 216**
Non-current assets not listed by country[3]	–	–	1 634	1 838
Total non-current assets	**–**	**–**	**36 494**	**34 054**

1 Geographical information related to sales and non-current assets is disclosed for Sweden (which is Securitas' country of domicile) and for all individual countries where the sales or non-current assets exceed 10 percent of the total amount for the Group.
2 Based on the location of sales offices and corresponds in all material aspects to the geographical location of the clients.
3 Financial instruments, deferred tax assets and post-employment benefit assets are not specified by country. These are instead reported on the line Non-current assets not listed by country.
4 Including elimination of intra-group sales.

Note 11 Operating income

Statement of income

The table below illustrates the statement of income in summary classified according to type of cost.

MSEK	2021	2020
Total sales	**107 700**	**107 954**
Other operating income	43	39
Salaries (note 12)	-68 726	-69 025
Social benefits (note 12)	-14 906	-15 136
Depreciation and amortization (notes 13, 19, 20, 21, 22)	-2 994	-2 976
Bad debt losses (note 27)	-47	-516
Other operating expenses	-16 375	-16 511
Total operating expenses	**-103 048**	**-104 164**
Operating income	**4 695**	**3 829**

Exchange rate differences

Exchange rate differences included in operating income amounted to MSEK 14 (-4). Exchange rate differences included in net financial items are specified in note 15.

Government grants

Government grants are accounted for as cost reductions in operating result. Government grants only include support that qualify as government grants according to IAS 20. Other support measures are thus not included in the table for government grants below.

Securitas have also, like other companies, benefitted from government assistance related to deferred payment schemes under which payments for items such as payroll taxes, value added taxes and similar items have been deferred in time. These deferred payments have not impacted the statement of income. As of December 31, 2021 the remaining largest deferral relates to payroll taxes in the US amounting to approximately MSEK 600, payable in 2022. No other material balances remain to be settled out of the various governmental schemes for postponement of various tax payments introduced during the corona pandemic.

Government grants in 2020 and 2021 were mainly related to salaries paid for partial unemployment. Securitas has also received government grants related to for example training and education, incentives for hiring new staff and compensation for sickness costs.

Securitas estimate of how much of the government grants that are related to or have been triggered as a result of the corona pandemic is approximately MSEK 465 (640). These government grants are mainly related to salaries paid for partial unemployment.

The grants recognized in the statement of income are based on Securitas assessment of having fulfilled all conditions pertaining to the particular grant. If there are conditions for which there is uncertainty relating to the fulfilment of any condition at the time of preparing the Annual Report, these have been deferred until the assessment is that all conditions have been fulfilled. Deferred grants amounted to MSEK 32 (42).

The table below specifies how government grants have been accounted for in the statement of income.

Government grants allocated per function

MSEK	2021	2020
Reduction of production expenses	558	721
Reduction of selling and administrative expenses	45	59
Total government grants allocated per function	**603**	**780**

Acquisition-related costs

The tables below specify what acquisition-related costs are related to and how they would have been classified per function in the statement of income if the items had not been disclosed separately on the face of the statement of income. The tables also specify how the acquisition-related costs are split by segment. There is also a specification of the cash flow impact from acquisition-related costs.

Acquisition-related costs

MSEK	2021	2020
Restructuring and integration costs	-96	-92
Transaction costs	-20	-40
Revaluation of deferred considerations	-6	-5
Total acquisition-related costs	**-122**	**-137**

Acquisition-related costs allocated per function

MSEK	2021	2020
Production expenses	-2	-18
Selling and administrative expenses[1]	-120	-119
Total acquisition-related costs allocated per function	**-122**	**-137**

1 All transaction costs and revaluation of deferred considerations would have been classified as selling and administrative expenses in the statement of income if they had not been disclosed separately on the face of the statement of income.

Acquisition-related costs allocated per segment

MSEK	2021	2020
Security Services North America	-47	-37
Security Services Europe	-52	-25
Security Services Ibero-America	-15	-55
Other	-8	-20
Total acquisition-related costs allocated per segment	**-122**	**-137**

Cash flow impact from acquisition-related costs

MSEK	2021	2020
Acquisition-related costs according to the statement of income	-122	-137
Cash flow	-122	-119
Adjustment for effect on cash flow from acquisition-related costs	**0**	**18**

Items affecting comparability

Items affecting comparability consists of five major parts. The first part is related to three major transformation programs for the further digitization of the company. One program is related to the global IS/IT foundation throughout the Group, while the other program is driving business transformation of Security Services North America. These two programs have now been finalized during 2021. The third one is the transformation program in Security Services Europe and Security Services Ibero-America. Costs for this program relate primarily to the impairment of assets, organizational restructuring charges and other non-recurring items.

The second part is the cost savings program in the Group that was communicated in the second half of 2020. This program have addressed the profitability in parts of our business due to the corona pandemic. Costs for this program related primarily to organizational restructuring charges and other non-recurring items. This program has also been finalized in 2021.

The third part is the cost savings program in Security Services Europe that was executed in the second half of 2018. This program mainly relates to organizational restructuring charges with the bulk relating to staff-related items. During 2020 and 2021 no additional costs have been recognized in the statement of income, but the program has impacted cash flow both years.

The fourth part is related to a lump-sum repayment from AFA insurance company for the collectively bargained AGS group sickness insurance policy in Sweden.

The fifth part is related to acquisition-related costs regarding the acquisition of Stanley Security.

Items affecting comparability

MSEK	2021	2020
Transformation programs, Group	-633	-351
Cost savings program, Group	-290	-289
Acquisition of Stanley Security	-62	-
Repayment AFA, Security Services Europe	114	-
Total items affecting comparability	**-871**	**-640**

Items affecting comparability allocated per function

MSEK	2021	2020
Production expenses	-112	-74
Selling and administrative expenses	-759	-566
Total items affecting comparability allocated per function	**-871**	**-640**

Items affecting comparability allocated per segment

MSEK	2021	2020
Security Services North America	-94	-141
Security Services Europe	-317	-318
Security Services Ibero-America	-182	-36
Other	-278	-145
Total items affecting comparability allocated per segment	**-871**	**-640**

Cash flow impact from items affecting comparability

MSEK	2021	2020
Transformation programs, Group	-403	-251
Cost savings program, Group	-279	-111
Cost savings program, Security Services Europe	-31	-43
Acquisition of Stanley Security	-3	–
Repayment AFA, Security Services Europe	114	–
Cash flow from items affecting comparability	**-602**	**-405**
Items affecting comparability according to the statement of income as per the table above	-871	-640
Adjustment for effect on cash flow from items affecting comparability	**269**	**235**

Audit fees and reimbursements

The table below specifies what audit fees and reimbursements are related to.

MSEK	2021	2020
EY		
Audit assignments	56	–
Additional audit assignments	1	–
Tax assignments	1	–
Other assignments	3	–
Total EY	**61**	**-**
PwC		
Audit assignments	4	57
Additional audit assignments	0	2
Tax assignments	21	17
Other assignments	1	12
Total PwC	**26**	**88**
Other auditors		
Audit assignments	3	4
Total Other auditors	**3**	**4**
Total audit fees and reimbursements	**90**	**92**

Additional audit assignments mainly comprise review of the interim report for the second quarter. Tax assignments mainly comprise tax return compliance, transfer pricing and questions related to tax legislation compliance. Other services mainly comprise services related to acquisitions, special IT audits and review of pension plans.

Note 12
Personnel

Average number of yearly employees: Distribution between women and men[1]

	Women		Men		Total	
	2021	2020	2021	2020	2021	2020
Security Services North America	31 818	32 986	69 867	74 691	101 685	107 677
Security Services Europe	20 739	20 065	85 091	85 450	105 830	105 515
Security Services Ibero-America	9 326	9 027	49 753	52 337	59 079	61 364
Other	2 969	3 225	12 723	15 096	15 692	18 321
Total	**64 852**	**65 303**	**217 434**	**227 574**	**282 286**	**292 877**

In 2021, the number of Board members and Presidents was 92 (101), of whom 11 (11) were women.

Staff costs for Board of Directors and Presidents

	2021			2020			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2021	2020
Security Services North America	141	33	(15)	192	40	(23)	57	109
Security Services Europe	145	43	(13)	120	45	(16)	73	31
Security Services Ibero-America	50	6	(0)	42	4	(0)	24	17
Other	151	54	(15)	87	33	(14)	71	9
Total	**487**	**136**	**(43)**	**441**	**122**	**(53)**	**225**	**166**

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Staff costs for other employees

MSEK	2021 Salaries	Social benefits	(of which pensions)	2020 Salaries	Social benefits	(of which pensions)
Security Services North America	31 342	5 365	(494)	32 337	5 803	(472)
Security Services Europe	27 597	7 262	(878)	26 763	7 093	(843)
Security Services Ibero-America	7 490	1 848	(33)	7 817	1 880	(38)
Other	1 810	295	(116)	1 667	238	(84)
Total	**68 239**	**14 770**	**(1 521)**	**68 584**	**15 014**	**(1 437)**

Total staff costs: Board of Directors, Presidents and other employees

MSEK	2021 Salaries	Social benefits	(of which pensions)	2020 Salaries	Social benefits	(of which pensions)
Security Services North America	31 483	5 398	(509)	32 529	5 843	(495)
Security Services Europe	27 742	7 305	(891)	26 883	7 138	(859)
Security Services Ibero-America	7 540	1 854	(33)	7 859	1 884	(38)
Other	1 961	349	(131)	1 754	271	(98)
Total	**68 726**	**14 906**	**(1 564)**	**69 025**	**15 136**	**(1 490)**

1 Average number of yearly employees exclude employees in associated companies. A complete specification of the average number of yearly employees by country can be obtained from the Parent Company. Further information regarding the Group's pensions and other long-term employee benefits is provided in note 33.

Securitas short-term share-based incentive scheme

Securitas' Annual General Meeting 2021 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2020 resolved on. The participants in the scheme have a variable remuneration based on performance. Two thirds of the variable remuneration/bonus will, according to the incentive scheme, be settled in cash the year after the performance year, while shares will be purchased for the remaining one third. The bonus criteria is based on individual performance and/or the performance for the part of the Group that the individual is responsible for. For Securitas there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas is handled by trading on the Nasdaq Stockholm exchange through a swap agreement. Shares are purchased corresponding to one third of the total achieved bonus amount. The purchased shares will be allotted to the participants in March, two years following the performance year, given that they are still employed by the Group, except where an employee has left his/her employment due to retirement, death or long-term disability, in which case the employee shall have a continued right to receive bonus shares. Securitas will not issue any new shares or similar due to this incentive scheme. The purpose is to replace cash bonus with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 1 307 participants (1 330) that are entitled to receive the share part according to the scheme. The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in 2023 (2022). The total share-based remuneration for these participants amounts to MSEK 152 (170) and is accounted for as a share-based remuneration in equity. The shares have been hedged in March 2022, through a swap agreement, based on the current market price at the time. The number of shares that have been hedged amounts to a total of 1 201 467 (1 177 044) at a value of MSEK 134 (159). The number of hedged shares will be reduced to take account of taxation and leavers and the remaining shares will be allotted to the participants during the first quarter 2023.

Securitas long-term share-based incentive scheme

Securitas' Annual General Meeting 2021 resolved on a new share-based bonus scheme, LTI 2021/2023 similar to the LTI 2020/2022 and LTI 2019/2021 that the Annual General Meetings in 2020 and 2019 resolved on. The schemes are intended for the CEO, other members of Group Management and certain key employees, including around 60 participants. For the qualifying participants the schemes are intended to be an alternative to the short-term share-based incentive scheme described above. The new schemes are based on different principles than the existing and previous short-term share-based incentive schemes and participants in the new long-term schemes will not be entitled to participate in the short-term share-based incentive scheme. In order to participate in the schemes, which run over the period 2021 to 2023, 2020 to 2022 and 2019 to 2021, respectively, participants will have to invest in Securitas series B shares at market price or nominate already vested or currently vesting shares under the short-term incentive schemes. For every share purchased or invested the company will grant so called performance awards free of charge as per below for each of the schemes:

- Category 1 (CEO): maximum five performance awards per each invested share.
- Category 2 (Group Management): maximum four performance awards per each invested share.
- Category 3 (other participants): maximum three performance awards per each invested share.

The performance condition is the same for LTI 2021/2023, LTI 2020/2022 and LTI 2019/2021 and is linked to the development of real change in earnings per share (if applicable excluding items affecting comparability) and the outcome is calculated yearly, whereby one third is measured against the outcome of the first year (2021, 2020 and 2019, respectively), one third against the second year (2022, 2021 and 2020, respectively) and one third against the third year (2023, 2022 and 2021, respectively). The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in February 2024, 2023 and 2022, respectively and that the invested shares are kept during the whole vesting period. The number of shares awarded will also include compensation for dividend during the vesting period by increasing the number of shares awarded.

The cost for the service rendered under the long-term incentive program is spread over the vesting period and is based on a fair value on the grant date for Securitas series B share of SEK 136.20 per share for LTI 2021/2023, SEK 118.70 per share for LTI 2020/2022 and SEK 161.40 per share for LTI 2019/2021. During 2021 a total of 488 837 performance awards were earned for all three programs in total which corresponded to a cost for Securitas of MSEK 67. Due to the financial development of the Group no performance awards were earned in 2020 under either LTI 2020/2022 or LTI 2019/2021. The outcome for 2019 gave a potential total of 15 653 shares that would be allotted to the participants on vesting in 2022 (before any adjustment for leavers) which corresponded to a cost for Securitas of MSEK 2. The cumulative number of performance awards, after adjusting for leavers, amounts to 502 855[1] shares (14 618[1]). The cumulative cost for LTI 2019/2021 amounts to MSEK 23 while the cumulative cost for LTI 2020/2022 is MSEK 21 and the cumulative cost[2] for LTI 2021/2023 is MSEK 25. For Securitas, there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas may be handled by a swap agreement with a third party. Any share-swap agreement will be separate from those entered into for the short-term share-based incentive scheme.

1 Excluding compensation for dividend during the vesting period that is settled by increasing the number of shares awarded
2 Excluding costs for social benefits

Costs for share-based incentive schemes: Presidents and other employees

MSEK	2021	2020
Bonus costs for share-based incentive schemes	219	170
Social benefits for share-based incentive schemes[1]	40	17
Total	**259**	**187**

1 Liability for social benefits related to share-based incentive schemes amounted to MSEK 57 (35).

Note 13
Depreciation and amortization

MSEK	2021	2020
Software licenses	312	225
Other intangible assets	142	188
Right-of-use assets	1 060	1 064
Buildings	12	13
Machinery and equipment	1 178	1 200
Total depreciation and amortization	**2 704**	**2 690**

Depreciation and amortization for the year is distributed in the statement of income as below

MSEK	2021	2020
Amortization of intangible assets		
Production expenses	38	95
Selling and administrative expenses	416	318
Total amortization of intangible assets	**454**	**413**
Depreciation of right-of-use assets		
Production expenses	354	362
Selling and administrative expenses	706	702
Total depreciation of right-of-use assets	**1 060**	**1 064**
Depreciation of tangible non-current assets		
Production expenses	874	892
Selling and administrative expenses	316	321
Total depreciation of tangible non-current assets	**1 190**	**1 213**
Total depreciation and amortization	**2 704**	**2 690**

Note 14
Remeasurement for hyperinflation

Currently, Securitas' operations in Argentina are accounted for according to IAS 29, Financial reporting in Hyperinflationary economies. The impact on the consolidated statement of income from IAS 29, as described in note 2, 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

	2021	2020
Exchange rate SEK/ARS	0.09	0.10
Index	35.23	23.35

Net monetary gain recognized in the consolidated statement of income

MSEK	2021	2020
Net monetary gain	20	14
Total financial income and expenses	**20**	**14**

Note 15
Net financial items

MSEK	2021	2020
Interest income from financial assets at fair value through profit or loss	3	6
Interest income from loans and receivables	48	25
Total interest income	**51**	**31**
Net monetary gain on remeasurement for hyperinflation	20	14
Revaluation of financial instruments	0	1
Other financial income	4	-
Exchange rate differences, net[1]	24	22
Total financial income	**99**	**68**
Interest expenses from financial liabilities at fair value through profit or loss	-38	-50
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-103	-81
Interest expenses from derivatives designated for hedging	-47	-11
Interest expenses from lease liabilities	-122	-139
Interest expenses from other financial liabilities at amortized cost	-128	-261
Total interest expenses	**-438**	**-542**
Other financial expenses	-25	-26
Total financial expenses	**-463**	**-568**
Net financial items	**-364**	**-500**

1 Exchange rate differences included in operating income are reported in note 11.

Note 16
Taxes

Statement of income

Tax expense

MSEK	2021	%	2020	%
Tax on income before taxes				
Current taxes	-1 389	-32.1	-1 048	-31.5
Deferred taxes	192	4.5	135	4.1
Total tax expense	**-1 197**	**-27.6**	**-913**	**-27.4**

The Swedish corporate tax rate was 20.6 percent (21.4). The Group's tax rate was 27.6 percent (27.4). The tax rate adjusted for tax on items affecting comparability was 27.0 percent (26.4).

Difference between statutory Swedish tax rate and actual tax expense for the Group

MSEK	2021	%	2020	%
Income before taxes according to the statement of income	**4 331**		**3 329**	
Tax based on Swedish tax rate	-892	-20.6	-713	-21.4
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-278	-6.4	-92	-2.8
Tax related to previous years	-25	-0.6	-122	-3.7
Recognition of previously unvalued tax losses	19	0.4	85	2.6
Revaluation of deferred tax following a change in tax rate	-6	-0.1	-23	-0.7
Other non-deductible items	-98	-2.2	-96	-2.9
Other tax exempt items	83	1.9	48	1.5
Actual tax expense	**-1 197**	**-27.6**	**-913**	**-27.4**

Tax on items affecting comparability amounted to MSEK 206 (133).

Tax expense that may arise from dividends out of the distributable earnings have not been provided for. If distributed the tax expense arising would amount to MSEK 18 (30).

Changes in deferred taxes between 2020 and 2021 are mainly explained by pension provisions and employee-related liabilites, acquistion-related

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intangible assets and machinery and equipment. There are no unrecognized temporary differences related to subsidiaries or associated companies.

Other comprehensive income

Tax on other comprehensive income

MSEK	2021	2020
Deferred tax on remeasurements of defined benefit pension plans	-76	19
Deferred tax on cash flow hedges	14	6
Deferred tax on cost of hedging	-2	-10
Deferred tax on net investment hedges	99	-144
Deferred tax on net investment hedges included in translation differences	-134	244
Deferred tax on other comprehensive income	**-99**	**115**

Balance sheet

Current tax assets/liabilities

MSEK	2021	2020
Current tax assets	535	485
Current tax liabilities	1 402	1 287
Current tax assets/liabilities, net	**-867**	**-802**

Deferred tax assets were attributable to

MSEK	2021	2020
Pension provisions and employee-related liabilities	803	635
Lease liabilities	848	859
Tax loss carryforwards	134	183
Acquisition-related intangible assets	45	32
Machinery and equipment	123	139
Other temporary differences	491	431
Total deferred tax assets	**2 444**	**2 279**
Whereof deferred tax assets expected to be used within 12 months	*1 208*	*1 002*
Net accounting[1]	-1 376	-1 199
Total deferred tax assets according to the balance sheet	**1 068**	**1 080**

Deferred tax liabilities were attributable to

MSEK	2021	2020
Pension provisions and employee-related liabilities	64	47
Acquisition-related intangible assets	624	471
Right-of-use assets	813	833
Machinery and equipment	133	43
Other temporary differences	403	479
Total deferred tax liabilities	**2 037**	**1 873**
Whereof deferred tax liabilities expected to be used within 12 months	*313*	*242*
Net accounting[1]	-1 376	-1 199
Total deferred tax liabilities according to the balance sheet	**661**	**674**
Deferred tax assets/liabilities, net	**407**	**406**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.

Deferred tax assets change analysis

MSEK	2021	2020
Opening balance deferred tax assets	2 279	2 136
Change due to:		
Deferred tax recognized in the statement of income	187	327
Changed tax rate	-1	-29
Acquisitions	2	10
Divestitures	-3	–
Recognized in other comprehensive income	-34	4
Translation differences	14	-169
Closing balance deferred tax assets	**2 444**	**2 279**
Change during the year	**165**	**143**

Deferred tax liabilities change analysis

MSEK	2021	2020
Opening balance deferred tax liabilities	1 873	1 842
Change due to:		
Deferred tax recognized in the statement of income	51	-14
Changed tax rate	2	-6
Acquisitions	83	66
Translation differences	28	-15
Closing balance deferred tax liabilities	**2 037**	**1 873**
Change during the year	**164**	**31**

Deferred tax assets change analysis per category in 2021

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Divestitures	Recognized in other comprehensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	635	213	-4	–	–	-33	-8	803
Lease liabilities	859	-11	–	–	–	–	–	848
Tax loss carryforwards	183	-63	–	–	-2	–	16	134
Acquisition-related intangible assets	32	4	–	–	-1	–	10	45
Machinery and equipment	139	-23	–	1	–	–	6	123
Other temporary differences	431	67	3	1	–	-1	-10	491
Total deferred tax assets	**2 279**							**2 444**
Change during the year		**187**	**-1**	**2**	**-3**	**-34**	**14**	**165**

Deferred tax liabilities change analysis per category in 2021

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Translation differences	Closing balance
Pension provisions and employee-related liabilities	47	12	–	–	5	64
Acquisition-related intangible assets	471	11	1	83	58	624
Right-of-use assets	833	-20	–	–	–	813
Machinery and equipment	43	90	1	–	-1	133
Other temporary differences	479	-42	–	–	-34	403
Total deferred tax liabilities	**1 873**					**2 037**
Change during the year		**51**	**2**	**83**	**28**	**164**

Tax loss carryforwards

Tax loss carryforwards relate primarily to subsidiaries in Argentina, Spain and Germany. The Group´s total tax loss carryforwards on December 31, 2021 amounted to MSEK 1 108 (1 310). These tax loss carryforwards expire as follows:

Tax loss carryforwards

2022	12
2023	8
2024	193
2025-	139
Unlimited duration	756
Total tax loss carryforwards	**1 108**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilized by future profits. As of December 31, 2021, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 477 (807) and deferred tax assets related to the tax losses amounted to MSEK 134 (183). Tax losses can be used to reduce future taxable income and tax payments.

Note 17
Acquisitions and divestitures of subsidiaries

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition. For further information refer to note 4.

MSEK	Purchase price paid/ received[6]	Acquired/ divested net debt	Enterprise value	Goodwill	Acquisition-related intangible assets	Operating capital employed	Total capital employed	Share-holders' equity	Total
Dansk Brandteknik, Denmark	-162	14	-148	80	75	-7	148	–	148
Protection One, Germany	-704	30	-674	445	171	58	674	–	674
Tepe Güvenlik, Turkey	-111	12	-99	62	34	3	99	–	99
Supreme Security Systems, the US	-181	-3	-184	135	54	-5	184	–	184
Other acquisitions and divestitures[1,3]	52	-37	15	-23	28	-18	-13	-2[4]	-15
Adjustments[2,3]	-141	-13	-154	-113	173	88	148	6[5]	154
Total acquisitions and divestitures	**-1 247**	**3**	**-1 244**[7]	**586**	**535**	**119**	**1 240**	**4**	**1 244**
Liquid funds according to acquisition/divestiture analyses	25								
Total effect on Group's liquid funds	**-1 222**								

1 Related to other acquisitions and divestitures for the period: Protector i Sundsvall, Eventsäkerhet/7H Bevakning, Polar Park, NVS Bevakning (contract portfolios), Sweden, SAMCA Vagt, KLEY (contract portfolio), Denmark, Oy Bevex Security, Kokkolan Vartiointi ja Kiinteistövalvonta Pekka Isoaho (contract portfolios), Finland, ORQUAL, Switzerland, KONTROLL DATA-SERVICE Gesellschaft für Sicherheit und Kontrollwesen, Austria and divestitures of Securitas Téléassistance, France, Securitas Estonia, Securitas Slovenia, Securitas Panama (asset deal) and Securitas Jordan.

2 Related to updated previous year acquisition calculations for the following entities: FE Moran Security Solutions, the US, STANLEY Security in Germany, Switzerland, Portugal, Singapore and India and Fredon Security, Australia. Related also to divestitures Securitas Sri Lanka and Securitas Egypt as well as to deferred considerations paid in the US, Sweden, Germany, France, Austria, Turkey, Spain, Australia and China.

3 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 was MSEK -137. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 134.

4 Related to capital gains of MSEK -14 and MSEK 8 recycling of accumulated translation differences to net income upon divestiture and transactions with non-controlling interest of MSEK 4.

5 Related to revaluation of deferred consideration of MSEK 6 over income statement.

6 No equity instruments have been issued in connection with the acquisitions.

7 Cash flow from acquisitions and divestitures amount to MSEK -1 366, which is the sum of enterprise value MSEK -1 244 and acquisition-related costs paid MSEK -122.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

The following definitions are used in the tables below

Full year sales: What the contribution to total sales would have been if the acquisition had been consolidated from January 1, 2021.

Contribution to total sales: What the acquisition has contributed to total sales for the year.

Full year net income: What the contribution to net income would have been if the acquisition had been consolidated from January 1, 2021.

Contribution to net income: What the acquisition has contributed to net income for the year.

Acquisition of the business in Dansk Brandteknik, Denmark

Securitas has acquired Dansk Brandteknik, 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.

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. Goodwill, which amounts to MSEK 80 is mainly related to operational expansion. The acquisition is included in the segment Security Services Europe.

Summary balance sheet as of acquisition date February 22, 2021

MSEK	Fair value acquisition balance
Operating non-current assets	6
Accounts receivable	16
Other assets	6
Other liabilities	-35
Total operating capital employed	**-7**
Goodwill from the acquisition	80
Acquisition-related intangible assets	75
Total capital employed	**148**
Net debt	14
Total acquired net assets	**162**
Purchase price paid	-162
Liquid funds in accordance with acquisition analysis	14
Total impact on the Group's liquid funds	**-148**

Other disclosures Dansk Brandteknik, Denmark

Acquired share, %	100
Full year sales, MSEK[1]	81
Contribution to total sales, MSEK	79
Full year net income, MSEK	6
Contribution to net income, MSEK	5
Provision for bad debt included in accounts receivable, MSEK	-1
Transaction costs, MSEK	4

1 As per pressrelease estimate.

Acquisition of the business in Protection One, Germany

Securitas has acquired 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 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 was approved by competition authorities during the third quarter of 2021 and was consolidated in Securitas as of August 19, 2021. Goodwill, which amounts to MSEK 445 is mainly related to operational expansion. The acquisition is included in the segment Security Services Europe.

Summary balance sheet as of acquisition date August 19, 2021

MSEK	Fair value acquisition balance
Operating non-current assets	171
Accounts receivable	5
Other assets	26
Other liabilities	-144
Total operating capital employed	**58**
Goodwill from the acquisition	445
Acquisition-related intangible assets	171
Total capital employed	**674**
Net debt	30
Total acquired net assets	**704**
Purchase price paid	-704
Liquid funds in accordance with acquisition analysis	37
Total impact on the Group's liquid funds	**-667**

Other disclosures Protection One, Germany

Acquired share, %	100
Full year sales, MSEK[1]	337
Contribution to total sales, MSEK	116
Full year net income, MSEK	20
Contribution to net income, MSEK	10
Provision for bad debt included in accounts receivable, MSEK	-1
Transaction costs, MSEK	6

1 As per pressrelease estimate.

Acquisition of the business in Tepe Güvenlik, Turkey

Securitas has acquired Tepe Güvenlik, a leading electronic security company in Turkey. Through this acquisition, Securitas becomes number two in the monitoring market in Turkey, and the acquisition is in line with the Group's strategy of doubling its security solutions and electronic security sales by 2023.

The company has 250 employees and operations mainly in Ankara and Istanbul, including an operation center and a nationwide technical service network. Tepe Güvenlik specializes in electronic security solutions, alarm systems and alarm monitoring for corporate clients, SMEs and residentials. The company has more than 50 000 connections, representing a significant addition to Securitas' existing connection base in Turkey today.

The acquisition-related costs are expected to be approximately MSEK 13, to be recognized in the period 2021 to 2023. The acquisition is expected to be accretive to EPS as of 2023. The acquisition was approved by competition authorities during the third quarter of 2021 and was consolidated in Securitas as of August 24, 2021. Goodwill, which amounts to MSEK 62 is mainly related to operational expansion. The acquisition is included in the Security Services Europe.

Summary balance sheet as of acquisition date August 24, 2021

MSEK	Fair value acquisition balance
Operating non-current assets	11
Accounts receivable	7
Other assets	15
Other liabilities	-30
Total operating capital employed	**3**
Goodwill from the acquisition	62
Acquisition-related intangible assets	34
Total capital employed	**99**
Net debt	12
Total acquired net assets	**111**
Purchase price paid	-111
Liquid funds in accordance with acquisition analysis	12
Total impact on the Group's liquid funds	**-99**

Other disclosures Tepe Güvenlik, Turkey

Acquired share, %	100
Full year sales, MSEK[1]	85
Contribution to total sales, MSEK	36
Full year net income, MSEK	0
Contribution to net income, MSEK	2
Provision for bad debt included in accounts receivable, MSEK	0
Transaction costs, MSEK	2

1 As per pressrelease estimate.

Acquisition of the business in Supreme Security Systems, the US

Securitas has acquired Supreme Security Systems, a top 50 alarm monitoring company in the US. The acquisition increases Securitas' service capabilities and client offerings in the northeast US and aligns with Securitas' ambition to double the size of its security solutions and electronic security business by 2023. The acquisition will be accretive to the Group operating margin through its resilient recurring monthly revenue (RMR) portfolio representing more than 70 percent of the revenue.

Founded in 1929, Supreme Security Systems provides security alarm monitoring services to clients primarily in the New Jersey market. Their portfolio includes electronic security services, such as intrusion, video, fire and access control systems, as well as UL-listed, FM approved, TMA Five Diamond certified alarm monitoring. The company has an outstanding reputation with its tenured client base and is known for providing best-in-class service.

The acquisition-related costs are expected to be MSEK 12, recognized across 2022 and 2023. The acquisition is expected to be EPS accretive as of 2022 and was consolidated in Securitas as of December 1, 2021. Goodwill, which amounts to MSEK 135 is mainly related to operational expansion. The acquisition is included in the segment Security Services North America.

Summary balance sheet as of acquisition date December 1, 2021

MSEK	Fair value acquisition balance
Operating non-current assets	3
Accounts receivable	4
Other assets	4
Other liabilities	-16
Total operating capital employed	**-5**
Goodwill from the acquisition	135
Acquisition-related intangible assets	54
Total capital employed	**184**
Net debt	-3
Total acquired net assets	**181**
Purchase price paid	-181
Liquid funds in accordance with acquisition analysis	0
Total impact on the Group's liquid funds	**-181**

Other disclosures Supreme Security Systems, the US

Acquired share, %[1]	-
Full year sales, MSEK[2]	90
Contribution to total sales, MSEK	9
Full year net income, MSEK	3
Contribution to net income, MSEK	0
Provision for bad debt included in accounts receivable, MSEK	-3
Transaction costs, MSEK	1

1 Asset deal.
2 As per pressrelease estimate.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Other acquisitions and divestitures

Summary balance sheet

MSEK	Fair value acquisition/ divestiture balance
Operating non-current assets	-17
Accounts receivable	-20
Other assets	5
Other liabilities	19
Deferred considerations[1]	-5
Total operating capital employed	**-18**
Goodwill from acquisitions/divestitures[2]	-23
Acquisition-related intangible assets[3]	28
Total capital employed	**-13**
Net debt	-37
Non-controlling interest	4
Total acquired/divested net assets[4]	**-46**
Purchase price paid/received[4]	52
Liquid funds in accordance with acquisition/divestiture analyses	-38
Total impact on the Group's liquid funds	**14**

1 Deferred considerations for acquisitions made during 2021 have been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired companies and the final outcome of the payment may consequently exceed the estimated amount.
2 Related to acquisitions of ORQUAL, Switzerland and KONTROLL DATA-SERVICE Gesellschaft für Sicherheit und Kontrollwesen, Austria and to divestitures of Securitas Estonia, Securitas Téléassistance, France and Securitas Jordan.
3 Related to acquisitions of Protector i Sundsvall, Eventsäkerhet/7H Bevakning, Polar Park, NVS Bevakning (contract portfolios), Sweden, SAMCA Vagt, KLEY (contract portfolio), Denmark, Oy Bevex Security, Kokkolan Vartiointi ja Kiinteistövalvonta Pekka Isoaho (contract portfolios), Finland, ORQUAL, Switzerland and KONTROLL DATA-SERVICE Gesellschaft für Sicherheit und Kontrollwesen, Austria and the divestiture of Securitas Téléassistance, France.
4 Purchase price paid/received differs from total acquired/divested net assets due to capital gains of MSEK -14 and MSEK 8 recycling of accumulated translation differences to net income upon divestiture.

Transaction costs amount to MSEK 0.

Adjustments and payments of deferred considerations

Summary balance sheet

MSEK	Fair value acquisition/ divestiture balance
Operating non-current assets	19
Accounts receivable	3
Other assets	-31
Other liabilities	-44
Deferred considerations[1]	141
Total operating capital employed	**88**
Goodwill from acquisitions[2]	-113
Acquisition-related intangible assets[2]	173
Total capital employed	**148**
Net debt	-13
Total acquired/divested net assets[3]	**135**
Purchase price paid/received[3]	-141
Liquid funds in accordance with acquisition analyses	0
Total impact on the Group's liquid funds	**-141**

1 Mainly related to payments and revaluation of deferred considerations for MSM Security Services, the US, Global Elite Group, the US, Automatic Alarm, France, Sensormatic, Turkey, Techco Security, Spain and Staysafe, Australia.
2 Mainly related to update of the acquisition calculation for FE Moran Security Solutions, the US, STANLEY Security, Germany, Portugal, Switzerland, Singapore and India.
3 Purchase price paid/received differs from total acquired/divested net assets due to revaluation of deferred consideration of MSEK 6.

Transaction costs amount to MSEK 7.

Note 18
Goodwill and impairment testing

MSEK	2021	2020
Opening balance	21 796	22 573
Acquisitions and divestitures	586	1 285
Derecognition of divested assets	-	-20
Translation differences and remeasurement for hyperinflation	1 380	-2 042
Closing accumulated balance	**23 762**	**21 796**
Opening impairment losses	-382	-416
Reversal of impairment on divested assets	-	20
Translation differences	-7	14
Closing accumulated impairment losses	**-389**	**-382**
Closing residual value	**23 373**	**21 414**

Goodwill allocated per segment

MSEK	2021	2020
Security Services North America	11 932	10 781
Security Services Europe	9 175	8 498
Security Services Ibero-America	1 556	1 451
Other	710	684
Total goodwill	**23 373**	**21 414**

Impairment testing

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per segment. The segment level corresponds to the lowest level where complete financial information that is reviewed and used for control is available.

Goodwill and intangible assets with indefinite useful life

Goodwill is tested on an annual basis for possible impairment. Securitas also carries out impairment testing for other intangible assets for which there is an indefinite useful life. Currently these assets are limited to MSEK 16 (16) and relates to the consideration paid for the brand Securitas in one of the Group's countries of operations. The annual impairment test of all Cash Generating Units (CGUs), which is required under IFRS, took place during the third quarter of 2021 in conjunction with the business plan process for 2022. During this year's assessment a total number of 4 CGUs were tested for impairment of goodwill.

Valuation methodology and material assumptions

Value in use is measured as expected future discounted cash flows and is based upon a five year discounted cash flow model. The cash flows have been calculated based on financial plans developed in each segment. The financial plans are built upon the regular business plan for the next financial year which has been ascertained by Group Management and has been presented to the Board of Directors.

The calculation of the value in use is based on certain material assumptions and assessments. The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed, long-term growth rate as well as the relevant WACC (Weighted Average Cost of Capital) for the valuation, that is, WACC after tax used to discount the future cash flows. These assumptions and judgments are also based on financial plans developed in each business segment and are built upon the regular business plan for the next financial year which has been ascertained by Group Management and presented to the Board of Directors. In addition to this, the assumptions and judgments are based on each business segment growth and profitability level.

In terms of long-term growth rate a rate of 2 percent for guarding services in mature markets is at present regarded as being a reasonable estimate in view of the business areas' historical organic growth rate and also taking into consideration external estimates of the future. Freedonia for example, estimates that the market for guarding services in Europe and North America will grow at an average rate of some 3 percent per annum during the period 2015 to 2025. The market for integrated security solutions is estimated to grow faster than traditional guarding. In developing markets such as Eastern Europe, Latin America, Africa, the Middle East and Asia the growth rate for guarding services is estimated at 5 percent. Since the CGUs consist of countries from both mature and developing markets the long-term growth rate for the CGU has been calculated as the weighted average of the mature or developing markets share of the segment operating result. Assumptions relating to WACC are calculated individually for each country and weighted to an average for each CGU based on the countries share of the segment operating result.

The Group has during 2021 received government grants or has otherwise benefitted from government assistance of various kinds. Government grants are disclosed in note 11. In connection with the impairment testing, these government grants have been considered by being eliminated from the calculation of value in use.

The table below shows the assumptions and estimates that have formed the base for the impairment testing in summary and by segment.

	Estimated growth rate beyond forecasted period, %	WACC, %	WACC before tax, %
2021			
Security Services North America	2.0	6.8	8.6
Security Services Europe	2.3	6.3	7.7
Security Services Ibero-America	2.6	10.9	14.1
Other[1]	3.3	8.7	10.4
2020			
Security Services North America	2.0	6.5	8.5
Security Services Europe	2.3	6.4	7.9
Security Services Ibero-America	2.7	12.3	15.9
Other[1]	3.4	11.1	13.7

1 The operations in Africa, the Middle East, Asia and Australia are included in Other.

Impairment testing of goodwill and intangible assets with indefinite useful life

The 2021 impairment test showed that none of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Thus no impairment losses have been recognized in 2021. No impairment losses of goodwill or other acquisition-related intangible assets were recognized in 2020 either.

Sensitivity analysis

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing, assumption by assumption: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC and general decrease of the estimated growth after the forecasted period by 0.5 percentage points. A sensitivity analysis for changes in the assumptions used in the impairment testing has been established for all CGUs.

For conducted sensitivity analyses, the conclusion is that none of the adjustments of assumptions stand alone would result in an impairment loss in any CGU.

Note 19
Acquisition-related intangible assets[1]

MSEK	2021	2020
Opening balance	3 561	3 670
Acquisitions and divestitures	535	244
Reclassifications	–	44
Derecognition of fully amortized assets[2]	-209	-98
Translation differences and remeasurement for hyperinflation	143	-299
Closing accumulated balance	**4 030**	**3 561**
Opening amortization	-2 137	-2 107
Reversal of amortization on derecognized assets[2]	209	98
Amortization for the year	-290	-286
Translation differences and remeasurement for hyperinflation	-80	158
Closing accumulated amortization	**-2 298**	**-2 137**
Closing residual value	**1 732**	**1 424**

1 The balance consists mainly of contract portfolios and related client relations.
2 The Group derecognizes fully amortized acquisition-related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Note 20
Other intangible assets

	Software licenses and similar assets		Other intangible assets[1,2]	
MSEK	2021	2020	2021	2020
Opening balance	2 660	2 837	1 205	1 167
Acquisitions and divestitures	56	94	0	-1
Capital expenditures	305	384	208	184
Disposals/write-offs	-76	-443	-17	-158
Reclassification	2	-16	-32	36
Translation differences and remeasurement for hyperinflation	106	-196	3	-23
Closing accumulated balance	**3 053**	**2 660**	**1 367**	**1 205**
Opening amortization	-1 506	-1 708	-571	-483
Acquisitions and divestitures	-45	-93	0	0
Disposals/write-offs	41	366	14	115
Reclassification	-30	27	33	-32
Amortization for the year	-312	-225	-142	-188
Translation differences and remeasurement for hyperinflation	-64	127	-4	17
Closing accumulated amortization	**-1 916**	**-1 506**	**-670**	**-571**
Closing residual value	**1 137**	**1 154**	**697**	**634**

1 Mainly related to capitalized costs to obtain contracts. For further information refer to note 6.
Furthermore, the brand name Securitas in one of the Group's countries of operations is included with MSEK 16 (16).
2 Development costs that have not been capitalized amounted to MSEK 47 (46).

Note 21
Right-of-use assets

MSEK	Buildings	Vehicles	Other right-of-use assets	Total right-of-use assets
2021				
Opening balance	2 705	603	26	**3 334**
New contracts	432	349	6	**787**
Terminated/changed lease contracts	97	22	0	**119**
Depreciation	-656	-388	-16	**-1 060**
Translation differences	150	17	1	**168**
Closing balance	**2 728**	**603**	**17**	**3 348**
2020				
Opening balance	2 779	670	40	**3 489**
New contracts	449	372	7	**828**
Terminated/changed lease contracts	323[1]	5	0	**328**
Depreciation	-635	-410	-19	**-1 064**
Translation differences	-211	-34	-2	**-247**
Closing balance	**2 705**	**603**	**26**	**3 334**

1 Mainly related to extensions of lease contracts and increase of lease payments for a few office lease contracts including country head office locations.

MSEK	2021	2020
Expenses for short-term lease contracts	263	261
Expenses for lease contracts of low value	8	9
Total cash flow for leases	-1 310	-1 301

References to other notes

For further information regarding right-of-use assets, refer to:
Note 2 Accounting principles
Note 4 Critical estimates and judgments
Note 7 Financial risk management
Note 13 Depreciation and amortization
Note 15 Net financial items
Note 16 Taxes

Note 22
Tangible non-current assets

	Buildings and land[1]		Machinery and equipment[2]	
MSEK	2021	2020	2021	2020
Opening balance	599	634	12 974	13 020
Acquisitions and divestitures	0	10	295	222
Capital expenditures	2	–	1 294	1 194
Disposals/write-offs	-21	-24	-961	-681
Reclassification	2	3	23	-33
Translation differences and remeasurement for hyperinflation	16	-24	370	-748
Closing accumulated balance	**598**	**599**	**13 995**	**12 974**
Opening depreciation	-345	-359	-9 946	-9 728
Acquisitions and divestitures	0	-3	-123	-190
Disposals/write-offs	10	17	842	605
Reclassification	-2	–	4	15
Depreciation for the year	-12	-13	-1 178	-1 200
Translation differences and remeasurement for hyperinflation	-9	13	-332	552
Closing accumulated depreciation	**-358**	**-345**	**-10 733**	**-9 946**
Opening impairment losses	-20	-21	–	–
Translation differences	0	1	–	–
Closing accumulated impairment losses	**-20**	**-20**	**–**	**–**
Closing residual value	**220**	**234**	**3 262**	**3 028**

1 The closing residual value of land included in buildings and land above was MSEK 52 (51).
2 Machinery and equipment comprise vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment.

Note 23
Shares in associated companies[1]

MSEK	2021	2020
Opening balance	311	320
Share in income of associated companies	43	45
Dividend	-38	-14
Translation differences	22	-40
Closing balance[2]	**338**	**311**

1 A complete specification of associated companies can be obtained from the Parent Company.
2 Of which goodwill MSEK 137 (127).

Financial information associated companies

Summarized financial information regarding the Group's associated companies is specified in the table below. The information is on 100 percent basis.

The Group's share of capital in associated companies amounts to 17–49 percent.

MSEK	2021	2020
Sales	1 441	1 471
Net income	91	99
Assets	678	588
Liabilities	257	217

Note 24
Interest-bearing financial non-current assets[1]

MSEK	2021	2020
Derivatives with positive fair value, long-term		
Derivatives in fair value hedges	49	97
Derivatives in cash flow hedges[2]	–	235
Derivatives in net investment hedges[2]	–	6
Other derivatives[3]	–	14
Total derivatives with positive fair value, long-term	**49**	**352**
Other items[4]	445	334
Total interest-bearing financial non-current assets	**494**	**686**

1 Further information regarding financial instruments is provided in note 7.
2 Related to derivatives designated for hedging. The EUR/USD cross currency interest rate swaps are bifurcated for hedging purposes. The EUR/SEK element, amounting to MSEK 0 (235), is accounted for under cash flow hedge accounting. The SEK/USD element, amounting to MSEK 0 (6), is accounted for under net investment hedge accounting.
3 Related to financial assets at fair value through profit or loss with positive fair value.
4 Related to loans and receivables.

Note 25
Other long-term receivables

MSEK	2021	2020
Pension balances, defined contribution plans[1]	175	144
Pension balances, defined benefit plans[2]	72	71
Reimbursement rights[3]	180	176
Other long-term receivables	398	364
Total other long-term receivables	**825**	**755**

1 Refers to assets relating to insured pension plans excluding social benefits.
2 Refers to assets related to pensions and other long-term employee benefit plans. Further information is provided in note 33.
3 Refers to assets relating to defined benefit pension plans where compensation is received from another party.

Note
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Note 26
Inventories

MSEK	2021	2020
Material and consumables	492	379
Advance payments to suppliers	32	16
Total inventories	**524**	**395**

Note 27
Accounts receivable

MSEK	2021	%	2020	%
Accounts receivable before deduction of provisions for bad debt losses	16 089	100	15 567	100
Provisions for bad debt losses	-843	-5	-872	-6
Total accounts receivable	**15 246**	**95**	**14 695**	**94**
Opening balance provision for bad debt losses	-872		-579	
Provision for expected losses	-344		-637	
Reversed provisions	297		121	
Actual losses	144		175	
Acquisitions and divestitures	-16		-29	
Translation differences	-52		77	
Closing balance provision for bad debt losses[1]	**-843**		**-872**	

1 Expenses for bad debt losses amounted to MSEK 47 (516).

Ageing of accounts receivable before deduction of provision for bad debt losses

MSEK	2021	%	2020	%
Overdue 1–30 days	2 798	17	2 869	18
Overdue 31–60 days	967	6	965	6
Overdue 61–90 days	393	3	492	3
Overdue 91–180 days	388	2	405	3
Overdue 181–365 days	193	1	238	2
Overdue >365 days	436	3	377	2
Total overdue	**5 175**	**32**	**5 346**	**34**

Specification of provision for bad debt as of December 31, 2021 and 2020

MSEK	Expected loss rate	Accounts receivable before deduction of provisions for bad debt losses	Provision for bad debt losses	Accounts receivable after deduction of provisions for bad debt losses
December 31, 2021				
Current	0.20%	10 914	22	**10 892**
Up to 30 days past due	0.20%	2 798	6	**2 792**
More than 30 days past due	5.0%	967	48	**919**
More than 60 days past due	12.5%	393	49	**344**
More than 90 days past due	35.5%	388	138	**250**
More than 180 days past due	75.0%	193	144	**49**
More than 365 days past due	100.0%	436	436	**0**
Total		**16 089**	**843**	**15 246**
December 31, 2020				
Current	0.25%	10 221	26	**10 195**
Up to 30 days past due	0.25%	2 869	7	**2 862**
More than 30 days past due	5.0%	965	48	**917**
More than 60 days past due	15.0%	492	74	**418**
More than 90 days past due	40.0%	405	162	**243**
More than 180 days past due	75.0%	238	178	**60**
More than 365 days past due	100.0%	377	377	**0**
Total		**15 567**	**872**	**14 695**

Note 28
Other current receivables

MSEK	2021	2020
Accrued sales income	3 447	2 837
Prepaid expenses	1 366	1 149
Other accrued income	124	42
Insurance-related receivables	20	16
Value added tax	224	226
Other items	371	364
Total other current receivables	**5 552**	**4 634**

Note 29
Other interest-bearing current assets[1]

MSEK	2021	2020
Derivatives with positive fair value, short-term		
Derivatives in fair value hedges	1	10
Other derivatives[2,3]	75	20
Total derivatives with positive fair value, short-term	**76**	**30**
Other interest-bearing current assets	127	114
Total other interest-bearing current assets	**203**	**144**

1 Further information regarding financial instruments is provided in note 7.
2 Related to derivatives designated for hedging. The EUR/USD cross currency interest rate swaps are bifurcated for hedging purposes. The EUR/SEK element, amounting to MSEK 251 (0), is accounted for under cash flow hedge accounting. The SEK/USD element, amounting to MSEK -186 (0), is accounted for under net investment hedge accounting.
3 Related to financial assets at fair value through profit or loss with positive fair value.

Note 30
Liquid funds[1]

MSEK	2021	2020
Short-term investments[2]	2 477	2 606
Cash and bank deposits[3]	2 332	2 114
Total liquid funds	**4 809**	**4 720**

1 Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as cash and bank deposits where netting reflects the legal structure of the arrangement.

Note 31
Shareholders' equity

Number of shares and share capital December 31, 2021

	Number of shares	Share capital, MSEK
Series A	17 142 600	17
Series B	347 916 297	348
Number of shares/total share capital	**365 058 897**	**365**
Less: Treasury shares	-475 000	–
Number of shares outstanding[1]	**364 583 897**	**–**

1 The quota value is SEK 1.00 per share.

The number of Series A shares is unchanged in relation to December 31, 2020. As of December 31, 2021 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Investment AB Latour with 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling AB with 4.5 percent of the capital and 10.9 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 4.40 per share, or a total of MSEK 1 604. The dividend to the shareholders for the financial year 2020, which was paid in 2021, was SEK 4.00 per share, or a total of MSEK 1 460.

Presentation of shareholders' equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in the balance sheet. Securitas has chosen to specify shareholders' equity into further components as per below:

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2021.

In other capital contributed, the total amount of all transactions Securitas AB has had with its shareholders is included. Transactions that have taken place with shareholders are issued capital to premium. The amount presented in this sub-component corresponds to capital received (reduced by commission costs) in excess of par value of issued capital. There were no changes in other capital contributed in 2021.

Other reserves show income and expense items that according to certain standards should be recognized in other comprehensive income. In the case of Securitas, other reserves consist of translation differences attributable to the translation of foreign subsidiaries and associated companies according to IAS 21, the cost of hedging reserve and the cash flow hedge reserve. The amount in the hedging reserve will be transferred to the statement of income over the following four years.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group. Retained earnings also include effects of the Group's share-based incentive schemes, repurchase of treasury shares, remeasurements for hyperinflation and remeasurements of post-employment benefits posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company. Transactions with non-controlling interests are also recorded in retained earnings.

Share-based incentive schemes

Securitas' share-based incentive schemes have had the following impact on retained earnings:

MSEK	2021	2020
Swap agreement 2020 (2019)[1]	-159	-110
Share-based remuneration to employees 2021 (2020)	152	170
Non-vested shares 2019 (2018)	0	0
Total short-term incentive schemes	**-7**	**60**
Share-based remuneration to employees 2021 (2020)[2]	67	0
Total long-term incentive schemes	**67**	**0**
Repurchase of shares[3]	-47	–
Total impact on retained earnings	**13**	**60**

1 The number of shares that have been hedged in this swap agreement amount to a total of 1 177 044 (847 035) and have been allotted to the participants during the first quarter 2022, provided that they were still employed by the Group at that time. Swap agreements are used for delivery of shares for the short-term incentive schemes. For further information see note 12.
2 During 2021 leavers in total for all three programs have reduced the potential total by 23 730 shares (1 035). The cumulative number of performance awards thus amount to 502 855 shares (14 618). The cumulative cost for LTI 2019/2021 amounts to MSEK 23 while the cumulative cost for LTI 2020/2022 is MSEK 21 and the cumulative cost for LTI 2021/2023 is MSEK 25. For further information see note 12.
3 Number of shares repurchased amounts to 475 000 (125 000). Repurchased shares serve as a hedge for the long-term incentive schemes.

Non-controlling interests

The table below specifies the Group's non-controlling interests:

MSEK	2021	2020
Opening balance	10	30
Disposals / liquidations	-4	–
Dividend	–	-13
Total transactions with non-controlling interests	**-4**	**-13**
Share in net income	1	-3
Share in other comprehensive income, translation differences	1	-4
Total comprehensive income for the year	**2**	**-7**
Closing balance	**8**	**10**

Note 32
Long-term liabilities excluding provisions[1]

MSEK	2021	2020
Long-term lease liabilities	2 573	2 554
Total long-term lease liabilities	**2 573**	**2 554**
EMTN Nom MEUR 350, 2016/2022, Annual 1.25%[2]	–	3 518
EMTN Nom MEUR 350, 2017/2024, Annual 1.125%[2]	3 605	3 561
EMTN Nom MUSD 50, 2019/2024, FRN Quarterly[2]	452	409
EMTN Nom MUSD 105, 2019/2024, FRN Quarterly[2]	949	859
EMTN Nom MEUR 300, 2018/2025, Annual 1.25%[2]	3 082	3 039
EMTN Nom MUSD 40, 2021/2027, FRN Semi Annual[2]	361	–
EMTN Nom MEUR 350, 2021/2028, Annual 0.25%[2]	3 468	–
Other long-term loans	35	224
Derivatives in fair value hedges	80	–
Derivatives with negative fair value, long-term[3]	175	84
Total other long-term loan liabilities	**12 207**	**11 694**
Pensions balances, defined contribution plans[4]	175	144
Deferred considerations[5]	75	103
Other long-term liabilities	20	18
Total other long-term liabilities	**270**	**265**
Total long-term liabilities	**15 050**	**14 513**

1 For further information regarding financial instruments, refer to note 7.
2 Issued by the Parent Company.
3 Related to derivatives designated for hedging with negative fair value. The EUR/USD cross currency interest rate swaps are bifurcated for hedging purposes. The EUR/SEK element, amounting to MSEK -48 (-52), is accounted for under cash flow hedge accounting. The SEK/USD element, amounting to MSEK 234 (125), is accounted for under net investment hedge accounting.
4 Refers to liability for insured pension plan excluding social costs.
5 Recognized at fair value.

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Long-term liabilities fall due for payment as follows

MSEK	2021	2020
Maturity < 5 years	10 221	13 594
Maturity > 5 years	4 829	919
Total long-term liabilities	**15 050**	**14 513**

Note 33
Provisions for pensions and similar commitments

Overview

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans throughout the world. These plans are structured in accordance with local rules and practices.

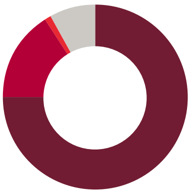
The graphs below provide an overview of the Group's defined benefit plans.

Defined benefit obligations

- Switzerland MSEK 1 957, 58%
- Canada MSEK 536, 16%
- The US MSEK 189, 6%
- France 179 MSEK, 5%
- Other countries[1] MSEK 509, 15%

Total MSEK 3 370

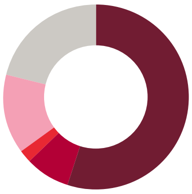
Plan assets



- Switzerland MSEK 1 926, 75%
- Canada MSEK 404, 16%
- The US MSEK 18, 1%
- Other countries[1] MSEK 198, 8%

Total MSEK 2 546

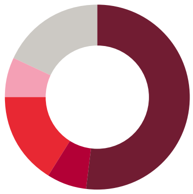
Pension costs



- Switzerland MSEK 94, 55%
- Canada MSEK 14, 8%
- The US MSEK 3, 2%
- France MSEK 23, 14%
- Other countries[1] MSEK 35, 21%

Total MSEK 169

Employer contributions



- Switzerland MSEK 77, 52%
- Canada MSEK 11, 7%
- The US MSEK 23, 16%
- France MSEK 10, 7%
- Other countries[1] MSEK 27, 18%

Total MSEK 148

1 In total 17 countries. Most of these countries have unfunded plans. Further information is provided in the section Other countries below.

The table below shows a specification of the members in the Group's significant defined benefit plans, the plans' duration and life expectancy for the members.

December 31, 2021

	Switzerland	Canada	The US	France
Active members	2 593	168	–	13 174
Deferred members	–	30	4	–
Pensioner members	221	229	32	–
Total number of members	**2 814**	**427**	**36**	**13 174**
Duration of plans (years)	13	18	6	7
Number of years current pensioners are expected to live beyond age 65:				
Men	23	21	23	–
Women	24	24	25	–
Number of years future pensioners currently aged 45 are expected to live beyond age 65:				
Men	24	22	25	–
Women	26	25	26	–

The Group's significant defined benefit plans are described below.

Switzerland

The Group's Swiss operations participate in a plan that is a defined benefit plan according to IAS 19 as a result of the residual risk described below. The Swiss operations have chosen to set up an own-foundation, which means that the foundation only covers employees of Securitas' Swiss operations. The plan is open to new employees of Securitas' Swiss operations and benefits are being accrued under the plan. There are no terminated vested members in the plan since pension obligations are transferred to the new employer upon termination.

The benefits provided constitute pension benefits, disability benefits and death-in-service pension to previous employees and their spouses. The pension benefits are normally paid as an annuity based on capital conversion rates. The disability benefits are calculated as a maximum of the pensionable salary and the death-in-service benefit is in its turn calculated as a percentage of the disability pension. Plan contributions are subject to legal minimum requirements. Rates increase with age and at least half must be paid by the employer while the employee pays the remainder. In the case of Securitas' Swiss subsidiary, the contributions in the plan are split equally with half paid by the company and the other half by the employee. Contributions payable to the plan are calculated each month as a fixed percentage based on the annual salary and age.

Although the contribution levels are defined, there is still a risk of a shortfall in the pension fund as the minimum requirements for interest on capital and conversion to pension need to be met. If there is a shortfall the fund will take steps before asking the company for additional contributions. These steps could include changing plan benefits, lowering returns credited to employees or changing the conversion rate, where possible. The fund has several years to balance a shortfall and payments will never be required from the company for past periods. This means that the actions can be planned and budgeted for. If additional contributions are required from the company, this is also required from the employees.

The pension plan is covered under federal Swiss law that regulates the so called second pillar of the pension system, the pension benefits arising from employment. The pension plan is governed by the board of the pension fund, which is made up of an equal number of employer and employee representatives. The administration is run in-house by a pension fund expert. The pension fund chooses how and where to invest the assets. Swiss law limits both the total share of assets that should be held in certain categories, and for individual asset holdings. The fund has given mandates to manage the investments to three banks and retains an investment committee, a subcommittee of the main fund board. The investment committee compares and reviews the performance of these mandates on a regular basis. In addition, the pension fund engages an external independent advisor as support for the investment committee regarding investments.

The latest funding valuation was carried out on December 31, 2020 and resulted in a funding ratio of 114 percent based on a defined benefit obligation for funding purposes of MCHF 144 and plan assets for funding purposes of MCHF 165.

Canada

The Group's Canadian operations participate in one defined benefit pension plan as the named plan sponsor. This plan is a funded plan and is closed to new entrants. Current active participants receive future benefit accruals.

The benefits provided constitute pension payments to previous employees and their spouses in the form of annuities or lump sums. In general, the benefits are monthly pensions based on the greater of (i) a formula based on earnings and years of service, and (ii) a minimum benefit expressed as a dollar amount per month for each year of service. These benefits are defined with the only uncertainties being how long they will be paid, whether benefits will be paid as a lump sum or as an annuity and if paid as lump sums, the prescribed discount rate used for the present value calculation. Plan contributions are determined annually or triennially, if the plan is funded in excess of certain regulatory thresholds.

The pension plan is subject to regulations under the Pension Benefits Act (Ontario) and the Income Tax Act (the "Acts"). Various parts of the Acts are governed by the Financial Services Regulatory Authority of Ontario and the Canada Revenue Agency. The plan also pays required premiums to the Pension Benefits Guarantee Fund, which insures certain pension plans up to certain limits in the case the sponsor defaults in respect of members reporting to work in Ontario, Canada, which is where all active members currently are employed.

The pension plan is governed by the Pension Committee, which is made up of Securitas US management representatives and local Canadian representatives. Administration is outsourced to an external service provider. Independent investment managers are utilized and evaluated by independent investment advisors.

Under IAS 19, the funded ratio was 141 percent based on a defined benefit obligation of MCAD 49 and plan assets of MCAD 69. The effect of the asset ceiling amounted to MCAD 12. A funding going-concern valuation would typically result in a higher funding percentage, since funding going-concern valuations are permitted to take into consideration future expected returns on the plan's asset portfolio when setting the discount rate. On a plan termination basis, the plan's funded ratio would be expected to be lower than both the funding going-concern and accounting funded ratios as it would incorporate the use of lower interest rates as well as other factors which would be assumed to come into play in the event of a complete plan termination and settlement.

The Canadian operations also participate in a group savings plan, known as the Group Retirement Savings Plan and Deferred Profit Sharing Plan for the Employees of Securitas Canada. The plan is voluntary in nature. Employees are eligible to join after six months of employment. Employee contributions can be made via payroll deduction or lump sum and are directed to the Group Retirement Savings Plan. Employees can contribute up to the prescribed limit as per the Canada Revenue Agency. Securitas contributes between one and five percent depending on the position of the employee. Employer contributions are directed to the Deferred Profit Sharing Plan and are fully vested upon two years of plan membership.

The Canadian operations offer a non-pension post-employment benefit plan that provides retiree medical, dental, and life insurance benefits to a small group of employees at a client site where Securitas provide security services. The plan is closed to new entrants. The plan reimburses benefit expenses incurred by retirees and their dependents, including prescription drugs, semi-private hospital, nursing home, vision care, other medical care, and dental care. It also pays the premiums for life insurance in retirement. The non-pension post-employment benefits are funded on a pay-as-you-go basis and no assets are set aside for the purposes of paying benefits under the plan. The costs for this plan are carried by Securitas who, in turn, are reimbursed by the client. This reimbursement right, amounting to MCAD 25 as per December 31, 2021, is accounted for under other long-term receivables in note 25. Under IAS 19, the defined benefit obligation of the non-pension post-employment benefit plan is MCAD 26.

The US

The Group's US operations participated in one defined benefit pension plan as the named plan sponsor in 2021. This plan is unfunded and closed to new entrants and any future benefit accrual. Under IAS 19, the defined benefit obligation for the plan was MUSD 20 as of December 31, 2021.

In general, the benefits are monthly pensions based on earnings and years of service. These benefits are defined with the only uncertainties being how long they will be paid and whether benefits will be paid as a lump sum or as an annuity. Plan contributions are determined annually.

The US operations also participate in a defined contribution plan, generally known as a 401(k) plan. There are also a few multi-employer plans, which are governed by collective bargaining agreements. These plans, in most cases, require the employees to contribute to the plan, typically with the employee contributions being partially matched by the employer. In relation to the overall workforce the take up rates are generally low, with voluntary participation rates of approximately five percent. In the federal government sector, Securitas' subsidiary participates on a modified basis, subject to special rules, in the same 401(k). Securitas' subsidiary in the federal government sector also participates in a few union-sponsored defined contribution plans of a similar type. Due to the federal Service Contract Act, under which Securitas' subsidiary in the federal government sector operates, hourly allowances must be paid to employees that can be used for various elected benefits, such as health and disability, with unused portions of the allowances contributed to the 401(k) plan, without additional employer contributions.

France

The Group's operations in France participate in an unfunded retirement indemnity plan. The plan is compulsory and covers all employees of Securitas' French operations. Benefits are currently being accrued under this plan. The plan currently covers approximately 13 200 active members.

The benefits provided constitute lump-sum payments at retirement. The amount of the benefits and its payment conditions vary depending on the employee's seniority, age and salary. A distinction is made according to whether retirement is voluntary or at the initiative of the employer. In the event of voluntary retirement, the employer is only required to pay the benefits if the employee can prove that they have been in the company for more than ten years. Under IAS 19 the defined benefit obligation was MEUR 17 as of December 31, 2021.

Other countries

There are also less significant defined benefit arrangements in countries other than those accounted for above. These plans are located in the Netherlands (funded and unfunded plans providing pension and jubilee benefits for our consultancy operations only), Germany (unfunded arrangements for pensions and jubilee plans), Austria (unfunded plans providing pension and termination benefits) and the UK (funded plan providing pension and death-in-service benefits). The Group also currently has plans that are not significant in 13 other countries.

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Other pension plans

In the Netherlands, the defined benefit arrangement for clerical staff in the guarding operations is accounted for as a defined contribution plan, which is closed to new entrants. New employees are enrolled in another defined contribution plan. The security officers in the guarding operations in the Netherlands participate in a multi-employer defined benefit plan that is mandatory for all guards from the age of 21 and up. The supervision and administration of the plan is carried out by a collective pension foundation for the security industry. This foundation determines the annual premium. Premiums paid to the plan in 2021 amounted to MEUR 10 (10). The contribution for the next annual reporting period is expected to be in line with the pension premiums in 2021. Securitas' share of total premiums to the plan is approximately 19 percent. This plan covers around 5 000 active employees. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations for this arrangement, the plan is accounted for on a defined contribution basis. The funding ratio in this plan, calculated under the plan rules, was 117 percent (103) as of December 31, 2021.

In Sweden, security officers are covered by the SAF-LO collective pension plan, an industry-wide multi-employer defined contribution arrangement. Clerical workers are covered by the ITP plan, which is also based on a collective agreement and operated industry-wide on a multi-employer basis. According to a statement (UFR 10) issued by the Swedish Financial Reporting Board, the ITP 2-plan funded by insurance in Alecta, is a multi-employer defined benefit plan. Alecta has been unable to provide Securitas, or other Swedish companies, with sufficient information to determine its share of the total assets and liabilities for this arrangement. Consequently this arrangement is accounted for on a defined contribution basis. The cost for 2021 amounts to MSEK 30 (26). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of Alecta's total premiums amounts to less than 0.1 percent. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's funding ratio, calculated under the plan rules, was 172 percent (148) as of December 31, 2021.

In Norway, the AFP-plan (collective pension agreement) is a multi-employer defined benefit plan covering all employees. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations, it is accounted for on a defined contribution basis. Premiums paid to the plan in 2021 amounted to MNOK 20 (21). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of total premiums to the plan is approximately 0.3 percent. The latest available funding ratio in this plan, calculated under the plan rules, was 79 percent (72) as of December 31, 2020.

Consolidated statement of income

The table below shows expense (+) and income (-) from the Group's defined benefit and defined contribution plans.

MSEK	2021	2020
Current service cost	157	141
Administration cost	6	19
Interest income or expense[1]	8	12
Remeasurements of other long-term employee benefits	-1	1
Past service cost and gains and losses arising from settlements[2]	-1	-17
Total pension costs for defined benefit plans	**169**	**156**
Pension costs for defined contribution plans	1 395	1 334
Total pension costs	**1 564**	**1 490**

1 Whereof MSEK 1 (1) is related to interest on the effect of the asset ceiling.
2 Related mainly to settlement gains in the US in 2020.

The table below shows costs for defined benefit plans allocated per function.

MSEK	2021	2020
Production expenses	132	124
Selling and administrative expenses	37	32
Total pension costs for defined benefit plans	**169**	**156**

Consolidated balance sheet

The table below shows how the net defined benefit obligations have been determined. It also shows the Group's reimbursement rights.

MSEK	2021	2020
Present value of the defined benefit obligations	3 370	3 252
Fair value of plan assets[1]	-2 546	-2 127
Defined benefit obligations, net[2]	**824**	**1 125**
Reimbursement rights (note 25)	180	176

1 Includes effect of the asset ceiling amounting to MSEK 100 (45). The effect is related to Canada and the UK.
2 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 896 (1 196), and plans reported under other long-term receivables (note 25), MSEK -72 (-71).

The reimbursement rights are related to a contractual agreement where Securitas provide security services at a client site in Canada. The agreement requires Securitas to make provisions for post-retirement medical benefits. The costs of this benefit are carried by Securitas who, in turn, are reimbursed by the client. This reimbursement right is accounted for as an other long-term receivable in note 25.

The table below shows how remeasurements net of taxes recognized in other comprehensive income have been determined.

MSEK	2021	2020
Remeasurements of provisions for pensions and similar commitments before taxes	-387	108
Remeasurements of reimbursement rights before taxes	17	-11
Taxes	76	-19
Total remeasurements recognized in other comprehensive income	**-294**	**78**

Movement in provisions for pensions and similar commitments

			2021			2020
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	3 252	-2 127	**1 125**	4 339	-3 293	**1 046**
Current service cost	157	–	**157**	141	–	**141**
Administration cost	6	–	**6**	19	–	**19**
Interest income (-) or expense (+)[1]	23	-15	**8**	56	-44	**12**
Remeasurements of other long-term employee benefits	-1	–	**-1**	1	–	**1**
Past service cost and gains and losses arising from settlements[2]	-1	–	**-1**	-1 145	1 128	**-17**
Total pension costs included in the consolidated statement of income	**184**	**-15**	**169**	**-928**	**1 084**	**156**
Remeasurements of post-employment benefits:						
Return on plan assets, excluding amount included in interest income or expense	–	-159	**-159**	–	-146	**-146**
Changes in the effect of the asset ceiling, excluding amount included in interest income or expense[3]	–	49	**49**	–	3	**3**
Actuarial gains (-) and losses (+) from changes in demographic assumptions	-35	–	**-35**	-20	–	**-20**
Actuarial gains (-) and losses (+) from changes in financial assumptions	-120	–	**-120**	195	–	**195**
Actuarial gains (-) and losses (+) due to experience	-122	–	**-122**	76	–	**76**
Total remeasurements of post-employment benefits[4]	**-277**	**-110**	**-387**	**251**	**-143**	**108**
Contributions by employers[5]	–	-148	**-148**	–	-137	**-137**
Contributions by plan participants	78	-78	**-**	66	-66	**-**
Benefits paid to plan participants	-126	126	**-**	-154	154	**-**
Administration costs paid	-6	6	**-**	-19	19	**-**
Acquisitions/divestitures/reclassifications	54	-45	**9**	24	–	**24**
Translation difference	211	-155	**56**	-327	255	**-72**
Closing balance	**3 370**	**-2 546**	**824[6]**	**3 252**	**-2 127**	**1 125[6]**

1 Whereof MSEK 1 (1) is related to interest on the effect of the asset ceiling.
2 Related mainly to settlement gains in the US in 2020.
3 Related to Canada and the UK.
4 Included net of taxes in other comprehensive income.
5 Contributions by employers are estimated to be on approximately the same level in 2022 as in 2021.
6 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 896 (1 196), and plans reported under other long-term receivables (note 25), MSEK -72 (-71).

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Plan assets

The table below presents a breakdown of the various types of investments in which the assets of the Group's funded benefit arrangements are invested.

MSEK	2021	%	2020	%
Equity instruments				
Switzerland	384		282	
The US	302		254	
Canada	61		61	
Other countries	218		183	
Total equity instruments	**965**	**38**	**780**	**37**
Debt instruments				
Government bonds	413		343	
Corporate bonds, investment grade (AAA to BBB-)	526		440	
Corporate bonds, non-investment grade (below BBB-)	1		9	
Total debt instruments	**940**	**37**	**792**	**37**
Property	405	16	350	16
Qualifying insurance policies	143	6	132	6
Cash and cash equivalents	193	7	118	6
Effect of the asset ceiling	-100	-4	-45	-2
Total plan assets	**2 546**	**100**	**2 127**	**100**

The plan assets are well diversified on countries and industries, so the failure of any single investment is not estimated to have a material impact on the overall level of assets.

The plan assets do not include any property owned by Securitas or financial instruments issued by Securitas. The share of unquoted plan assets is non-material.

Actuarial assumptions and sensitivity analysis

The table below shows the significant financial actuarial assumptions used for determining the defined benefit obligations at the end of the year as well as in determining the pension costs for the coming year.

	%, per annum				
	Discount rate	Salary increases	Inflation	Pension increases	Mortality
2021					
Switzerland	0.30	1.00	1.00	0.00	LPP 2020
Canada	3.00	1.00	2.00	n/a	CPM-RPP 2014 Private Sector Table, CPM-B scale 110% males, 100% females
The US	2.10	n/a	n/a	n/a	Pri-2012 white collar with MP-2021 improvements
France	0.40	2.75	2.00	n/a	INSEE 2017-2019
Other countries in the Eurozone	0.50–1.10	2.50	1.75–2.00	1.25–1.75	–
The UK	1.80	3.00	2.80–3.70	2.80–3.70	SAPS (S3NA), CMI 2018 with a long-term rate of improvement of 1.25% p.a. with additional initial rate improvement of 0.5% p.a.
2020					
Switzerland	0.10	1.00	1.00	0.00	LPP 2015
Canada	2.60	1.00	2.00	n/a	CPM-RPP 2014 Private Sector Table, CPM-B scale 110% males, 100% females
The US	1.60	n/a	n/a	n/a	Pri-2012 white collar with MP-2020 improvements
France	0.30	2.75	2.00	n/a	INSEE 2016-2018
Other countries in the Eurozone	0.10–0.90	2.00–2.50	1.75–2.00	1.25–1.75	–
The UK	1.20	3.00	2.30–3.20	2.30–3.20	SAPS (S3NA), CMI 2018 with a long-term rate of improvement of 1.25% p.a. with additional initial rate improvement of 0.5% p.a.

The table below shows the methods used to set significant actuarial assumptions for the Group's main defined benefit plans.

	Discount rate	Salary increases	Inflation	Pension increases	Mortality
Switzerland	Chamber of Pensions Actuaries	Company's best estimate	Long-term expectations in Switzerland	When financially bearable by pension plan	Latest tables available
Canada	Canadian Institute of Actuaries	Company's best estimate	Long-term expectations in Canada	n/a	Latest tables available
The US	Cash flow matching approach applied to the Citigroup yield curve	n/a	n/a	n/a	Latest tables available
France	Based on iBoxx € AA 10+ year index with adjustment for the plan's duration	Company's best estimate	European Central Bank target for inflation	n/a	Latest tables available

Assumptions are set by the company based on actuarial advice and the company's experience in each territory.

The table below indicates the sensitivity to changes in significant assumptions for provisions for pensions and similar commitments.

MSEK		Increase (+) / decrease (-) in provision
Discount rate – pension plans	increase of 0.1 percentage points	-38
	decrease of 0.1 percentage points	40
Salary increases - pension plans[1]	increase of 0.1 percentage points	5
	decrease of 0.1 percentage points	-5
Inflation – pension plans	increase of 0.1 percentage points	3
	decrease of 0.1 percentage points	-3
Life expectancy – pension plans	one year increase	76

1 Adjusted for inflation.

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. The sensitivity analysis is further based on a change in one assumption while holding all other assumptions constant, although in reality changes in some assumptions may be correlated.

The same method used to calculate the provisions for pensions and similar commitments, that is the projected unit credit method, is used for calculating the sensitivities.

There have been no changes in the methods and assumption changes used in preparing the sensitivity analysis compared to the previous year.

Risks

The table below shows significant risks that the Group is exposed to through its defined benefit plans.

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, a deficit will be created. In a long-term perspective, equities are expected to outperform corporate bonds, but in the short-term perspective the yield on the Group's investments in equity instruments may cause volatility.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risk	Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, the fact that not all pension plans in the Group are linked to inflation makes the inflation risk less significant for the Group.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. In some countries, the benefit provided at retirement is a lump sum payment and therefore increases in life expectancy do not impact liabilities in these countries.

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Note 34
Other long-term provisions

The movement in the balance sheet for provisions for pensions and similar commitments is provided in note 33. The movement in the balance sheet for deferred tax liabilities is provided in note 16.

December 31, 2021

MSEK	Claims reserves	Other provisions	Total
Opening balance	463	144	**607**
Reclassification	-30	90	**60**
New/increased provisions	7	122	**129**
Utilized provisions	0	-63	**-63**
Reversal of unutilized provisions	-32	-31	**-63**
Translation differences	47	4	**51**
Closing balance	**455**	**266**	**721**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

Other provisions

Other provisions include various long-term items, among them provisions related to litigations. Other provisions are difficult to assess from a timing perspective. It is thus not possible to disclose any detailed information regarding the timing of outflows from other provisions.

Note 35
Short-term loan liabilities[1]

MSEK	2021	2020
Current lease liabilities	897	876
Total current lease liabilities	**897**	**876**
EMTN Nom MEUR 350, 2016/2022, Annual 1.25%[2]	3 586	–
EMTN Nom MUSD 40, 2015/2021, FRN Quartery[2]	–	327
EMTN Nom MUSD 40, 2015/2021, FRN Quarterly[2]	–	492
EMTN Nom MUSD 60, 2014/2021, FRN Quarterly[2]	–	327
EMTN Nom MEUR 350, 2013/2021, Annual 2.625%[2]	–	3 528
Commercial paper issued[3]	700	–
Other short-term loans	75	1
Derivatives in cash flow hedges[4]	–	3
Derivatives in net investment hedges[4]	10	72
Other derivatives[5]	9	11
Total other short-term loan liabilities	**4 380**	**4 761**
Total short-term loan liabilities	**5 277**	**5 637**

1 For further information regarding financial instruments refer to note 7.
2 Issued by the Parent Company.
3 Commercial paper is issued by the Parent Company within the framework of a MSEK 5 000 Swedish commercial paper program. Commercial paper is accounted for at the issued amount.
4 Related to derivatives designated for hedging with negative fair value.
5 Related to financial liabilities at fair value through profit or loss with negative fair value.

Note 36
Other current liabilities

MSEK	2021	2020
Employee-related items[1]	9 491	9 136
Deferred sales revenue	897	1 000
Other prepaid income	30	47
Accrued interest expenses	183	200
Other accrued expenses	1 645	1 584
Value-added tax	1 507	1 385
Deferred considerations	59	191
Other items	792	642
Total other current liabilities	**14 604**	**14 185**

1 Related to accrued salaries, vacation pay, payroll overhead, bonus and similar items. Accounted for net of government grants and support when applicable.

Note 37
Short-term provisions

December 31, 2021

MSEK	Claims reserves	Other provisions	Total
Opening balance	634	867	**1 501**
Reclassification	30	0	**30**
New/increased provisions	336	772[1]	**1 108**
Utilized provisions	-329	-385	**-714**
Reversal of unutilized provisions	-14	-72	**-86**
Translation differences	62	23	**85**
Closing balance	**719**	**1 205**	**1 924**

1 The change in new and increased provisions classified under the heading Other provisions are impacted mainly by the recognition of provisions related to the Group's transformation programs and cost savings program.

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention.

Note 38
Pledged assets

MSEK	2021	2020
Pension balances, defined contribution plans	175	144
Total pledged assets	**175**	**144**

1 Related to assets relating to insured pension plans excluding social benefits.

Note 39
Contingent liabilities

MSEK	2021	2020
Guarantees[1]	–	–
Guarantees related to discontinued operations	16	15
Total contingent liabilities	**16**	**15**

1 Guarantees on behalf of related parties are disclosed in note 8.

In addition to the contingent liabilities accounted for in the table, the following contingent liabilities, for which no amount can be determined, also exist:

Argentina – Investigation into improper behavior

As communicated in the Annual Report for 2019, following internal whistleblowing, Securitas has conducted an investigation into potentially improper conduct through specialized external parties.

The findings revealed that certain individuals had engaged in local business practices in violation of the Securitas Values and Ethics Code. The investigation indicated compliance issues, including conflicts of interest and irregular supplier and other business relationships. Disciplinary measures against these individuals, including terminations where appropriate, have been taken.

Securitas is proactively collaborating with the appropriate authorities to ensure that Securitas fulfills all obligations as a responsible company. This included correcting the income and value added tax by paying the corresponding additional tax and interest charges. In the beginning of 2020, a tax contingency payment of MSEK 139 was paid to the local tax administration in Argentina. The tax contingency payment was covered by existing provisions. The Group assesses that the impact of the misconduct will not have a material effect on the result or financial position of the Group.

Belgium – Competition authority investigation

As communicated in the interim report for January–June 2020, Securitas is aware that competition authorities are conducting investigations into the security sector in Belgium and is cooperating fully. The Group assesses that the result or the financial position of the Group will not be materially affected by this investigation.

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in Latin America, Securitas entered into an agreement in 2005 with respect to the possible acquisition of a guarding company in Brazil, Estrela Azul (the EA Group). The governmental approvals took much longer than anticipated to obtain and during such period the financial condition of the target group substantially deteriorated. Given the decline in the financial condition of the group, Securitas exercised its right to withdraw from the acquisition process in December 2006.

The companies within the EA Group filed for protection from its creditors under Brazilian legislation in 2007 providing for a judicial restructuring process. The companies within the group were declared bankrupt in 2009 and the restructuring process was replaced by bankruptcy proceedings. The bankruptcy process continues led by the trustee in the bankruptcy court. Various attempts by the trustee to increase the liability of Securitas in the bankruptcy has been vigorously rejected.

The EA Group in bankruptcy has asserted claims against Securitas in the bankruptcy court trying to extend liability to Securitas for the bankruptcy and the claims in the bankruptcy. The estate has not quantified its claims. The cases are slowly moving through the Brazilian legal system.

The EA Group in bankruptcy also asserted a claim of MBRL 314, which as of December 31, 2021 was equivalent to MSEK 498 in the civil court against Securitas, alleging that Securitas is responsible for the company's financial failure. Securitas denies all allegations. The defense of this case has been entrusted to one of the leading law firms in Brazil. In a decision by the first instance court in Brazil the case was fully rejected. The judgment was appealed by the bankruptcy estate to the Brazilian Court of Appeals and the Court of Appeals decided on formal grounds to nullify the judgment and to remand the case to the first instance court for retrial (and production of evidence). The case is slowly moving through the Brazilian legal system and Securitas maintains its previous position to the claims.

In addition, several former employees of the EA Group have sued Securitas and other parties in labor courts and claimed inter alia wages and other compensations. The number of labor law cases involving Securitas continued to decrease and the claimed amounts are in average relatively low. Securitas denies all responsibility for such labor claims.

Portugal - Portugese competition authority

As communicated in the interim report for January–June 2021, 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.

Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Spain – Tax audit

The Spanish tax authority has, in connection with audits of Securitas Spain, in 2009, 2012 and 2014, challenged certain interest payments and decided to reject interest deductions made for the financial years 2003–2005, 2006–2007 and 2008–2009, respectively. The years 2003–2005 are finally resolved by the Supreme Court and taxes were paid in 2016. For years 2006–2007 Securitas has in 2018 requested a leave for appeal to the Supreme Court but has not yet received any decision. The years 2008–2009 have been resolved by the court, which Securitas has accepted, see further below.

The Spanish Supreme Court issued their judgment during 2016 regarding the years 2003–2005, implying that the years 2003–2004 were resolved as time barred and the majority of the interest deductions for 2005 were disallowed.

In June 2017, the superior court Audiencia Nacional issued a negative judgment concerning the years 2006–2007, implying that all interest was disallowed, partly in contradiction to the 2016 judgment by the Supreme Court on the same matter for the years 2003–2005. This was also contradictory to the lower court Tribunal Económico Administrativo Central's earlier judgment for the years 2008–2009, a judgment that Securitas has accepted as final.

If finally upheld by Spanish courts, the resolution by the Spanish tax authorities regarding rejected interest deductions for the years 2006–2007, and the accepted judgment regarding years 2008–2009, would result in a tax of MEUR 30.2, equivalent to MSEK 310, including interest up to December 31, 2021 (as of December 31, 2020 this exposure was estimated to MEUR 29.5, equivalent at the time to MSEK 297). No further exposure exists for similar rejected interest deductions after the financial year 2009, as the Group adjusted the capitalization of Securitas Spain in 2009 to avoid future challenges of interest deductions.

Further, the Spanish tax authority decided, in connection with an audit of Securitas Spain in 2013, to reject a tax exemption for a demerger of the Spanish Systems company, in connection with Securitas AB's distribution of the shares in Securitas Systems AB to its shareholders and the listing on the Stockholm Stock Exchange in 2006. In June 2017, Securitas received a negative judgment from the superior court Audiencia Nacional and has appealed to the Supreme Court in May 2018, who has not yet passed any judgment.

If Auciencia Nacional's judgment is finally upheld by the Spanish Supreme Court, the resolution by the Spanish tax authorities, concerning the demerger case, would result in a tax of MEUR 22.8, equivalent to MSEK 234, including interest up to December 31, 2021 (as of December 31, 2020 this exposure was estimated to MEUR 22.3, equivalent at the time to MSEK 224).

Further, in 2014 the tax authority decided to reject a deduction for a currency related liquidation loss in the financial year 2010, relating to a company that was acquired in 2004. In 2017 the lower court TEAC issued a negative judgment, which was in contradiction to the 2016 Supreme Court judgment regarding the basis for disallowing the deduction. Securitas has in 2017 appealed the case to the superior National court Audiencia Nacional.

If finally upheld by Spanish courts, the resolution by the Spanish tax authorities regarding the liquidation loss would result in a tax of MEUR 19.3, equivalent to MSEK 198, including interest up to December 31, 2021 (as of December 31, 2020 this exposure was estimated to MEUR 18.8, equivalent at the time to MSEK 189).

Provided that the courts decide in Securitas cases in accordance with the 2016 Supreme Court judgment, the exposure for the currency related liquidation loss for the financial year 2010 is expected to cease.

Securitas believes it has acted in accordance with applicable law and will defend its position in the courts. However, the tax resolutions cause some uncertainty, and it may take several years until all final judgments have been received.

Spain – Mutua

Securitas in Spain has received a claim of MEUR 6.3 from the social security authorities relating to services allegedly received from Mutua Universal in the period 1998 to 2007. The authorities are questioning whether such services, in such case, were allowed to be provided under applicable regulations. This is a consequence of a lawsuit against some of Mutua Universal's former employees. Securitas is affected, as over 2 000 other companies, as an indirect beneficiary of the services rendered. Securitas is convinced that it has acted in accordance with applicable law.

Other proceedings

Over the years, Securitas has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. The risks relating to such contingent liabilities are covered by contractual indemnification, insurance or adequate reserves.

Companies within the Securitas Group are also involved in a number of proceedings, including legal proceedings and tax audits arising out of the business. Any liabilities arising out of such proceedings are not expected to be material to the business operations or the financial position of the Group.

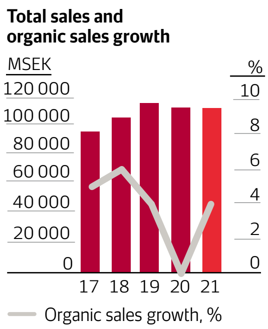
Note 40
Financial five year overview[1]

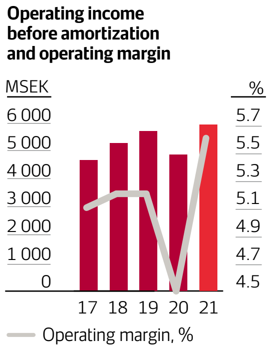
MSEK	2017	2018	2019[2]	2020	2021
INCOME					
• **Total sales**	**92 197**	**101 467**	**110 899**	**107 954**	**107 700**
of which acquired business	718	1 760	1 339	1 312	1 162
• *Acquired sales growth, %*	*1*	*2*	*1*	*1*	*1*
• *Organic sales growth, %*	*5*	*6*	*4*	*0*	*4*
• *Real sales growth, %*	*5*	*8*	*6*	*1*	*5*
Operating income before amortization	**4 697**	**5 304**	**5 738**	**4 892**	**5 978**
• *Operating margin, %*	*5.1*	*5.2*	*5.2*	*4.5*	*5.6*
Amortization and impairment of acquisition-related intangible assets	-255	-260	-271	-286	-290
Acquisition-related costs	-48	-120	-62	-137	-122
Items affecting comparability	–	-455	-209	-640	-871
Financial income and expenses	-376	-441	-578	-500	-364
• **Income before taxes**	**4 018**	**4 028**	**4 618**	**3 329**	**4 331**
Taxes	-1 267	-1 007	-1 256	-913	-1 197
Net income for the year	**2 751**	**3 021**	**3 362**	**2 416**	**3 134**
– whereof attributable to non-controlling interests	2	5	5	-3	1
Average number of shares after dilution ('000)	365 059	365 059	364 993	364 933	364 738
• Earnings per share after dilution (SEK)	7.53	8.26	9.20	6.63	8.59
CASH FLOW					
Operating income before amortization	**4 697**	**5 304**	**5 738**	**4 892**	**5 978**
Investments in non-current tangible and intangible assets	-1 808	-2 188	-3 010	-2 787	-2 824
Reversal of depreciation	1 445	1 693	2 690	2 690	2 704
Change in accounts receivable	-449	-1 575	-239	123	117
Changes in other operating capital employed	-48	-62	-277	2 289	-399
Cash flow from operating activities	**3 837**	**3 172**	**4 902**	**7 207**	**5 576**
• *as % of operating income before amortization*	*82*	*60*	*85*	*147*	*93*
Financial income and expenses paid	-425	-432	-443	-401	-312
Current taxes paid	-1 122	-856	-1 191	-862	-1 265
• **Free cash flow**	**2 290**	**1 884**	**3 268**	**5 944**	**3 999**
as % of adjusted income	*68*	*48*	*83*	*178*	*95*
Free cash flow per share	6.3	5.2	9.0	16.3	11.0
Cash flow from investing activities, acquisitions and divestitures	-304	-1 755	-574	-1 801	-1 366
Cash flow from items affecting comparability	–	-117	-303	-405	-602
Cash flow from financing activities	-743	-376	-1 699	-2 762	-1 935
Cash flow for the year	**1 243**	**-364**	**692**	**976**	**96**
Interest-bearing net debt at beginning of year	-13 431	-12 333	-14 513	-17 541	-14 335
Change in lease liabilities	28	-31	-3 332	-139	107
Change in loans	-654	-1 053	93	1 010	475
Revaluation of financial instruments	-29	26	60	17	-56
Translation differences on interest-bearing net debt	510	-758	-541	1 342	-838
Interest-bearing net debt at year-end	**-12 333**	**-14 513**	**-17 541**	**-14 335**	**-14 551**

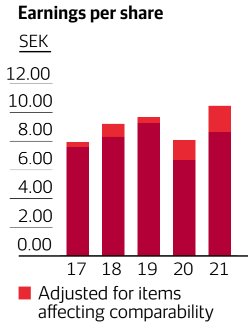
Note
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

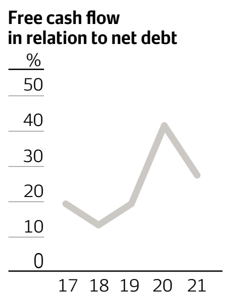
MSEK	2017	2018	2019[2]	2020	2021
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition-related items	5 384	5 987	9 729	9 138	9 489
Accounts receivable	13 349	15 604	16 120	14 695	15 246
Other operating capital employed	-11 173	-12 392	-12 749	-14 940	-14 827
Operating capital employed	**7 560**	**9 199**	**13 100**	**8 893**	**9 908**
• *as % of total sales*	*8*	*9*	*12*	*8*	*9*
Goodwill	18 719	21 061	22 157	21 414	23 373
Acquisition-related intangible assets	1 173	1 458	1 563	1 424	1 732
Shares in associated companies	420	452	320	311	338
Capital employed	**27 872**	**32 170**	**37 140**	**32 042**	**35 351**
• *Return on capital employed, %*	*17*	*15*	*15*	*13*	*14*
Net debt	**-12 333**	**-14 513**	**-17 541**	**-14 335**	**-14 551**
Net debt equity ratio, multiple	0.79	0.82	0.89	0.81	0.70
Net debt to EBITDA ratio	2.0	2.3	2.2	2.1	1.9
Interest coverage ratio, multiple	11.8	10.7	9.4	9.1	13.8
• Free cash flow in relation to net debt	0.19	0.13	0.19	0.41	0.27
Shareholders' equity attributable to equity holders of the Parent Company	**15 518**	**17 632**	**19 569**	**17 697**	**20 792**
Non-controlling interests	**21**	**25**	**30**	**10**	**8**
Equity per share	43	48	54	48	57
Return on equity, %	*18*	*18*	*18*	*13*	*16*
Equity ratio, %	*31*	*32*	*32*	*30*	*33*
Financing of capital employed	**27 872**	**32 170**	**37 140**	**32 042**	**35 351**

1 For definitions and calculation of key ratios refer to note 3.
2 Securitas adopted IFRS 16 Leases in 2019. As a consequence, certain lines in the consolidated financial statements as well as key ratios are not comparable with the preceding years.
● Group key ratios according to Securitas' financial model. Refer to pages 42–43.









Parent Company statement of income

MSEK	Note	2021	2020
License fees and other income	43	1 734	1 233
Gross income		**1 734**	**1 233**
Administrative expenses	45, 46	-1 138	-988
Other operating income	45	43	39
Operating income		**639**	**284**
Result of financial investments			
Dividend	43	1 852	2 942
Interest income	43	143	253
Interest expenses	43	-300	-388
Other financial income and expenses, net	47	-60	-1 740
Total financial income and expenses		**1 635**	**1 067**
Income after financial items		**2 274**	**1 351**
Appropriations			
Group contributions from subsidiaries	43	529	346
Group contributions to subsidiaries	43	-734	-381
Depreciation and amortization in excess of plan	56	2	1
Transfer to tax allocation reserve	56	-77	-37
Total appropriations		**-280**	**-71**
Income before taxes		**1 994**	**1 280**
Current taxes	48	-45	-32
Deferred taxes	48	31	182
Net income for the year		**1 980**	**1 430**

Parent Company statement of comprehensive income

MSEK	Note	2021	2020
Net income for the year		**1 980**	**1 430**
Other comprehensive income			
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	44	-53	-22
Cost of hedging net of tax	44	9	34
Total items that subsequently may be reclassified to the statement of income		**-44**	**12**
Other comprehensive income	**48**	**-44**	**12**
Total comprehensive income for the year		**1 936**	**1 442**

Parent Company statement of cash flow

MSEK	Note	2021	2020
Operations			
Operating income		639	284
Reversal of depreciation	49, 50	3	5
Financial items received		1 995	2 567
Financial items paid		-335	-422
Current taxes paid		-4	-138
Change in other operating capital employed		-633	117
Cash flow from operations		**1 665**	**2 413**
Investing activities			
Investments in and disposals of non-current tangible and intangible assets	49, 50	0	0
Shares in subsidiaries	51	-277	-1 054
Cash flow from investing activities		**-277**	**-1 054**
Financing activities			
Dividend paid		-1 460	-1 752
Proceeds from bond loans		3 864	–
Redemption of bond loans		-4 754	-341
Proceeds from commercial paper		2 650	3 115
Redemption of commercial paper		-1 950	-3 870
Change in other interest-bearing net debt excluding liquid funds		1 181	44
Cash flow from financing activities		**-469**	**-2 804**
Cash flow for the year		**919**	**-1 445**
Liquid funds at beginning of year		151	1 596
Liquid funds at year-end	**54**	**1 070**	**151**

Parent Company balance sheet

MSEK	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets	49	18	21
Machinery and equipment	50	0	5
Shares in subsidiaries	51	44 932	44 233
Shares in associated companies	52	112	112
Interest-bearing long-term receivables from subsidiaries	44	377	524
Other interest-bearing financial non-current assets	44	433	609
Deferred tax assets	48	99	56
Other long-term receivables		202	262
Total non-current assets		**46 173**	**45 822**
Current assets			
Current receivables from subsidiaries		1 030	401
Interest-bearing current receivables from subsidiaries	44	3 003	3 310
Other current receivables		33	13
Current tax assets		59	150
Prepaid expenses and accrued income	53	85	7
Other interest-bearing current assets	44	70	20
Cash and bank deposits	54	1 070	151
Total current assets		**5 350**	**4 052**
TOTAL ASSETS		**51 523**	**49 874**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		365	365
Legal reserve		7 363	7 363
Development expenditure reserve		1	2
Total restricted equity		**7 729**	**7 730**
Non-restricted equity			
Hedging reserve		31	75
Retained earnings		19 708	19 764
Net income for the year		1 980	1 430
Total non-restricted equity		**21 719**	**21 269**
Total shareholders' equity	**55**	**29 448**	**28 999**
Untaxed reserves	**56**	**798**	**723**
Long-term liabilities			
Long-term loan liabilities	44	12 199	11 679
Other long-term liabilities		205	169
Total long-term liabilities	**57**	**12 404**	**11 848**
Current liabilities			
Current liabilities to subsidiaries		1 200	620
Interest-bearing current liabilities to subsidiaries	44	2 168	1 987
Group account bank overdraft		772	605
Other short-term loan liabilities	44	4 295	4 752
Accounts payable		85	17
Accrued expenses and prepaid income	58	347	255
Current tax liabilities		–	51
Other current liabilities		6	17
Total current liabilities		**8 873**	**8 304**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**51 523**	**49 874**

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Development expenditure reserve	Hedging reserve	Retained earnings and net income for the year	Total share-holders' equity
Opening balance 2020	**365**	**7 363**	**9**	**63**	**21 476**	**29 276**
Net income for the year	**–**	**–**	**–**	**–**	**1 430**	**1 430**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges net of tax[2]	–	–	–	-22	–	-22
Cost of hedging net of tax[2]	–	–	–	34	–	34
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**–**	**12**	**–**	**12**
Other comprehensive income	**–**	**–**	**–**	**12**	**–**	**12**
Total comprehensive income for the year	**–**	**–**	**–**	**12**	**1 430**	**1 442**
Share-based incentive schemes[1]	–	–	–	–	33	33
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 752	-1 752
Transfer from development expenditure reserve	–	–	-7	–	7	–
Closing balance 2020	**365**	**7 363**	**2**	**75**	**21 194**	**28 999**
Opening balance 2021	**365**	**7 363**	**2**	**75**	**21 194**	**28 999**
Net income for the year	**–**	**–**	**–**	**–**	**1 980**	**1 980**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges net of tax[2]	–	–	–	-53	–	-53
Cost of hedging net of tax[2]	–	–	–	9	–	9
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**–**	**-44**	**–**	**-44**
Other comprehensive income	**–**	**–**	**–**	**-44**	**–**	**-44**
Total comprehensive income for the year	**–**	**–**	**–**	**-44**	**1 980**	**1 936**
Share-based incentive schemes[1]	–	–	–	–	-27	-27
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 460	-1 460
Transfer from development expenditure reserve	–	–	-1	–	1	–
Closing balance 2021	**365**	**7 363**	**1**	**31**	**21 688**	**29 448**

1 Further information is provided in note 55.
2 A specification can be found in note 44, in the table revaluation of financial instruments, as well as in note 48.

Parent Company notes

Note 41
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 Parent Company thus follows the same accounting principles as the Group, which are described in note 2, when relevant and except in the cases stated below. The differences that exist between the Parent Company's and the Group's accounting principles are a result of the restrictions that the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and the options that RFR 2 allow for IFRS in the Parent Company.

RFR 2: IFRS 3 Business combinations

The Parent Company measures the acquisition cost as the sum of the acquisition-date fair values of assets transferred, liabilities incurred or transferred and all costs that are directly attributable to the acquisition. Contingent considerations are recognized as part of the acquisition cost if it is probable that they will be realized. The acquisition cost is adjusted in subsequent periods if the initial assessment needs to be revised.

RFR 2: IFRS 9 Financial instruments

The Parent Company follows IFRS 9 except for financial guarantees in relation to subsidiaries. For further information refer to the accounting principles adopted by the Group for financial instruments in note 2.

RFR 2: IFRS 15 Revenue

Anticipated dividend from a subsidiary is recognized as income in the Parent Company in accordance with RFR 2 if the Parent Company has the exclusive right to decide the amount of the dividend from the subsidiary. The Parent Company must furthermore ensure that the dividend is in line with the subsidiary's dividend capacity. Dividend from a subsidiary that has not been anticipated is accounted for on a cash basis.

RFR 2: IFRS 16 Leases

The Parent Company does not apply IFRS 16. Consequently, leases where the Parent Company is the lessee are recognized as an operating expense in the statement of income on a linear basis over the lease term. There are no lease contracts where the Parent Company is the lessor.

RFR 2: IAS 19 Employee benefits

Accounting for defined benefit plans according to the Swedish Act on Safeguarding of Pension Commitments leads to differences between the accounting in the Parent Company and the Group. These differences have no material impact on the employee benefits relating to the employees of the Parent Company. Pension solutions either fall within the framework of the ITP–plan that is insured via Alecta, which is described in note 33, or in all material aspects consist of other defined contribution plans.

RFR 2: IAS 21 Effects of changes in foreign exchange rates

Exchange rate differences arising on a monetary item that forms part of the Parent Company's net investment in a foreign subsidiary are accounted for in the Parent Company's statement of income, in accordance with RFR 2.

RFR 2: IAS 27 Consolidated and separate financial statements

The Parent Company applies the alternative rule in RFR 2: IAS 27 related to Group contributions, which means that Group contributions from subsidiaries as well as Group contributions to subsidiaries are accounted for as appropriations in the statement of income.

Shares in subsidiaries

Shares in subsidiaries are initially accounted for at cost with subsequent adjustments for capital contributions, impairment and revaluation of deferred considerations. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Derivatives used to hedge investments in shares in foreign subsidiaries are recognized at fair value and changes therein are recognized in the statement of income. The corresponding fair value change on shares in subsidiaries is also recognized in the statement of income, as fair value hedge accounting is applied.

Securitas' share-based incentive schemes

In addition to the Group's accounting principles for share-based payments (IFRS 2) as described in note 2 Accounting principles, the following has been applied in the Parent Company's financial statements. The Parent Company has secured the delivery of shares according to Securitas short-term share-based incentive scheme by entering into a swap agreement with a third party regarding purchase of shares.

To the extent that shares according to the swap agreement is subject to delivery to employees in other Group companies than the Parent Company, a liability to Group companies has been recorded in the Parent Company's accounts. This liability is recorded at the value of the commitment that Securitas AB has to the subsidiaries to deliver shares, that is the number of shares to be delivered according to the swap agreement at the latest share price for Securitas AB's series B share. Social security expenses are calculated based on the market value of the shares that potentially will be allocated. Fluctuations in the share price for these shares thus lead to changes in social security expenses that impact the Parent Company's and Group's income.

This is the only impact on the Parent Company's and Group's income due to fluctuations in the share price for the shares that potentially will be allocated. This means that any possible increase or decrease of the liability to Group companies has not been accounted for in the Parent Company's income statement.

Note 42
Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2021

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors and the President and CEO of Securitas AB on March 24, 2022.

Other significant events after the balance sheet date

In February and March 2022, Securitas AB have issued three Private Placement notes for respectively MSEK 2 000 and MSEK 1 500, maturing in 2024, and MEUR 50, maturing in 2023.

In order to hedge the share portion of Securitas short-term, share-based incentive scheme 2021, Securitas AB entered into a swap agreement with a third party in the beginning of March 2022.

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

Note 43
Related party disclosures

In December 2021, Investment AB Latour and subsidiaries, Melker Schörling AB and EQT have entered into guarantee commitments to subscribe for an additional 21.9 percent of the planned rights issue without subscription rights related to the acquisition of Stanley Security. The agreed fee is 1 percent of the guaranteed amounts which corresponds to MUSD 2 (MSEK 18).

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

The Parent Company's transactions with related parties comprise

MSEK	2021	2020
License fees from subsidiaries	1 729	1 219
Other income from subsidiaries	5	14
Dividends from subsidiaries	1 852	2 942
Interest income from subsidiaries	139	249
Interest expenses to subsidiaries	-19	-27
Group contributions from subsidiaries	529	346
Group contributions to subsidiaries	-734	-381
Guarantees issued on behalf of subsidiaries	2 288	2 325

Note 44
Financial risk management

The Parent Company follows, as stated in note 41, IFRS 9 Financial instruments. Refer to note 2 and note 7 for further information about financial risks that are applicable also for the Parent Company.

Liquidity report as per December 31, 2021 and 2020

MSEK	Total	< 1 year	Between 1 year and < 3 years	Between 3 years and 5 years	> 5 years
December 31, 2021					
Borrowings	**-17 868**	-4 942	-5 232	-3 167	-4 527
Derivatives outflows	**-12 626**	-10 953	-39	-1 614	-20
Accounts payable	**-85**	-85	–	–	–
Total outflows[1]	**-30 579**	**-15 980**	**-5 271**	**-4 781**	**-4 547**
Investments	**4 272**	4 056	14	6	196
Derivatives receipts	**12 626**	10 960	114	1 520	32
Total inflows[1]	**16 898**	**15 016**	**128**	**1 526**	**228**
Net cash flows, total[2]	**-13 681**	**-964**	**-5 143**	**-3 255**	**-4 319**
December 31, 2020					
Borrowings	**-17 253**	-5 573	-3 746	-7 934	–
Derivatives outflows	**-13 331**	-9 283	-2 607	-1 441	–
Accounts payable	**-17**	-17	–	–	–
Total outflows[1]	**-30 601**	**-14 873**	**-6 353**	**-9 375**	**-**
Investments	**3 625**	3 427	5	12	181
Derivatives receipts	**13 664**	9 210	2 967	1 487	–
Total inflows[1]	**17 289**	**12 637**	**2 972**	**1 499**	**181**
Net cash flows, total[2]	**-13 312**	**-2 236**	**-3 381**	**-7 876**	**181**

1 Refers to gross cash flows excluding cash and bank.
2 Variable rate cash flows have been estimated using the relevant yield curve as at the balance sheet date.

Hedging reserve as per December 31, 2021 and 2020

MSEK	Cost of hedging reserve	Interest rate cash flow hedges	Currency cash flow hedges	Total before tax	Deferred tax	Total net of tax
Opening balance January 1, 2021	**4**	**-4**	**96**	**96**	**-21**	**75**
Change in fair value of hedging instrument recognized in other comprehensive income	11	1	31	**43**	-8	**35**
Reclassified from other comprehensive income to profit or loss	–	3	-102	**-99**	20	**-79**
Closing balance December 31, 2021	**15**	**0**	**25**	**40**	**-9**	**31**
Opening balance January 1, 2020	**-40**	**-2**	**122**	**80**	**-17**	**63**
Change in fair value of hedging instrument recognized in other comprehensive income	44	3	-205	**-158**	33	**-125**
Reclassified from other comprehensive income to profit or loss	–	-5	179	**174**	-37	**137**
Closing balance December 31, 2020	**4**	**-4**	**96**	**96**	**-21**	**75**

Note
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Revaluation of financial instruments

MSEK	2021	2020
Recognized in the statement of income		
Fair value adjustment to hedged item in fair value hedge	151	391
Fair value adjustment to hedging instrument in fair value hedge	-151	-391
Other financial income and expenses[1,2]	-3	3
Deferred tax	–	–
Impact on net income for the year	**-3**	**3**
Recognized via hedging reserve in other comprehensive income		
Transfer to cash flow hedging reserve before tax	2	-202
Transfer to cost of hedging reserve before tax	11	44
Deferred tax on transfer to hedging reserve	-2	33
Transfer to hedging reserve net of tax	**11**	**-125**
Transfer to statement of income before tax	-69	174
Deferred tax on transfer to statement of income	14	-37
Transfer to statement of income net of tax	**-55**	**137**
Change of cash flow hedging reserve before tax	-67	-28
Change of cost of hedging reserve before tax	11	44
Total change of hedging reserve before tax[3]	**-56**	**16**
Deferred tax on total change of hedging reserve[3]	12	-4
Total change of hedging reserve net of tax	**-44**	**12**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[4]	-59	19
Deferred tax on total revaluation[4]	12	-4
Total revaluation after tax	**-47**	**15**

1 Related to financial assets and financial liabilities at fair value through profit or loss.
2 There was no significant ineffectiveness in the fair value hedges or in the cash flow hedges.
3 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
4 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.

Derivatives in the balance sheet

MSEK	2021	2020
Interest-bearing financial non-current assets		
Fair value hedges	49	103
Cash flow hedges	–	235
Other derivative positions[1]	–	14
Total derivatives included in interest-bearing financial non-current assets	**49**	**352**
Interest-bearing current receivables from subsidiaries		
Other derivative positions	–	2
Total derivatives included in interest-bearing current receivables from subsidiaries	**–**	**2**
Other interest-bearing current assets		
Fair value hedges	1	10
Other derivative positions[1,2]	69	10
Total derivatives included in other interest-bearing current assets	**70**	**20**
Long-term loan liabilities		
Fair value hedges	-80	125
Cash flow hedges	–	-52
Other derivative positions[1,2]	-175	11
Total derivatives included in long-term loan liabilities	**-255**	**84**
Other short-term loan liabilities		
Cash flow hedges	–	3
Other derivative positions[2]	-11	76
Total derivatives included in other short-term loan liabilities	**-11**	**79**

1 Cross currency interest rate swaps are split into different components, of which some elements are negative when the overall fair value is positive.
2 Related to financial assets/liabilities at fair value through profit or loss.

Fair value – Hierarchy as per December 31, 2021 and 2020

MSEK	Quoted market prices 2021	Quoted market prices 2020	Valuation techniques using observable market data 2021	Valuation techniques using observable market data 2020	Valuation techniques using non-observable market data 2021	Valuation techniques using non-observable market data 2020	Total 2021	Total 2020
Financial assets at fair value through profit or loss	–	–	2	12	–	–	**2**	**12**
Financial liabilities at fair value through profit or loss	–	–	-11	-76	–	–	**-11**	**-76**
Derivatives designated for hedging with positive fair value	–	–	117	362	–	–	**117**	**362**
Derivatives designated for hedging with negative fair value	–	–	-255	-87	–	–	**-255**	**-87**

Liabilities from financing activities 2021 and 2020

MSEK	Opening balance Jan 1	Cash flows[1]	Non-cash changes: Reclassification	Non-cash changes: Other changes	Non-cash changes: Translation differences	Closing balance Dec 31
2021						
Long-term borrowings	11 679	4 069	-3 518	-165	134	**12 199**
Short-term borrowings	7 344	-3 883	3 518	-69	325	**7 235**
Derivative assets held to hedge external borrowings	-394	–	–	45	–	**-349**
Total	**18 629**	**186**	**-**	**-189**	**459**	**19 085**
2020						
Long-term borrowings	17 189	170	-4 666	-100	-914	**11 679**
Short-term borrowings	3 492	-633	4 666	65	-246	**7 344**
Derivative assets held to hedge external borrowings	-638	–	–	244	–	**-394**
Total	**20 043**	**-463**	**-**	**209**	**-1 160**	**18 629**

1 Excluding other derivative positions and dividend paid to shareholders of the Parent Company, which are included in cash flow from financing activities in the consolidated statement of cash flow.

Note 45
Administrative expenses and other operating income

Administrative expenses

Audit fees and reimbursements

MSEK	2021	2020
EY		
Audit assignments	9	–
Additional audit assignments	1	–
Tax assignments	–	–
Other assignments	–	–
Total EY	**10**	**-**
PwC		
Audit assignments	–	9
Additional audit assignments	1	1
Tax assignments	3	3
Other assignments	1	1
Total PwC	**5**	**14**
Total audit fees and reimbursements	**15**	**14**

Additional audit assignments mainly comprise review of the interim report for the second quarter as well as review of financial reporting and internal control in additional countries than those included in the agreed audit plan. Tax assignments mainly comprise tax return compliance, transfer pricing and questions related to tax legislation compliance. Other assignments mainly comprise review of pension plans.

Other operating income

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

Note 46
Personnel

Average number of yearly employees: Distribution between women and men

	Women 2021	Women 2020	Men 2021	Men 2020	Total 2021	Total 2020
Board of Directors	3	3	5	5	8	8
President	–	–	1	1	1	1
Other employees, Sweden	42	36	31	25	73	61

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Staff costs

MSEK	2021 Salaries	2021 Social benefits	2021 (of which pensions)	2020 Salaries	2020 Social benefits	2020 (of which pensions)	Of which bonuses 2021	Of which bonuses 2020
Board of Directors and President[1]	51	22	(5)	23	13	(5)	26	0
Other employees	168	93	(24)	88	61	(21)	63	4
Total	**219**	**115**	**(29)**	**111**	**74**	**(26)**	**89**	**4**

1 Refer to note 9 for further information regarding remuneration to the Board of Directors and President.

Note 47
Other financial income and expenses, net

MSEK	2021	2020
Impairment losses, shares in subsidiaries[1]	–	-1 487
Realized gain, shares in subsidiaries[2]	46	–
Realized loss, shares in subsidiaries[3]	–	-17
Impairment losses/reversal of impairment losses, other financial assets	2	-18
Exchange rate differences, net	-86	-202
Bank costs and similar income/expense items	-19	-19
Revaluation of financial instruments	-3	3
Total other financial income and expenses, net	**-60**	**-1 740**

1 Impairment losses in 2020 mainly relate to Securitas Treasury Ireland and are mainly triggered by dividends received from this company and in addition to Slovenia and Argentina due to immediate expensing of capital contributions.
2 Related to Securitas Eesti and Securitas Slovenia.
3 Related to Securitas Montenegro 2020.

Note 48
Taxes

Statement of income

Tax expense

MSEK	2021	2020
Tax on income before taxes		
Current taxes	-45	-32
Deferred taxes	31	182
Total tax expense	**-14**	**150**

The Swedish corporate tax rate was 20.6 percent (21.4).

Difference between statutory swedish tax rate and actual tax expense for the Parent Company

MSEK	2021	2020
Income before taxes according to the statement of income	**1 994**	**1 280**
Tax based on Swedish tax rate	-411	-274
Tax related to untaxed reserves	–	148
Tax related to previous years/foreign withholding tax	4	-9
Tax related to non-taxable income	402	630
Tax related to non-deductible expenses	-9	-345
Actual tax expense	**-14**	**150**

Tax related to non-taxable income in 2021 and 2020 mainly relates to dividends from subsidiaries. Tax related to non-deductible expenses in 2020 mainly relates to write-down of shares in subsidiaries. Tax related to untaxed reserves 2020 mainly relates to adjustment of previously reported deferred tax.

Other comprehensive income

Tax on other comprehensive income

MSEK	2021	2020
Deferred tax on cash flow hedges	14	6
Deferred tax on cost of hedging	-2	-10
Deferred tax on other comprehensive income	**12**	**-4**

Balance sheet

Deferred tax assets are attributable to employee-related liabilities and taxable reversal of negative net interest.

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0) as of December 31, 2021.

Note 49
Intangible assets[1]

MSEK	2021	2020
Opening balance	88	96
Write-offs	–	-8
Closing accumulated balance	**88**	**88**
Opening amortization	-67	-67
Write-offs	–	5
Amortization for the year	-3	-5
Closing accumulated amortization	**-70**	**-67**
Closing residual value	**18**	**21**

1 Mainly related to the brand name Securitas in one of the Group's countries of operations, amounting to MSEK 16 (16). The trademark is tested annually for impairment. Refer to note 18 section impairment testing for further information.

Note 50
Machinery and equipment

MSEK	2021	2020
Opening balance	24	24
Capital expenditures	0	0
Write-offs	-8	–
Closing accumulated balance	**16**	**24**
Opening depreciation	-19	-19
Depreciation for the year	0	0
Write-offs	3	–
Closing accumulated depreciation	**-16**	**-19**
Closing residual value	**0**	**5**

Note 51
Shares in subsidiaries[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares 2021	% of share capital/ voting rights 2021	Book value 2021, MSEK	Book value 2020, MSEK
Grupo Securitas Mexico S.A de C.V[2]	GSM930817U48	Monterrey	23 499	99.98	66	44
Protectas S.A.	CH-550-0084385-3	Lausanne	50 000	100	33	33
Securitas Argentina S.A.[3]	1587929	Buenos Aires	7 317 994	21	2	2
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	100	292	292
Securitas Aviation d.o.o.	MBS 080689871	Zagreb	1	100	1	1
Securitas BH d.o.o.	65-01-0503-11	Sarajevo	–	100	87	87
Securitas Biztonsági Szolgáltatások Magyarország Kft	Cg.01-09-721946	Budapest	–	100	22	22
Securitas Canada Ltd	454437-4	Toronto	4 004	100	86	86
Securitas ČR sro	43872026	Prague	–	100	186	186
Securitas Eesti AS	10188743	Tallinn	–	–	–	32
Securitas Entegre Güvenlik Cözümleri ve Hizmetleri A.S	295928	Istanbul	–	–	–	146
Securitas Europe Holding AB	556248-3627	Stockholm	1 000 000	100	10 709	10 020
Securitas Fire & Safety Services SRL[4]	J40/13561/2007	Bucharest	1	5	0	0
Securitas Global Client Solutions AB	556734-1283	Stockholm	1 000	100	0	–
Securitas Group Reinsurance DAC	317030	Dublin	2 000 000	100	576	576
Securitas Güvenlik Hizmetleri A.S	196607	Ankara	–	–	–	257
Securitas Holding GmbH	HRB 33348	Düsseldorf	1	100	2 572	2 572
Securitas Holdings Inc.	95-4754543	Parsippany	100	100	2 629	2 208
Securitas Hrvatska d.o.o	MBS 080132523	Zagreb	1	100	177	177
Securitas Intelligent Services AB	556655-4670	Stockholm	1 000	100	50	50
Securitas Invest AB	556630-3995	Stockholm	1 000	100	7	7
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100 000	100	219	219
Securitas NV[5]	0427.388.334	Brussels	8 238	99.90	942	942
Securitas Podjetje za varovanje d.o.o.	8075280000	Ljubljana	–	–	–	0
Securitas Polska Sp. z o. o.	0000036743	Warsaw	18 000	100	27	27
Securitas Rental AB	556376-3829	Stockholm	1 000	100	4	4
Securitas Security Consulting Holding AB	556087-1468	Stockholm	1 000	100	142	140
Securitas Security Services Ireland Ltd	275069	Dublin	2 410 002	100	29	29
Securitas Seguridad Holding SL	B83446831	Madrid	7 462	100	8 648	8 648
Securitas Services d.o.o.	17487809	Belgrade	–	100	148	148
Securitas Services Holding U.K. Ltd	5759961	London	34 000 400	100	976	976
Securitas Services International BV	33287487	Amsterdam	25 000	100	2 345	2 345
Securitas Services Romania SRL	J40/2222/2001	Bucharest	21 980	100	49	49
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	–	100	92	92
Securitas SK sro	36768073	Prievidza	–	100	33	33
Securitas Toolbox Ltd	316907	Dublin	100	100	0	0
Securitas Transport Aviation Security AB	556691-8917	Stockholm	5 100 000	100	535	535
Securitas Treasury Ireland DAC	152440	Dublin	21 075 470	100	13 248	13 248
Total shares in subsidiaries					**44 932**	**44 233**

1 The main business in the subsidiaries is specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. The subsidiaries also comprise of the Group's internal bank, Securitas Treasury Ireland DAC, as well as the Group's internal insurance company, Securitas Group Reinsurance DAC. A complete specification of the subsidiaries can be obtained from the Parent Company.

2 The remaining 0.02 percent of Grupo Securitas Mexico S.A de C.V are held by Securitas Rental AB.
3 The remaining 79 percent of Securitas Argentina S.A. are held by Securitas Seguridad Holding SL.
4 The remaining 95 percent of Securitas Fire & Safety Services SRL are held by Securitas Services Romania SRL.
5 The remaining 0.1 percent of Securitas NV are held by Securitas Rental AB.

Change analysis of shares in subsidiaries

MSEK	2021	2020
Opening balance	44 233	43 911
Acquisitions[1]	0	629
Capital contributions	713	1 427
Divestitures[2]	-435	-247
Revaluation[3]	421	–
Impairment losses[4]	–	-1 487
Closing balance	**44 932**	**44 233**

1 2021 relates to intra-group acquisition of Securitas Global Client Solutions AB. 2020 relates to intra-group acquisitions of four Turkish subsidiaries received by dividend.
2 Divesture 2021 of companies in Estonia and Slovenia externally and two Turkish subsidiaries to Securitas Europe Holding AB. Divesture 2020 of Securitas Montenegro d.o.o. externally and two Turkish subsidiaries to Securitas Europe Holding AB.
3 Revaluation 2021 of Securitas Holding Inc.
4 Impairment losses in 2020 mainly relate to Securitas Treasury Ireland and are mainly triggered by dividends received from this company and in addition to Slovenia and Argentina due to immediate expensing of capital contributions.

Note 52
Shares in associated companies

Holdings 2021 and 2020

Company	Domicile	Share in equity, %	Voting rights, %	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	49	49	112
Holdings 2021				**112**
Walsons Services Pvt Ltd	Delhi	49	49	112
Holdings 2020				**112**

Note 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60

Note 53
Prepaid expenses and accrued income

MSEK	2021	2020
Prepaid software licenses and support costs	6	2
Prepaid insurance premiums	2	2
Other prepaid expenses	77	3
Total prepaid expenses and accrued income	**85**	**7**

Note 54
Liquid funds

Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits. Short-term investments refer to fixed interest rate bank deposits.

In the Parent Company's balance sheet, utilized internal credits in the Swedish cash-pool account are reported under the Group account bank overdraft.

Note 55
Shareholders' equity

Number of shares and share capital December 31, 2021

	Number of shares	Share capital, MSEK
Series A	17 142 600	17
Series B	347 916 297	348
Number of shares/total share capital	**365 058 897**	**365**
Less: Treasury shares	-475 000	-
Number of shares outstanding[1]	**364 583 897**	**-**

1 The quota value is SEK 1.00 per share.

The number of Series A shares and Series B shares is unchanged in relation to December 31, 2020. As of December 31, 2021 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Investment AB Latour with 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling AB with 4.5 percent of the capital and 10.9 percent of the votes.

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting 2022.

Retained earnings in the Parent Company available for distribution

	MSEK[1]
Hedging reserve	31
Retained earnings	19 708
Net income for the year[2]	1 980
Total	**21 719**

The Board of Directors proposed that the earnings are allocated as follows

	MSEK[1]
a dividend to the shareholders of SEK 4.40 per share[3]	1 604
retained earnings to be carried forward[3]	20 115
Total	**21 719**

1 Refer to the Report of the Board of Directors for the proposed allocation of earnings in SEK and for the Board's statement on the proposed dividend.
2 Includes Group contributions to subsidiaries of MSEK 734.
3 Calculated on the number of shares outstanding as per February 7, 2022. Excluding 475 000 treasury shares.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2021	2020
Swap agreement[1,2]	-159	-110
Redemption of previous year's swap agreement[1]	110	147
Share-based remuneration to employees[3]	2	2
Settlement of previous year's share-based remuneration to employees[3]	-2	-6
Total short-term incentive schemes	**-49**	**33**
Share-based remuneration to employees[4]	69	-
Total long-term incentive schemes	**69**	**-**
Repurchase of shares[5]	-47	-
Total impact on retained earnings	**-27**	**33**

1 Related to the whole Group's short-term share-based incentive scheme.
2 The number of shares that have been hedged in this swap agreement amount to a total of 1 177 044 (847 035) and have been allotted to the participants during the first quarter 2022, provided that they were still employed by the Group at that time. Swap agreements are used for delivery of shares for the short-term incentive schemes.
3 Related to share-based remuneration for Securitas AB's employees only.
4 The cumulative cost for LTI 2019/2021 amounts to MSEK 23 while the cumulative costs for LTI 2020/2022 is MSEK 21 and the cumulative cost for LTI 2021/2023 is MSEK 25.
5 Number of shares repurchased amounts to 475 000 (125 000). Repurchased shares serve as a hedge for the long-term incentive schemes.

Note 56
Untaxed reserves

MSEK	2021	2020
Accumulated depreciation and amortization in excess of plan	17	19
Tax allocation reserve	781	704
Total untaxed reserves	**798**	**723**

Note 57
Long-term liabilities

Long-term liabilities fall due for payment as follows

MSEK	2021	2020
Maturity < 5 years	8 255	11 719
Maturity > 5 years	4 149	129
Total long-term liabilities	**12 404**	**11 848**

Note 58
Accrued expenses and prepaid income

MSEK	2021	2020
Employee-related items	116	22
Accrued interest expenses	182	200
Other accrued expenses	49	33
Total accrued expenses and prepaid income	**347**	**255**

Note 59
Pledged assets

MSEK	2021	2020
Pension balances, defined contribution plans	175	144
Total pledged assets	**175**	**144**

Note 60
Contingent liabilities

MSEK	2021	2020
Guarantees	-	-
Guarantees related to discontinued operations	16	15
Total contingent liabilities[1]	**16**	**15**

1 Guarantees on behalf of subsidiaries are disclosed in note 43. There are no guarantees on behalf of associated companies.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Board of Directors and the President also submit Securitas AB's Sustainability Report for 2021. The sustainability report describes the Group's work with regards to economic, environmental and social aspects. The report is prepared according to the Sustainability Reporting Standards, issued by Global Reporting Initiative (GRI).

The statements of income and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 5, 2022.

Stockholm, March 24, 2022

Jan Svensson
Chair

Ingrid Bonde
Director

John Brandon
Director

Fredrik Cappelen
Director

Gunilla Fransson
Director

Sofia Schörling Högberg
Director

Harry Klagsbrun
Director

Johan Menckel
Director

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Mikael Persson
Director
Employee Representative

Magnus Ahlqvist
President and Chief Executive Officer

Our report has been submitted on March 24, 2022
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Auditor's report

(This is a translation of the Swedish original. For any interpretation the Swedish version prevail)

To the general meeting of the shareholders of Securitas AB (publ), corporate identity number 556302-7241

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Securitas AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 45–123 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of December 31, 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matter

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of intangible assets

Description	How our audit addressed this key audit matter
Goodwill and other acquisition-related intangible assets are recognized at MSEK 23 373 in the report on financial position of the Group as of December 31, 2021, corresponding to 37% of the total assets. The company's process regarding impairment test of goodwill is described in note 18. To calculate the recoverable amount, management apply significant judgement and estimates regarding future cash flows, terminal growth and discount rates. As the book value of goodwill is material and due to the high degree of judgement and estimates involved in the process of conducting impairment tests, we have assessed valuation of goodwill as a key audit matter in our audit. Disclosures related to the Group's accounting principles, significant estimates and assumptions are described in note 2 and note 4. Information related to goodwill and testing of impairment is described in note 18.	In the audit, we have evaluated and reviewed the company's process for conducting impairment tests. Based on established criteria we have also reviewed how cash-generating units have been identified and compared to how the company internally monitors its operations. We have evaluated applied valuation methods and calculation models and made comparisons against historical outcomes and precision in previously made forecasts. With the support of our valuation specialists, we have reviewed the used model and method for conducting impairment tests and have evaluated the company's own sensitivity analyses arithmetically, as well as conducted our own sensitivity analyses of key assumptions and possible influencing factors. With the support of our valuation specialists, we have also reviewed the reasonableness of assumptions of discount rates and terminal growth. Finally, we have assessed the appropriateness of the disclosures provided in the annual report.

Accounting of employee- related expenses and related balance sheet items

Description	How our audit addressed this key audit matter
Personnel-related expenses is the most significant cost item in the Group's consolidated income statement. Personnel costs amount to MSEK 83 632, corresponding to 81 % of operating expenses. The Group's personnel-related costs mainly consists of salaries and payroll overhead, including social charges and employers' contributions as well as other short-term remuneration, such as holiday pay and variable compensation. The related risks refer to completeness of personnel costs, as well as the risks that personnel costs and related balance sheet items are not correctly calculated, accrued for and valued. Furthermore, payroll is an area that is affected by local legislation, collective agreements, and individual employment contracts, which in turn impacts the accounting. Based on above, we have assessed accounting of personnel-related expenses and related balance sheet items as a key audit matter in our audit. Disclosures related to the Group's accounting principles, significant estimates and assumptions are described in note 2 and note 4. Information related to personnel expenses is described in note 12.	In the audit, for selected subsidiaries, we have evaluated Securitas' payroll process, including implemented controls. We have used a combination of data analysis, test of controls and substantive audit procedures to evaluate whether the accounting of personnel-related costs and balance sheet items is correct. Through our data analysis tools, we have been able to identify unusual transactions and carry out further testing on these. Balance sheet items such as holiday pay accrual, tax-related items and reserves for variable compensation have been audited to evaluate correct calculation, cut-off and valuation. We have assessed the appropriateness of the disclosures provided in the annual report.

Valuation of provisions and contingent liabilities related to legal disputes

Description	How our audit addressed this key audit matter
Through its subsidiaries, the Company is involved in a number of legal proceedings. The provisions and contingent liabilities are reported in accordance with the Company's best estimate of the outcome in each legal dispute, and the accounting is based on applicable standards and practices in the area. To calculate future expenses for legal disputes, the Company must develop estimations. Changes in the estimations can have a significant impact on the related provision. Based on above, we have assessed valuation of provisions and contingent liabilities related to legal disputes as a key audit matter in our audit. Disclosures related to the Group's accounting principles, significant estimates and assumptions are described in note 2 and note 4. Information related to provisions is described in note 34 and note 37, while contingent liabilities are presented in note 39.	In the audit, we have evaluated the Company's process to assess the outcome of legal disputes as well as assessed the size of the possible provisions and contingent liabilities. Our audit procedures have included reading communication with authorities, an assessment of the situations in relation to applicable legislation, as well as review of outcomes of similar disputes. We have considered the Company's in-house legal counsels', as well as external legal counsels', views of the ongoing disputes. Finally, we have assessed the appropriateness of the disclosures provided in the annual report.

Accounting of income tax

Description	How our audit addressed this key audit matter
The company is a global group with subsidiaries world-wide, which leads to exposure to local tax legislation. Accounting can often be complex and allow for different interpretations and judgement. Furthermore, the company's subsidiaries are regularly subject to tax audits in which the local tax authorities might challenge applied interpretation of local legislation. In instances where the tax authorities have a different opinion on the interpretation of tax legislation, the outcome is often dependent on negotiations with local tax authorities or legal proceedings. In order to account for income taxes, there are cases where the company needs to make significant estimates, and changes in these estimates can have a significant impact on income taxes reported. The Company consults external legal advisors and tax advisors for material matters. Based on the above, we have assessed accounting for income taxes as a key audit matter in our audit. Information related to the Group's accounting principles, critical estimates and judgements is provided in note 2 and note 4. Information relating to income taxes is provided in note 16.	We have evaluated the Group's process for accounting for income taxes. For significant tax matters where uncertainty exists, we have reviewed the communication between the company and the respective local tax authorities. Our internal specialists have evaluated the assumptions and interpretations made by the company. We have also assessed the reasonableness of the accounting of material tax matters by comparing against historical outcomes in similar cases. Based on the above, we have evaluated whether applied accounting is consistent with IAS 12 and IFRIC 23. Balance sheet items such as the year's tax liability and deferred tax liabilities and tax assets have been reviewed and evaluated for correct calculation and valuation. We have also assessed the reasonableness of the effective tax rate. We have assessed the appropriateness of the disclosures provided in the annual report.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-44 and 129-150. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the audit of the administration and the proposed appropriations of the company's profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Securitas AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other matters

The audit of the annual accounts for 2020 was performed by another auditor who submitted an auditor´s report dated March 18 2021, with unmodified opinions in the Report on the annual accounts.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Securitas AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report #ab0db60c67569afc3be34a4f39d7f005cb3d3912ccff05f205211f4c5549d0a8 has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Securitas AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Ernst & Young AB, with Rickard Andersson as auditor–in charge, Hamngatan 26, 11 47 Stockholm, was appointed auditor of Securitas AB (publ) by the general meeting of the shareholders on the May 5, 2021 and has been the company's auditor since the May 5, 2021.

Stockholm March 24, 2022
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Quarterly data

Statement of income 2021[1]

MSEK	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Sales	25 533	26 210	27 027	27 768
Sales, acquired business	281	289	311	281
Total sales	**25 814**	**26 499**	**27 338**	**28 049**
Organic sales growth, %	*0*	*8*	*4*	*4*
Production expenses	-21 192	-21 671	-22 263	-22 729
Gross income	**4 622**	**4 828**	**5 075**	**5 320**
Selling and administrative expenses	-3 384	-3 377	-3 491	-3 701
Other operating income	10	11	10	12
Share in income of associated companies	8	9	11	15
Operating income before amortization	**1 256**	**1 471**	**1 605**	**1 646**
Operating margin, %	*4.9*	*5.6*	*5.9*	*5.9*
Amortization of acquisition-related intangible assets	-65	-63	-63	-99
Acquisition-related costs	-29	-13	-31	-49
Items affecting comparability	-136	-259	-120	-356
Operating income after amortization	**1 026**	**1 136**	**1 391**	**1 142**
Financial income and expenses	-94	-91	-96	-83
Income before taxes	**932**	**1 045**	**1 295**	**1 059**
Net margin, %	*3.6*	*3.9*	*4.7*	*3.8*
Current taxes	-295	-281	-409	-404
Deferred taxes	43	-1	60	90
Net income for the period	**680**	**763**	**946**	**745**
Whereof attributable to:				
Equity holders of the Parent Company	679	763	944	747
Non-controlling interests	1	0	2	-2
Earnings per share before and after dilution (SEK)	1.86	2.09	2.59	2.05
Earnings per share before and after dilution and before items affecting comparability (SEK)	2.11	2.64	2.82	2.85

Statement of cash flow 2021[1]

MSEK	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Operating income before amortization	**1 256**	**1 471**	**1 605**	**1 646**
Investments in non-current tangible and intangible assets	-638	-675	-653	-858
Reversal of depreciation	643	637	656	768
Change in accounts receivable	140	-380	-105	462
Change in other operating capital employed	-118	-123	-300	142
Cash flow from operating activities	**1 283**	**930**	**1 203**	**2 160**
Cash flow from operating activities, %	*102*	*63*	*75*	*131*
Financial income and expenses paid	-242	-16	-19	-35
Current taxes paid	-245	-537	-114	-369
Free cash flow	**796**	**377**	**1 070**	**1 756**
Free cash flow, %	*92*	*34*	*97*	*152*
Cash flow from investing activities, acquisitions and divestitures	-179	-116	-838	-233
Cash flow from items affecting comparability	-170	-241	-157	-34
Cash flow from financing activities	225	-1 257	-287	-616
Cash flow for the period	**672**	**-1 237**	**-212**	**873**

Capital employed and financing 2021[1]

MSEK	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Operating capital employed	**9 408**	**9 843**	**10 069**	**9 908**
Operating capital employed as % of sales	*9*	*9*	*9*	*9*
Return on operating capital employed, %	*47*	*48*	*51*	*54*
Goodwill	22 378	21 974	22 802	23 373
Acquisition-related intangible assets	1 646	1 583	1 762	1 732
Shares in associated companies	329	318	328	338
Capital employed	**33 761**	**33 718**	**34 961**	**35 351**
Return on capital employed, %	*13*	*13*	*14*	*14*
Net debt	**-14 502**	**-15 618**	**-15 612**	**-14 551**
Shareholders' equity	**19 259**	**18 100**	**19 349**	**20 800**
Net debt equity ratio, multiple	0.75	0.86	0.81	0.70

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2020[1]

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Sales	28 016	26 271	26 212	26 143
Sales, acquired business	404	285	289	334
Total sales	**28 420**	**26 556**	**26 501**	**26 477**
Organic sales growth, %	*2*	*-4*	*0*	*1*
Production expenses	-23 693	-22 070	-21 740	-21 543
Gross income	**4 727**	**4 486**	**4 761**	**4 934**
Selling and administrative expenses	-3 662	-3 435	-3 453	-3 550
Other operating income	9	11	8	11
Share in income of associated companies	12	13	11	9
Operating income before amortization	**1 086**	**1 075**	**1 327**	**1 404**
Operating margin, %	*3.8*	*4.0*	*5.0*	*5.3*
Amortization of acquisition-related intangible assets	-72	-69	-66	-79
Acquisition-related costs	-17	-63	-10	-47
Items affecting comparability	-45	-61	-112	-422
Operating income after amortization	**952**	**882**	**1 139**	**856**
Financial income and expenses	-144	-137	-101	-118
Income before taxes	**808**	**745**	**1 038**	**738**
Net margin, %	*2.8*	*2.8*	*3.9*	*2.8*
Current taxes	-251	-215	-220	-362
Deferred taxes	31	15	-59	148
Net income for the period	**588**	**545**	**759**	**524**
Whereof attributable to:				
Equity holders of the Parent Company	588	546	758	527
Non-controlling interests	0	-1	1	-3
Earnings per share before and after dilution (SEK)	1.61	1.50	2.08	1.45
Earnings per share before and after dilution and before items affecting comparability (SEK)	1.70	1.62	2.31	2.38

Statement of cash flow 2020[1]

MSEK	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Operating income before amortization	**1 086**	**1 075**	**1 327**	**1 404**
Investments in non-current tangible and intangible assets	-753	-676	-685	-673
Reversal of depreciation	696	672	669	653
Change in accounts receivable	-654	857	86	-166
Change in other operating capital employed	-3	741	1 242	309
Cash flow from operating activities	**372**	**2 669**	**2 639**	**1 527**
Cash flow from operating activities, %	*34*	*248*	*199*	*109*
Financial income and expenses paid	-290	-41	-24	-46
Current taxes paid	-406	-189	-206	-61
Free cash flow	**-324**	**2 439**	**2 409**	**1 420**
Free cash flow, %	*-47*	*338*	*239*	*154*
Cash flow from investing activities, acquisitions and divestitures	-354	-74	-82	-1 291
Cash flow from items affecting comparability	-60	-79	-78	-188
Cash flow from financing activities	1 646	-679	-1 400	-2 329
Cash flow for the period	**908**	**1 607**	**849**	**-2 388**

Capital employed and financing 2020[1]

MSEK	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Operating capital employed	**14 612**	**11 936**	**10 285**	**8 893**
Operating capital employed as % of sales	*13*	*11*	*10*	*8*
Return on operating capital employed, %	*38*	*40*	*40*	*39*
Goodwill	23 673	22 252	21 930	21 414
Acquisition-related intangible assets	1 673	1 513	1 418	1 424
Shares in associated companies	328	322	330	311
Capital employed	**40 286**	**36 023**	**33 963**	**32 042**
Return on capital employed, %	*13*	*14*	*14*	*13*
Net debt	**-19 294**	**-15 932**	**-13 535**	**-14 335**
Shareholders' equity	**20 992**	**20 091**	**20 428**	**17 707**
Net debt equity ratio, multiple	0.92	0.79	0.66	0.81

1 For definitions and calculation of key ratios refer to note 3.

Sustainability notes

About this report

This report has been prepared according to the Global Reporting Initiative (GRI) sustainability reporting standards, with the Core application level. The report also highlights how our priorities reflect the Ten Principles of the UN Global Compact (UNGC) with respect to labor and human rights, the environment and anti-corruption, and therefore acts as our UNGC Communication on Progress. The 2020 sustainability report was published on March 25, 2021. We aim to publish a report on an annual basis. Unless otherwise noted, the report pertains to the 2021 calendar year and encompasses all companies within the Securitas Group. Wherever possible, the baseline for the report data is 2020. Information in compliance with the Swedish legal requirements on sustainability reporting is found on pages 5, 16–17 and 132–147. Securitas' business model is found on pages 16–17. For more information, contact: Cecilia Alenius, Group Sustainability Officer, cecilia.alenius@securitas.com

Stakeholder dialogs

We meet many of our stakeholders regularly in our daily work, and our aim is to be a responsible, honest and transparent company. Securitas encourages an open and proactive dialog with those affected by our operations, in order to better understand their expectations and to identify areas that we can to develop further. Our main stakeholders are identified based on the impact they might have on our business as well as on their interests and potential influence on Securitas. They are listed below together with a description of how we engage with them.

STAKEHOLDER GROUP	METHOD OF DIALOG	IMPORTANT TOPICS	HOW WE RESPOND
Clients Each client has specific needs and we gain deep understanding of their requirements through an open dialog, extensive analysis and an agile approach. Our client-centric mindset also emphasizes a shared view on sustainable business conduct.	We are engaged in a constant dialog with our clients through daily interaction and regular meetings. The Client Excellence Platform (CEP) has been implemented in 41 markets. CEP will improve efficiency, both for our managers and for our clients. We also continue to share best practices and initiatives.	• We combine the client knowledge at the local level with the expertise from specialized teams when designing our solutions of protective services • Global consistency in service delivery and the capability to scale from local to global solutions • Strong values and compliant business • Occupational health and safety	The combination of in-depth client knowledge, specialist competence and access to our global knowledge enables us to build unparalleled client relationships, with constant and continuous communication as the base. We always strive to communicate in a clear and transparent way, to meet our clients' requirements on us as a sustainable supplier.
Employees and employee representatives Our 345 000 skilled and engaged employees in 46 countries around the world represent the company every day. Each employee is an ambassador for our brand and reputation.	Securitas' managers and employees at different levels are engaged in an ongoing daily dialog. Collaboration tools like Office 365 and Workplace by Meta are important tools that facilitate the communication. Securitas also values a proactive and open dialog with local unions, UNI and the EWC.	• Values and ethics • Fair wages and terms of employment • Health and safety • Diversity and inclusion • Recruitment and onboarding • Training and skills development • Talent management • Data privacy	Securitas is a people company and we are constantly working to attract, retain and develop our employees. To be perceived as a preferred and reliable employer we must have solid human resources processes. Securitas' purpose – We help make your world a safer place – articulates what we do and serves as a guide for our employees in their daily work. A proactive relationships and a constructive dialog with local unions as well as global union associations is important to us.
Shareholders Securing a long-term development of our business requires an active dialog with our shareholders and investors.	The Annual General Meeting is the company's highest decision-making body and a forum for all shareholders to exercise their influence. We also publish interim reports and other continuous financial information, organize Investor Days and organize other investor and analyst meetings, roadshows and conferences.	• How Securitas is leading the transformation of the security industry • How to manage the challenges related to the transformation to intelligent data-driven security solutions • Maintaining long-term, stable, profitable and sustainable operations	Securitas provides data and figures that support our strategy as well as information about how the transformation of the services we offer affects our financial results. We show that our position as an industry leader, also when it comes to sustainability, gives us a strong competitive advantage.

STAKEHOLDER GROUP	METHOD OF DIALOG	IMPORTANT TOPICS	HOW WE RESPOND
Society The base for a functioning community is safety and Securitas plays an important role in society by providing security and safety. We engage actively with the local communities where we operate.	Securitas has different important roles on the communities where we operate - we are a large employer, a trusted partner to our clients and a provider of safety to society. A constant dialog with the various stakeholders is key.	• Creating work opportunities • Equal opportunities for men and women, ethnic and religious minorities, individuals with disabilities, etc. • Cooperation with different stakeholders to contribute to increased security and safety in local communities	Securitas provides security in a responsible way, protecting workplaces, public areas and properties. We provide many people with jobs, and often the first step into the work market. We also aim to be engaged in the local communities, for example, by actively participating in various local projects.
Suppliers Securitas has many suppliers in its operations and it is essential to us that our suppliers follow our requirements concerning working conditions, diversity, equal opportunity, human rights, business ethics, and other areas that are core to us as a sustainable and compliant company.	The main forum is the ongoing dialog between our suppliers and Securitas' representatives on all levels but also through for example, our Business Partner Code of Conduct.	• Quality of procured goods and services • Requirement to comply with Securitas' Business Partner Code of Conduct • Compliance with our anti-corruption policy • Contract commitment and fulfillment of deliveries	We provide our suppliers with information regarding Securitas' Business Partner Code of Conduct and include compliance with the Code of Conduct in our supplier contracts. We also have specific guidelines and standards for suppliers and conduct supplier risk assessments and audits when required.
Industry organizations Securitas is using our position as one of the largest companies in the security industry to drive issues such as raising the standards and levels of professionalism in the industry.	Securitas is a member of various local and global industry organizations, such as the International Security Ligue, the American Society of Industrial Security (ASIS) and the National Association of Security Companies in the US. Meetings are conducted regularly.	• Status of security officers, other frontline employees and the profession • Remuneration issues • Employee skills development • Occupational health and safety • Regulatory issues • Terms for values and ethics in the international security industry	We assume an active role in industry organizations, especially in markets where we have a leading position. We work to increase industry regulation in order to improve the status of the security officer profession, raise industry wage levels and intensify skills development efforts.
Policy makers and authorities Securitas cooperates closely with authorities in all countries where we operate – both to improve our business conditions and to explore new business opportunities.	Securitas maintains a continuous dialog with authorities and policymakers at the local, national and international level.	• Laws and regulations concerning the security industry • Possibilities to expand assignments to ensure a safer society	Securitas works to improve the business conditions in the security industry.

Materiality analysis

Material issues are topics that have a substantial influence on the stakeholders' perception of our performance and impact our ability to create and sustain value. They indicate Securitas' most significant economic, environmental and social impacts. Materiality determines when an issue becomes important enough to be included in the business strategy and the way we manage and report on non-financial issues. Securitas' main impact on society is contributing to making them safer. The issues that we have defined as material are vital to our ability to contribute to safer societies, and we consider social conditions to be included in the areas personnel and respect for human rights.

Our process for identifying materiality provides a future focus for our sustainability work and helps us analyze our impact across the value chain. It provides us with deeper insights into stakeholders' expectations on Securitas, how we should develop our sustainability agenda and how our stakeholders perceive the outcome of our progress and strategy.

In the stakeholder survey we conducted in 2021, the following topics came out as prioritized:

- Decent working conditions
- Health and safety
- Compliant business practices
- Capacity building
- Diversity and equal opportunity

These topics were also included in discussions and dialogs we had with our main stakeholders in 2021.

Our focus areas

Material aspect for Securitas	GRI Topic
Anti-corruption	205 Anti-corruption
Talent training and retention	401 Employment
Occupational health and safety	403 Occupational health and safety
Labor practices, non-discrimination and human rights	404 Training and education 405 Diversity and equal opportunity
Client relations	418 Client privacy

Sustainability governance

The Board of Directors decides on Securitas' sustainability strategy and policies together with the President and CEO of Securitas AB, who has ultimate responsibility for the realization of the Group's sustainability work. The Group has an Ethics and Sustainability Board, which establishes the principles for the Group's sustainability work and follows up cases of alleged non-compliance with Securitas' Values and Ethics Code. The board meets regularly and comprises the Group's President and CEO, SVP General Counsel, SVP Group Communications and People, Chief Business Ethics Compliance Officer and Group Sustainability Officer. Our system for managing our work related to environmental, social and governance areas comprises six key components:

1. **Securitas' Values and Ethics Code:** One of the company's most important policies, Securitas' Values and Ethics Code stipulates the basic principles

that Securitas expects its employees and business partners to follow at all times.
2. **Employee training:** All Securitas employees undergo training in Securitas' Values and Ethics Code. An in-depth training program for is available in 38 language versions, either as an e-learning course or a classroom training. Relevant employees also receive training in other core policies, such as the anti-corruption policy.
3. **System for reporting non-compliance:** The Securitas Integrity Line (known as Securitas Hotline in the US and Canada, and Linea de Alerta in Mexico) is a Group system used for reporting cases of non-compliance with Securitas' Values and Ethics Code. All employees and business partners are encouraged and expected to report any cases of non-compliance, with the assurance that the reporter will not be subjected to any negative consequences.
4. **Risk management:** Non-compliance with Securitas' Values and Ethics Code is considered a risk, and as such, it has been classified as one of seven priority risks in the Group's enterprise risk management process. These risks are followed up on a regular basis.
5. **Monitoring:** To meet the demands of clients and other stakeholders with respect to increased transparency and communication, Securitas AB publishes a sustainability report that follows the Global Reporting Initiative (GRI) standards.
6. **Group Sustainability Officer:** The Group Sustainability Officer leads the Group's ongoing sustainability work and, in addition to following the regular reporting line, also reports to the Board of Directors' Audit Committee. Responsibilities include coordination of sustainability activities across the Group, which involves working closely together with other core functions. Other responsibilities include stakeholder engagement on sustainability issues, and supporting the Group's countries of operation with respect to sustainability matters.

Supply chain

We must ensure that our suppliers live up to our requirements and that they comply with Securitas' Business Partner Code of Conduct and our anti-corruption policy. The Code of Conduct outlines the minimum standards that Securitas requires its business partners to comply with when doing business with us.

Suppliers of certain goods or services are defined as critical suppliers. Generally, critical suppliers are those whose failure to perform could materially impact Securitas' performance or brand, locally or globally. Examples are suppliers that deliver goods, equipment, materials or services that materially influence the quality of Securitas' service delivery, such as suppliers of uniforms and electronic security equipment, sub-contractors who deliver security services to Securitas' clients and suppliers using the Securitas brand.

While selecting, assessing and monitoring suppliers, we also evaluate whether the supplier has established a selection procedure, and conducted risk assessments of its own suppliers. We are also building a supplier risk management operating model and workflow and are including third party risk assessment in our new GRC (governance, risk and compliance) system that is being implemented.

Memberships and engagements in organizations

Securitas is a member in the following industry organizations:
- International Security Ligue
- Aviation Security Services Association International (ASSA-I)
- ASIS International
- Confederation of European Security Services (CoESS)
- National organizations for security companies in most countries where we operate, such as the National Association of Security Companies (US), Bundesverband der Sicherheitswirtschaft (Germany), Cámara Argentina de Empresas de Seguridad e Investigación (Argentina) and the Australian Security Industry Association Ltd (Australia)

International commitments
- UN Global Compact
- International Security Ligue's Code of Conduct and Ethics

Sustainability indexes
- FTSE4Good Index Series
- STOXX Global ESG Leaders

Sustainability ratings (main)
- Net Impact (Upright)
- MSCI
- Sustainalytics

Supplier rating systems and reporting
- EcoVadis
- Sedex
- CDP

Management approach

Anti-corruption

Securitas has operations in 46 countries all over the world, and acting with integrity and ensuring we take an active stand against corruption are prioritized issues. Certain markets are more challenging than others in this regard for example, countries with a low score in Transparency International's Corruption Perceptions Index, but this does not mean that we do not actively monitor lower-risk countries.

Securitas' Values and Ethics Code and the Securitas anti-bribery and anti-corruption policy set out minimum requirements that ensure compliance with applicable local and extraterritorial laws. The anti-bribery and anti-corruption policy also sets out the principle of zero tolerance for any corrupt practices, with clear definitions, requirements for risk assessment, guidance regarding third party relationships, training and follow-up. In the policy, corruption is defined as any act or inaction that is intended to grant, offer or promise improper benefits or anything of value to induce the abuse of someone's entrusted power for illegitimate individual or group benefit or advantage. Corruption also includes accepting any such benefits. Local entities are subsequently asked to create their own detailed policies for gifts and entertainment.

The business ethics function is a Group function reporting into the Group General Counsel with an additional reporting line to the Board of Directors. The scope of the business ethics function is anti-bribery and anti-corruption and antitrust risks, including conflicts of interest, as well as grievance mechanisms and suppliers. To ensure that controls are working effectively, there is monitoring of the control and report on all steps.

Non-compliance with Securitas' Values and Ethics Code and other key policies is considered an operational risk, and as such, is part of the Group's enterprise risk management process (ERM). ERM is an integral component of Securitas' operations, and risk awareness is part of the company culture. Risk assessments are conducted within the framework of the Securitas ERM process. Controls are performed on several levels within the organization and are established based on the process concerned. Relevant managers and administrative staff must complete a detailed e-learning course on the anti-corruption policy. A new version of the course is currently being created. Approximately 90 percent of the relevant employees completed the first version of the course. At December 31, 2021, 46 percent of all managers and administrative staff had completed the new course in Securitas' Values and Ethics, that was launched in October 2021 and that includes a section on anti-corruption and business ethics. At the end of February 2022, the completion rate was 63 percent.

Securitas encourages all employees to report incidents of non-compliance with Securitas' Values and Ethics Code or any irregularities that they encounter in their work. This can be done through various channels, for example, the Group's Securitas Integrity Line reporting system, which is publicly available at www.securitasintegrity.com (Securitas Hotline in the US and Canada, securitashotline.com/securitashotline.ca; Linea de Alerta in Mexico; lineadealerta.com.mx).

Occupational health and safety

Throughout the coronavirus pandemic, our first priority has been the health and safety of our employees, and we have processes in place to help them stay healthy, both physically and mentally, for example by making sure that they have access to appropriate personal protection equipment and relevant training and information related to the coronavirus pandemic. The spread of the Omicron variant at the end of 2021 impacted the sick rates.

Hazards to the health and safety of our employees are identified through thorough risk assessments of the sites were we work. Since the majority of these sites are located in our clients' premises, we work closely together with the clients to mitigate risks and hazards.

Securitas makes extensive efforts to ensure the health and safety of both our security officers and the individuals they must, from time to time, act against. Most of our frontline employees are trained in first-aid and CPR, and fire safety, but if threatening or dangerous situations occur, they are instructed to avoid confrontation and harm, and await the arrival of the emergency services. The vast majority of our frontline personnel do not carry weapons. Those who do have undergone specialist training and licensing requirements and are usually deployed on special assignments, for example, in a critical infrastructure facility such as an airport.

Frontline personnel receive appropriate training, instruction and equipment for the assignment in question. We work actively with occupational health and safety issues in all countries. Our operations in 21 countries (46 percent) are ISO45001 certified and most countries have health and safety committees. We closely monitor the number of work-related injuries and work-related ill health.

Breaches can be reported through various channels, for example, the Group's Securitas Integrity Line reporting system.

Talent training and retention

Employee training is a strategic priority for Securitas. To be able to meet our clients increasing demands for a higher degree of security and more advanced security solutions, we must continually train and develop our employees and also make the best use of the extensive experience and expertise that we have in the organization. As a result of expanding business areas within data-driven intelligent services, Securitas are employing people with new competencies and developing and empowering our existing employees in new capacities. With our focus on innovation, we provide our employees with the tools they need to help our clients stay safe. Using technology efficiently requires both a wide set of skills and specialized capabilities.

Securitas has its own training centers in most countries of operation in order to ensure that the employees have the necessary competence to provide clients with high-quality security services. By improving the knowledge and skills of employees, we contribute to their professional growth and to a better understanding of the security profession. Empowering employees means a greater focus on training, skills and opportunities for professional development. We also encourage people to take on responsibility early in their careers.

In 2021, the average number of training hours per employee was 28.1. We started to pilot employee net promotor score surveys in 2021.

Labor practices and human rights

Securitas is the employer of 345 000 skilled and engaged employees, and offering good working conditions is key. Decent labor practices, the right to organize and human rights are all vital to Securitas, our employees and our clients, and to our ability to attract and retain people with the right skill sets and values to meet future demands.

We work in many different markets around the world and in all of them we prioritize fair wages and working conditions. Securitas' Values and Ethics Code together with other key policies ensure that the company maintains and promotes the highest ethical business standards, and we also use our influence as one of the largest players in the industry in discussions with clients, unions and industry associations.

Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers' Association, and the European Workers' Council in our European division. These agreements underline our joint commitment to universal principles concerning business conduct, as outlined by the UN Global Compact and ILO's core conventions. They have also been influential when it comes to determining our level of ambition. In countries where Securitas does not have collective bargaining agreements or union representation, we encourage other ways of maintaining an open dialog with our employees, including workplace meetings, employee ombudsmen, call centers and channels for reporting concerns, such as the Securitas Integrity Line.

Initiatives are underway to increase the human rights due diligence work, in line with the UN Guiding Principles on Business and Human Rights, the coming EU Directive on mandatory human rights due diligence and other key principles. Relevant employees in the organization will be trained accordingly. The Group's different reporting channels may be used for reporting also of non-compliance with human rights.

As a leading player in the security market, it is important that we pay wages that meet or exceed industry levels. Securitas has sound processes in place to ensure we live up to all legal standards and follow local and regional legislation and regulations regarding, for example, wages, working hours, overtime, social security charges, human rights and taxation.

Diversity and inclusion

Our people make up a valuable resource and we must make sure we are using this resource responsibly. To remain an attractive employer, both for our people and for future colleagues, increasing diversity and inclusion is prioritized. We have set a target that, by the end of 2021, the share of female managers at all levels should be at least the same as the share of women in the total workforce, which at the end of 2021 was on 23 percent. The share of female managers were 24 percent, on average. The current target has focused on gender, but we are working to broaden it to more areas.

Client relations

Developing our intelligent security services offering will create significant opportunities, but will also pose challenges and set high expectations to deliver these solutions responsibly. It is vital that we protect the data that we process on behalf of our clients. It is also essential that data is only shared and retained based on existing client contracts, in accordance with applicable laws and in a way that protects the privacy rights of individuals.

Many large corporations have strict requirements for the use of big data. It is important to be watchful and establish processes and practices to safeguard data privacy. At Securitas, we have policies, processes and training programs in place for managing these concerns, developed in accordance with the General Data Protection Regulations (GDPR) as well as local laws and regulations.

At a minimum, we address the negative implications of these technological advances by complying with all relevant legislative requirements. In addition, our policies – including Securitas' Values and Ethics Code and purchasing guidelines – provide us with support in addressing these issues. Our emphasis on risk assessment processes enables us to analyze risks efficiently, including the implications of increasing digitization in the industry and society as a whole.

Environment

The environment was not identified as a material topic in our materiality analysis, but it is important for us to be transparent and do our share to combat climate change. We have therefore reported our CO_2 emissions for many years. The Securitas Group's environmental policy states that we should strive to continually reduce our climate impact, focusing primarily on the energy and transport areas. The policy sets limits for CO_2 emissions for new purchased or leased company vehicles, and Securitas AB participates in CDP, formerly known as the Carbon Disclosure Project. We are currently evaluating setting an environmental target. We strive to follow the Rio Declaration's precautionary principle regarding threats of serious or irreversible environmental damage. The Group's operations do not require a permit under the Swedish Environmental Code.

Child labor and forced labor

Securitas does not employ or accept any form of child labor or forced labor. In the countries where the Group operates, there are regulations regarding who can work as a security guard, including age limits. Licenses for security officers are not given to people under the age of 18. An employee's age is also verified in as part of the recruitment processes. Securitas' UK operations comply with the disclosure obligations under the Modern Slavery Act 2015.

Securitas requires its suppliers to comply with Securitas' Business Partner Code of Conduct, which includes non-acceptance of child labor and forced labor.

EU taxonomy regulation 2021

As Securitas AB is in scope of the EU Non-Financial Reporting Directive (NFRD) as a parent undertaking of a large group with more than 500 employees, the company is also in scope for the Taxonomy Regulation (Regulation (EU) 2020/852 of June 18, 2020 and the EU Taxonomy Climate Delegated Act (EU) 2021/2139).

Securitas AB has made a thorough analysis of our economic activities and the reporting requirements according to the Taxonomy Regulation and specifically the requirements in the Article 8 disclosures Delegated Act. The analysis started with a review of the NACE codes and the equivalent Swedish SNI codes that define economic activities that are included in the Taxonomy regulation. The NACE codes relevant for Securitas are found under N80, Security and investigation activities, which are not included in the Taxonomy regulation. Our conclusion is therefore that Securitas does not have any economic activities that correspond to the NACE codes included under the Taxonomy, and consequently that no proportion of the turnover for the financial year 2021 derived from products or services associated with Taxonomy-aligned economic activities. The analysis did also show that Securitas did not have any capital expenditure or operating expenditure related to assets or processes associated with Taxonomy-eligible economic activities in the financial year 2021.

Sustainability risks

At the highest level, the Board considers where future strategic opportunities and risks lie, and helps shape the corporate strategy. Balanced and focused risk management is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives.

Enterprise risk management is an integrated part of Securitas' operations, and risk awareness is part of the company culture. Risk assessment is a dynamic process that aims to identify and analyze risks in relation to Securitas' objectives. It serves as the basis for implementing mitigating actions after considering the controls in place (reduce, transfer/share or accept the risk in question). Sustainability risks are handled in the same way. Our major sustainability risks are described below.

For more information on the Group's risk management process, see pages 38–40.

RISK AREA	DESCRIPTION	CONSEQUENCE	PREVENTIONS
Working conditions	Risk that labor practices, the right to organize, human rights and non-discrimination may not be respected.	Licenses to conduct security operations could be lost, which would lead to a loss of business, a negative financial impact and brand damage. It might also lead to difficulties in recruiting and retaining employees.	Securitas has policies and sound processes in place to ensure we live up to all legal standards and comply with local and regional legislation and regulations. We have a global framework agreement with UNI Global Union and the Swedish Transport Workers' Association.
Occupational health and safety	Risk that employees may be injured, contaminated during pandemics or even die due to inadequate health and safety processes and procedures.	Poor health and safety procedures that put our employees at risk can lead to reputational and brand damage, a loss of business and difficulties in recruiting and retaining employees.	Employees are trained continuously to ensure that they can perform their tasks safely and safety risks and hazards are assessed on a continuous basis. Appropriate equipment must also be provided.
Access to talent	Risk that we will not be able to attract and retain the right talent to remain a leader in the development of the security industry.	Not being able to fulfill our clients' requirements could lead to a loss of business and market position, as well as a negative financial impact.	We must continuously improve our recruitment and onboarding processes, talent management and training, and use modern tools for sharing knowledge and best practices.
Training	Risk that our employees may not have the right competence for their assignments or for developing new services and the business.	Not meeting client demands on us as a provider of high-quality professional security services could lead to lost client contracts and difficulties in recruiting and retaining employees.	Securitas has training centers in most countries and provides both basic and highly specialized training for employees at all levels, including skills that support the strategy of data-driven innovation and digitization.
Securitas' Values and Ethics Code	Risk that employees or business partners might not comply with Securitas' Values and Ethics Code and the company's core values.	Licenses could be lost, which would lead to a loss of business, a negative financial impact and brand damage. It might also lead to difficulties in recruiting and retaining employees.	Securitas has policies and sound processes in place to ensure we live up to all legal standards and comply with local and regional legislation and regulations. We have a global framework agreement with UNI Global Union and the Swedish Transport Workers' Association.

RISK AREA	DESCRIPTION	CONSEQUENCE	PREVENTIONS
Ethical business standards	Risk that employees or business partners may be involved in corruption, unfair competition, conflicts of interest and other non-ethical business behavior.	In a worst-case scenario, this type of non-ethical business behavior could lead to a major negative financial impact, a loss of business and reputational damage.	Securitas has a zero-tolerance policy against all forms of bribery and corruption. Without exception, all employees and business partners must comply with local laws and regulations as well as Securitas' Values and Ethics Code and other key policies.
Protecting data	Risk that our data may not be properly protected.	Inadequate protection of data could lead to reputational and brand damage, a loss of business and fines.	Data protection and privacy are important and thus protected through strong security, organizational and technical measures. Securitas complies with all relevant legal requirements related to the protection of data and has policies, processes and training programs in place.
Client relations	Risk that we may not meet our clients' sustainability requirements.	An inability to comply with our clients' sustainability requirements could lead to a loss of business, a negative financial impact and brand damage.	We must have an in-depth understanding of our clients' needs and industry-specific requirements, and a business that is sustainable in all areas. Our emphasis on employee safety and fair labor practices ensures that we deliver high-quality services.
Security practices	Risk that employees could act in a way that is contrary to local laws, authority regulations and Securitas' policies and human rights conventions.	Acting in a way that contravenes the law, policies and conventions, and in a worst-case scenario contributing to human rights violations, could lead to reputational and brand damage, a loss of business and difficulties in recruiting and retaining employees.	Securitas has policies and sound processes in place to ensure that we live up to all legal standards. We conduct risk assessments of the countries we operate in and of our clients, when necessary. As a signatory of UN Global Compact, Securitas commits to its Ten Principles.
Environment	Risk that our operations could cause environmental damage.	Not working to reduce our climate impact could lead to brand damage, a loss of clients and difficulties in recruiting and retaining employees.	Securitas complies with or exceeds the environmental requirements in the countries where we operate, and we continuously work to reduce the consumption of resources, emissions and waste.
Human rights	Risk that we violate human rights, through our operations or through our business relationships.	Not taking action against human rights abuses could lead to damage to brand and reputation, loss of clients and difficulties in recruiting and retaining employees.	Securitas supports and respects the fundamental human rights set out in international declarations and guidelines, such as the United Nation's Universal Declaration of Human Rights, and follow all local and international legislation. We seek to prevent or mitigate adverse human rights impacts thorough our own activities or through our business relationships.

Securitas' net impact

In 2021, Securitas was rated for the first time according the Upright Project's net impact method, reaching the highest rating of AAA (Prime). The net impact profile of a company aims to describe what value the company creates and with what costs. It shows the positive and negative impacts the core business of the company has on the surrounding world, that is, what resources the company uses but also what positive value is being created with them.

The Upright Project's net impact model relies on AI-driven data and integration algorithms that consolidate information from millions of accumulated scientific and public sources. It provides a net impact by considering comprehensive costs and benefits within comparable industries in four broad dimensions of impact: society, creation and distribution of knowledge, physical and mental health of people, and environment. Each dimension consists of 4-5 impact categories, such as jobs in the society dimension and GHG emission in the environment dimension.

The model considers all types of costs and gains, not only, for example, environmental costs or financial gains. Net impact is, therefore, a measure of net value creation of a company as a whole, especially as the model captures the entire value chain of a company, not just what happens inside the company or how it affects its immediate stakeholders, such as shareholders, clients, employees.

The overall aim of the model is to inform decision-making on resource allocation: how should humanity allocate its scarce capital, and environmental and human resources in order to maximize its wellbeing. This can be compared to more traditional ESC ratings, that look at how well a company manages its risks related to environmental sustainability, social issues, and corporate governance.

Securitas' result is explained more in detail on page 16-17.

Key figures

Number of employees per business segment

	2021	% of total	2020	% of total	2019	% of total
Security Services North America	113 000	33	123 000	35	121 000	33
Security Services Europe	120 000	35	121 000	34	124 000	34
Security Services Ibero-America	59 000	17	61 000	17	64 000	17
Other	53 000	15	50 000	14	61 000	16
Total	**345 000**		**355 000**		**370 000**	

Salaries and benefits per business segment[1]

MSEK	2021	% of total	2020	% of total	2019	% of total
Security Services North America	36 881	44	38 372	46	38 556	45
Security Services Europe	35 047	42	34 021	40	35 236	41
Security Services Ibero-America	9 394	11	9 743	12	10 303	12
Other	2 310	3	2 025	2	1 932	2
Total	**83 632**		**84 161**		**86 027**	

1 Does not include India and Vietnam.

Gender distribution, average number of yearly employees

			2021			2020			2019
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees[1]	217 434	64 852	282 286	227 574	65 303	292 877	234 505	67 550	302 055
Percentage of employees	77	23	100	78	22	100	78	22	100

1 Does not include India and Vietnam.

Gender distribution, Board of Directors

			2021			2020			2019
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of Board members[1]	5	3	8	5	3	8	5	3	8
Percentage of Board members	62	38	100	62	38	100	62	38	100

1 Excluding employee representatives.

Share of employees covered by collective bargaining agreements, %

	2021	2020	2019
Share of employees covered by collective bargaining agreements	58	58	59

Employee turnover, %

	2021	2020	2019
Employee turnover[1]	43	36	40

1 Does not include India and Vietnam.

New employees (number)

	2021	2020	2019
Actual number[1]	141 309	126 596	149 283
% of average number of yearly employees	50	43	49

1 Does not include India and Vietnam.

New employees – age group and gender in relation to total new employees, %

	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years	36	14	50	36	14	50	36	14	50
30–50 years	29	9	38	30	9	39	27	9	36
Over 50 years	9	3	12	9	2	11	11	3	14

Share of employees with full-time and part-time employment, respectively, %

	2021	2020	2019
Full-time	86	87	87
Part-time	14	13	13

Split per gender, %

	2021	2020	2019
Full-time, men	68	69	70
Full-time, women	18	18	17
Part-time, men	10	9	9
Part-time, women	4	4	4

Share of employees with permanent and temporary work contracts, respectively, %

	2021	2020	2019
Permanent	93	92	91
Temporary	7	8	9

Split per gender, %

	2021	2020	2019
Permanent employees, men	73	72	72
Permanent employees, women	20	20	19
Temporary employees, men	5	6	7
Temporary employees, women	2	2	2

Workforce split on employment category

	2021			2020			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers/office personnel	12 760	6 733	19 493	12 413	6 352	18 765	11 728	6 151	17 879
Security officers/fronline workers	255 413	67 933	323 346	256 745	69 763	326 508	275 730	69 464	345 194
Total[1]			**342 839[1]**			**345 273[1]**			**363 073[1]**

1 The difference compared with total number of employees is explained by left and divested entities not being included, and missing or inadequate information from certain reporting entities.

Managers, split on gender

	Men	Men, %	Women	Women, %	Total
Group management	12	86	2	14	14
Divisional presidents	6	100	0	0	6
Country presidents	49	89	6	11	55
Area managers	340	78	95	22	435
Branch managers	1 507	87	219	13	1 726
Other managers	4 639	72	1 792	28	6 431
All managers	**6 553**	**76**	**2 114**	**24**	**8 667**

Countries of operation with formal health and safety committees

	2021	2020	2019
Number of countries with formal health and safety committees	40	34	37
% of total number of countries	87	72	66

Work-related injuries

	2021	2020	2019
Total hours worked	658 715 773	659 957 028	717 221 746
Actual number of work-related injuries	5 434	5 070	6 456
Injury rate (200 000 hours)	1,6	1.5	1.8
Injury rate (1 000 000 hours)	8.2	7.7	9.0
Actual number of lost-time injuries[1]	3 271	5 268	–
Lost-time injury frequency rate (LTIFR; 200 000 hours)[1]	1.0	1.6	–
Lost-time injury frequency rate (LTIFR; 1 000 000 hours)[1]	5.0	8.0	–
Actual number of work-related fatalities	4	3	2

1 Data reported for the first time in 2020.

Causes, work-related fatalities

	2021	2020	2019
Traffic accident	2	3	2
Assault	1	0	0
Accidental fall	1	0	0

Work-related fatalities 2021 per country

	Traffic accident	Assault	Accidental fall
Mexico	0	0	1
Serbia	1	0	0
Switzerland	1	0	0
The US	0	1	0
	2	**1**	**1**

Work-related fatalities 2020 per country

	Traffic accident	Assault	Accidental fall
The US	1	0	0
Germany	1	0	0
Colombia	1	0	0
	3	**0**	**0**

Work-related fatalities 2019 per country

	Traffic accident	Assault	Accidental fall
The US	1	0	0
Costa Rica	1	0	0
	2	**0**	**0**

Training hours

	2021	2020	2019
Total number of hours of training	9 634 641	7 899 092	9 677 595
Average number of hours of training per employee	28.1	22.9	26.7

Training hours, per employment category

	2021	2020	2019
Managers/office staff	357 757	969 741	428 026
Frontline personnel	9 276 884	6 929 351	9 249 569

Training hours, per gender

	2021	2020	2019
Men	8 292 459	6 679 513	8 320 246
Women	1 342 170	1 219 579	1 357 349
Other	12	–	–

Proportion of senior management hired from the local community, %

	2021	2020	2019
Hired from local community	99	98	98
Hired from outside local community	1	2	2

Gross direct GHG emissions and indirect market-based GHG emissions in metric tons of CO_2 equivalent (tCO_2e) 2021

	Direct (Scope 1)	%	Indirect (Scope 2)	%	Indirect (Scope 3)	%	Total	%
Security Services North America	26 520	24	1 733	7	14 131	23	42 384	21
Security Services Europe	60 360	53	19 746	78	31 654	50	111 760	56
Security Services Ibero-America	24 376	21	2 366	9	14 446	23	41 188	20
AMEA	2 152	2	1 134	5	2 717	4	6 003	3
Other	84	0	294	1	185	0	563	0
Total	**113 492**		**25 273**		**63 133**		**201 898**	
Change compared to 2020, %	-9.9		1.5		10.2		-3.0	
tCO_2 emission per employee (full-time equivalent, FTE)	0.351		0.078		0.195		0.625	

Gross direct GHG emissions and indirect market-based GHG emissions in metric tons of CO_2 equivalent (tCO_2e) 2020

	Direct (Scope 1)	%	Indirect (Scope 2)	%	Indirect (Scope 3)	%	Total	%
Security Services North America	31 248	25	2 706	11	12 790	22	46 744	22
Security Services Europe	65 463	52	18 813	76	30 942	54	115 218	55
Security Services Ibero-America	27 111	22	1 912	8	11 570	20	40 593	19
AMEA	2 022	2	1 161	5	1 923	3	5 106	2
Other	147	0	317	1	49	0	513	0
Total	**125 991**		**24 909**		**57 274**		**208 174**	
Change compared to 2019, %	-7.2		-11.8		7.3		-4.2	
tCO_2 emission per employee (full-time equivalent, FTE)	0.367		0.072		0.167		0.643	

Gross direct GHG emissions and indirect market-based GHG emissions in metric tons of CO_2 equivalent (tCO_2e) 2019

	Direct (Scope 1)	%	Indirect (Scope 2)	%	Indirect (Scope 3)	%	Total	%
Security Services North America	34 159	25	2 437	9	7 284	14	43 880	20
Security Services Europe	72 821	54	21 557	76	29 095	54	123 473	57
Security Services Ibero-America	25 322	19	2 802	10	12 821	24	40 945	19
AMEA	3 312	2	1 332	5	3 692	7	8 336	4
Other	98	0	101	0	464	1	663	0
Total	**135 712**		**28 229**		**53 356**		**217 297**	
Change compared to 2018, %	23.3		-6.3		2.9		13.1	
tCO_2 emission per employee (full-time equivalent, FTE)	0.419		0.087		0.165		0.632	

2016 is the base year for the market based emissions, and it is chosen as it was the first year that Securitas assessed its climate impact using the market based calculation method. The boundary of the climate assessment includes 53 reporting units. Due to Securitas leaving or divesting operations in 2020 and 2021, 46 reporting units have been included in the reporting, for both the market based and the location based methods.

A GHG assessment quantifies all seven Kyoto greenhouse gases where applicable and it is measured in units of carbon dioxide equivalence, or CO_2e. For Securitas the following greenhouse gases are applicable and have been included in the assessment:

Carbon dioxide (CO_2), Methane (CH_4), Nitrous oxide (N_2O).
Biogenic CO_2 emissions: 124.5 metric tons (2020: 86.9 metric tons)

The Greenhouse Gas Protocol Corporate Standard is a standard for reporting climate data. The system Our Impacts has been used as the calculation tool. Operational control is the chosen consolidation approach.

In 2021, the emissions in Scope 1 continued to decrease. Several sites referring the cause to the continuing coronavirus pandemic, but the transition from fossil fuel vehicles to electrical has started also to have an impact.

Emissions in Scope 2 has increased as employees have started to return to offices during the second Covid-19 pandemic year. The transition to electrically powered vehicles could also have some impact, as part of the fleet is charged at the premises where Securitas conduct our business. Securitas has large possibilities to reduce the climate footprint from Scope 2 even further, as presently there are few countries that are active in purchasing renewable electricity through contractual instruments on a regulated energy market.

The coronavirus pandemic has also led to a large decrease in business travel. Compared to 2020 Securitas' emissions from air travel has decreased further, by 4 percent. Business travel is expected to increase as the coronavirus pandemic slows down, however it is not expected to go back to pre-pandemic levels. Scope 3 emissions in the premises category have increased in 2021.

Average CO_2 emissions, all company owned and leased vehicles

	2021	2020	2019
Gram/km	144	143[1]	141[1]
Max CO_2 gram per km for new patrol vans, pickups and four-wheel vehicles	170[1]/200[2]	175[1]/205[2]	175[1]/205[2]
Max CO_2 gram per km for new company cars (max 5 seater)	120[1]/155[2]	125[1]/160[2]	125[1]/160[2]
Number of vehicles	15 948	15 724	15 304

1 According to the calculation method NEDC.
2 According to the calculation method WLTP.

Subscription to/endsorsement of external declarations, principles, etc

Country	ISO 9001	ISO 14001	ISO 27001	OHSAS 18001 /ISO45001
Austria	■	■		
Belgium	■	■	■	
Bosnia and Herzegovina	■			
Croatia	■	■	■	■
The Czech Republic	■		■	
Denmark	■			■
Finland	■	■		■
Germany	■			
Hungary	■	■	■	
Ireland	■	■		■
Norway	■	■		■
Poland	■			
Romania	■	■	■	■
Serbia	■	■	■	■
Slovakia	■			■
Sweden	■	■		
Switzerland	■	■		■
the Netherlands	■	■	■	■
Turkey	■	■	■	■
The UK	■	■	■	■
Argentina	■			
Chile	■			
Colombia	■			■
Ecuador	■			
Peru	■	■		■
Portugal	■	■		■
Spain	■	■	■	■
Uruguay	■			■
Australia	■	■		■
Hong Kong	■			
India	■	■	■	■
Morocco	■			■
Singapore	■			■
UAE	■	■		■
Vietnam	■			

Client satisfaction surveys

Clients are an important stakeholder group and client satisfaction surveys is another way of maintaining a constructive dialog with this group.

63 percent of all countries of operation conduct regular client satisfaction surveys.

The three key conclusions from surveys conducted in 2021 are:

- Service quality – most clients are satisfied with the service quality
- Problem solving – problems are solved quickly
- Communication – more communication to make things easier for our clients

GRI index

Securitas AB's sustainability report is prepared according to the Global Reporting Initiative (GRI) sustainability reporting standards, with the Core application level. Where relevant, this report also highlights how our priorities reflect the UN Global Compact's Ten Principles for labor and human rights, the environment and anti-corruption and therefore acts as our UNGC Communication on Progress.

GRI Standard	Disclosure	Page reference	Note	UN Global Compact
General disclosures				
GRI 102: General disclosures	Organizational profile			
	102-1 Name of the organization	45		
	102-2 Activities, brands, products, and services	12, 45		
	102-3 Location of headquarters	45		
	102-4 Location of operations	11		
	102-5 Ownership and legal form	148–149		
	102-6 Markets served	10–11		
	102-7 Scale of the organization	85–88		
	102-8 Information on employees and other workers	138–139	Includes data from the associated companies in India and Vietnam	6
	102-9 Supply chain	134		
	102-10 Significant changes to the organization and its supply chain	49–50		
	102-11 Precautionary principle or approach	134–135		
	102-12 External initiatives	134		
	102-13 Membership of associations	134		
	Strategy			
	102-14 Statement from senior decision-maker	6–7		
	102-15 Key impacts, risks, and opportunities	20–21, 136–137		
	Ethics and integrity			
	102-16 Values, principles, standards, and norms of behavior	8, 133–134		10
	102-17 Mechanisms for advice and concerns about ethics	134		

GRI Standard	Disclosure	Page reference	Note	UN Global Compact
General disclosures				
GRI 102: General disclosures	Governance			
	102-18 Governance structure	27–32		
	102-20 Executive-level responsibility for economic, environmental, and social topics	133–134		
	102-21 Consulting stakeholders on economic, environmental, and social topics	132–133		
	102-22 Composition of the highest governance body and its committees	28–35		
	102-23 Chair of the highest governance body	30, 34–35		
	Stakeholder engagement			
	102-40 List of stakeholder groups	132–133		
	102-41 Collective bargaining agreements	138	Includes data from the associated companies in India and Vietnam	3
	102-42 Identifying and selecting stakeholders	132–133		
	102-43 Approach to stakeholder engagement	132–133		
	102-44 Key topics and concerns raised	132–133		
	Reporting practice			
	102-45 Entities included in the consolidated financial statements	121		
	102-46 Defining report content and topic boundaries	133		
	102-47 List of material topics	133		
	102-48 Restatements of information		The maximum CO_2 gram per km for new patrol vans, pickups and four-wheel vehicles for 2019 and 2020 (page 141) has been restated due to an error in previous year's reporting.	
	102-49 Changes in reporting	132	No changes in our focus areas have been made, compared with previous year.	
	102-50 Reporting period	132		
	102-51 Date of most recent report	132		
	102-52 Reporting cycle	132		
	102-53 Contact point for questions regarding the report	132		
	102-54 Claims of reporting in accordance with the GRI Standards	132		
	102-55 GRI content index	143–145		
	102-56 External assurance		The report has not been subject to external assurance.	
Material Topics				
Anti-corruption				
Management approach	103-1 Explanation of the material topic and its boundary	134		
	103-2 The management approach and its components	134		
	103-3 Evaluation of the management approach	134		
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	134		
Environment				
Emissions				
Management approach	103-1 Explanation of the material topic and its boundary	135	Environment was not considered a material topic in our materiality analysis, but since it is important for us to be transparent and work for reduced climate impact we have chosen to report CO_2 emissions anyway. We are also complying with the requirements as a signatory of UN Global Compact and the sustainability reporting requirements in the Swedish Annual Acocunts Act.	
	103-2 The management approach and its components	135		
	103-3 Evaluation of the management approach	135		
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	141	Includes data from the associated companies in India and Vietnam	7, 8, 9
	305-2 Energy indirect (Scope 2) GHG emissions	141	Includes data from the associated companies in India and Vietnam	7, 8, 9
	305-3 Other indirect (Scope 3) GHG emissions	141	Includes data from the associated companies in India and Vietnam	7, 8, 9

GRI Standard	Disclosure	Page reference	Note	UN Global Compact
Social				
Employment				
Management approach	103-1 Explanation of the material topic and its boundary	8, 16–17, 135		
	103-2 The management approach and its components	8, 16–17, 135		
	103-3 Evaluation of the management approach	8, 16–17, 135		
GRI 401: Employment	401-1 New employee hires and employee turnover	138	Does not include data from the associated companies in India and Vietnam. Omission: Total number of leavers.	6
Occupational health and safety				
Management approach	103-1 Explanation of the material topic and its boundary	8, 16–17, 134–135		
	103-2 The management approach and its components	8, 16–17, 134–135		
	103-3 Evaluation of the management approach	8, 16–17, 134–135	Includes data from the associated companies in India and Vietnam	
GRI 403: Occupational health and safety	403-1 Occupational health and safety management systems	134, 142	Includes data from the associated companies in India and Vietnam	6
	403-2 Hazard identification, risk assessment and incident investigation	136	Thorough risk assessments of the client sites that our employees are assigned to are carried out, to identify and scope safety hazards. All incidents are investigated and documented.	
	403-3 Occupational health services	–	In many of the countries where we operate, Securitas has agreements with company health services. Securitas complies with all relevant legal requirements related to the protection of employee data and require of any external company health service to also do so.	
	403-4 Worker participation, consultation and communication on occupational health and safety	134	Includes data from the associated companies in India and Vietnam	
	403-5 Worker training on occupational health and safety	134	Includes data from the associated companies in India and Vietnam	
	403-6 Promotion of worker health	–	Securitas facilitates employees' access to non-occupational medical and healthcare services when possible. In many countries, access to high-quality services exists.	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	136		
	404-8 Workers covered by an occupational health and safety management system	140	87% of the employees (full-time equivalent) are covered by occupational health and safety management systems	
	403-9 Number of work-related injuries	140	Includes data from the associated companies in India and Vietnam	
	403-10 Work-related ill health	–	The follow-up on work-related ill health is included in the general occupational health and safety work.	
Training and education				
Management approach	103-1 Explanation of the material topic and its boundary	135		
	103-2 The management approach and its components	135		
	103-3 Evaluation of the management approach	135		
GRI 404: Training and education	404-1 Average hours of training per year per employee	140	Includes data from the associated companies in India and Vietnam. Omission: Average number of training hours per gender.	6
Diversity and equal opportunity				
Management approach	103-1 Explanation of the material topic and its boundary	135		
	103-2 The management approach and its components	135		
	103-3 Evaluation of the management approach	135		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	138–139	Includes data from the associated companies in India and Vietnam. Omission: Split per age group.	
Client privacy				
Management approach	103-1 Explanation of the material topic and its boundary	13, 135, 137		
	103-2 The management approach and its components	13, 135, 137		
	103-3 Evaluation of the management approach	13, 135, 137	Includes data from the associated companies in India and Vietnam	
GRI 418: Client privacy	418-1 Substantiated complaints concerning breaches of client privacy and losses of client data		No material substantiated complaints concerning breaches of client privacyand losses of client data where reported in 2021. Includes data from the associated companies in India and Vietnam	
Risk for child labor		135		1, 2, 5
Risk for forced labor		135		1, 2, 4

This is a translation of the Swedish original report

Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Securitas AB (publ), corporate identity number 556302-7241.

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2021 on pages 132–147 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A statutory sustainability statement has been prepared.

Stockholm March 24, 2022
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

We contribute to UN's Sustainable Development Goals

Securitas supports the United Nation's Sustainable Development Goals (SDGs) and we take the goals into consideration into our strategy work and in our daily operations. Securitas is also a signatory of the UN Global Compact. Our primary focus is on the following targets where we believe we have good possibilities for positive impact. We also believe that we can have an impact through a number of other goals.

TARGET 5.1 AND 5.5
Securitas is an equal opportunity employer and all employees are to be treated fairly and equally. Discrimination of women and discrimination based on other characteristics in hiring, compensation, training, promotion, termination or retirement is never acceptable. We believe that diverse work groups contribute to better business and we aim to increase the number of women in management positions at all levels in the company.

TARGET 8.8
Securitas is a large employer with operations in many countries around the world. We strive to be a stable and responsible employer that offers good working conditions and opportunities to grow. Decent labor practices, the right to organize and human rights are all vital to Securitas, our employees and our clients. We work actively with health and safety issues and our security officers receive training, instruction and equipment in line with the assignment, to minimize the health and safety risks. We do not accept any form of child labor or forced labor.

TARGET 9B
Securitas continues to develop the security services Industry with a strong focus on innovation, both to improve current products and services, and in the development of new ones. We also use data to build smarter reporting and analysis.

GOAL 16 AND TARGET 16.5
Safety and stability is key in a well-functioning society. In an increasingly unpredictable world, Securitas' role is to help companies, infrastructure and government authorities to operate the way they are intended, without interruptions. The protection of workplaces, public areas and properties, carried out in a responsible way, plays an important part in how we contribute to a safer and more sustainable and productive society. Securitas also has a zero-tolerance policy against all forms of bribery and corruption.

Securitas can also have a positive direct or indirect impact through the following goals:

3: GOOD HEALTH AND WELL-BEING
We work actively with health and safety issues for our employees, and also help others while on assignment.

4: QUALITY EDUCATION
Securitas has its own training centers in most countries where we operate, and we offer our employees a large number of different courses and programs.

7: AFFORDABLE AND CLEAN ENERGY
Securitas strives to continually reduce our climate impact, focusing primarily on the energy and transport areas.

The Securitas share

At year-end, the closing price of the Securitas share on Nasdaq Stockholm was SEK 124.65, corresponding to a market capitalization of SEK 43.4 billion (46.2). Earnings per share (EPS) amounted to SEK 8.59 (6.63), which represented an increase of 30 percent compared with 2020, and 37 percent when adjusted for changes in exchange rates. EPS before items affecting comparability totaled SEK 10.41 (8.02), which represented a total change of 30 percent compared with 2020, and 37 percent when adjusted for changes in exchange rates.

PERFORMANCE OF THE SHARE IN 2021

At year-end, the closing price of the Securitas share was SEK 124.65 (132.75). The share price decreased by 6 percent in 2021 to compare with the OMX Stockholm Price Index, which increased by 29 percent. The highest price paid for a Securitas share in 2021 was SEK 155.95, which was noted on July 29, and the lowest price paid was SEK 117.45, which was noted on December 20.

TRADING

A total of 616 million (379) Securitas shares were traded on Nasdaq Stockholm, representing a value of MSEK 84 269 (48 038). The turnover velocity in 2021 was 180 percent (104), compared with a turnover rate of 111 percent (55) for the entire Nasdaq Stockholm. The average number of Securitas shares traded each day was 2 433 000 shares. Trading on Nasdaq Stockholm represented 85 percent of all Securitas shares traded in 2021 excluding, for example, BATS, Chi-X Europe and Turquoise.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

At December 31, 2021, the share capital amounted to SEK 365 058 897, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17 142 600 are Series A shares and 347 916 297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 89 percent.

At December 31, 2021, Securitas had 43 176 shareholders (49 474). In terms of the number of shareholders, private individuals make up the largest shareholder category with 39 404 shareholders, corresponding to 91 percent of the total number of shareholders. In terms of capital and votes, institutional owners and other corporate entities dominate with 94 percent and 96 percent, respectively.

Shareholders based in Sweden held 50 percent (55) of the capital and 65 percent (68) of the votes. Compared with 2020, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2021, shareholders outside Sweden owned 50 percent (45) of the capital and 35 percent (32) of the votes. The largest shareholdings held by foreign shareholders are in the US and Luxemburg, with 20 percent of the capital and 14 percent of the votes in the US and 9 percent of the capital and 6 percent of the votes in Luxemburg. Foreign shareholders are not always recorded in the share register. Foreign banks and other custodians may be recorded for multiple customers' shares, in which case the actual owners are not displayed in the register.

On December 31, 2021, the principal shareholders in Securitas were Investment AB Latour, holding 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Melker Schörling AB, holding 4.5 percent (4.5) of the capital and 10.9 percent (10.9) of the votes. These shareholders are represented on the Board of Directors by Jan Svensson and Sofia Schörling Högberg.

DIVIDEND POLICY AND CASH DIVIDEND

With a balanced growth strategy comprising both organic and acquisition-driven growth and continued investments in security solutions and electronic security, Securitas should be able to sustain a dividend level in the range of 50–60 percent of the annual net income. The Board of Directors proposes a dividend of SEK 4.40 (4.00) per share, corresponding to 51 percent of net income and 42 percent of net income before items affecting comparability. Based on the share price at the end of 2021, the dividend yield for 2021 amounted to 3.5 percent.

AUTHORIZATION TO REPURCHASE SHARES IN SECURITAS AB

The 2021 Annual General Meeting resolved to authorize the Board of Directors to resolve upon the acquisition of the company's own shares up to a maximum of 10 percent of all shares and for a period up to the Annual General Meeting in 2021. 350 000 own shares were repurchased in June 2021.

SECURITAS SHARE IN BRIEF

Series B Securitas shares are traded on Nasdaq Stockholm, part of Nasdaq Nordic, and on other trading venues such as BATS Chi-X Europe. Securitas is listed on Nasdaq Stockholm on the Large Cap List, which includes large companies with a market capitalization of more than MEUR 1000, and is included in the Industrial Goods & Services sector. The ISIN code for the Securitas share on Nasdaq Stockholm is SE0000163594.

The ticker code for the Securitas share is SECU-B on Nasdaq Stockholm, SECUB:SS on Bloomberg and SECUb.ST on Reuters. Securitas has been listed on the stock exchange since 1991.

Data per share

SEK/share	2021	2020	2019	2018	2017
Earnings per share[3, 4]	8.59	6.63	9.20	8.26	7.53
Earnings per share before items affecting comparability[3, 4]	10.41	8.02	9.61	9.17	7.87
Dividend	*4.40*[1]	*4.00*	*4.80*	*4.40*	*4.00*
Dividend as % of earnings per share	*51*[2]	*60*	*52*	*53*	*53*
Yield, %	3.5[2]	3.0	3.0	3.1	2.8
Free cash flow per share	11.0	16.3	9.0	5.2	6.3
Share price at end of period	124.65	132.75	161.45	142.25	143.20
Highest share price	155.95	164.00	170.05	164.05	151.80
Lowest share price	117.45	91.96	136.75	134.70	125.30
Average share price	136.91	126.88	153.43	146.96	139.07
P/E ratio	12	17	17	16	18
Number of shares outstanding (000s)[3, 5]	364 584	364 934	364 934	365 059	365 059
Average number of shares outstanding, after dilution (000s)[3, 5]	364 738	364 934	364 993	365 059	365 059

1 Proposed dividend.
2 Calculated on proposed dividend.
3 There are no outstanding convertible debenture loans. Consequently, there is no potential dilution.
4 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.
5 In June 2019, 125 000 shares were repurchased and in June 2021, 350 000 shares were repurchased.

Largest shareholders as of December 31, 2021

Shareholder	Number of Series A shares	Number of Series B shares	Percent of capital	Percent of votes
Investment AB Latour[1]	12 642 600	27 190 000	*10.9*	*29.6*
Melker Schörling AB[2]	4 500 000	11 811 639	*4.5*	*10.9*
Macquarie Investment Management Limited		17 548 744	*4.8*	*3.4*
M&G Investment Management		16 548 533	*4.5*	*3.2*
Lannebo Funds		13 126 400	*3.6*	*2.5*
BlackRock		10 358 335	*2.8*	*2.0*
EQT		10 000 000	*2.7*	*1.9*
Didner & Gerge Funds		9 526 704	*2.6*	*1.8*
Vanguard		9 417 976	*2.6*	*1.8*
Prudential Assurance Company Ltd		9 205 300	*2.5*	*1.8*
Total, ten largest shareholders	**17 142 600**	**134 733 631**	***41.5***	***58.9***
Total, rest of owners	**0**	**213 182 666**	***58.5***	***41.1***
Total as of December 31, 2021	**17 142 600**	**347 916 297**[3]	***100.00***	***100.00***

1 Through Investment AB Latour and family.
2 Through Melker Schörling AB and family.
3 Includes 475 000 shares of which 125 000 shares were repurchased in June 2019 and 350 000 shares were repurchased in June 2021, respectively.

Source: Modular Finance

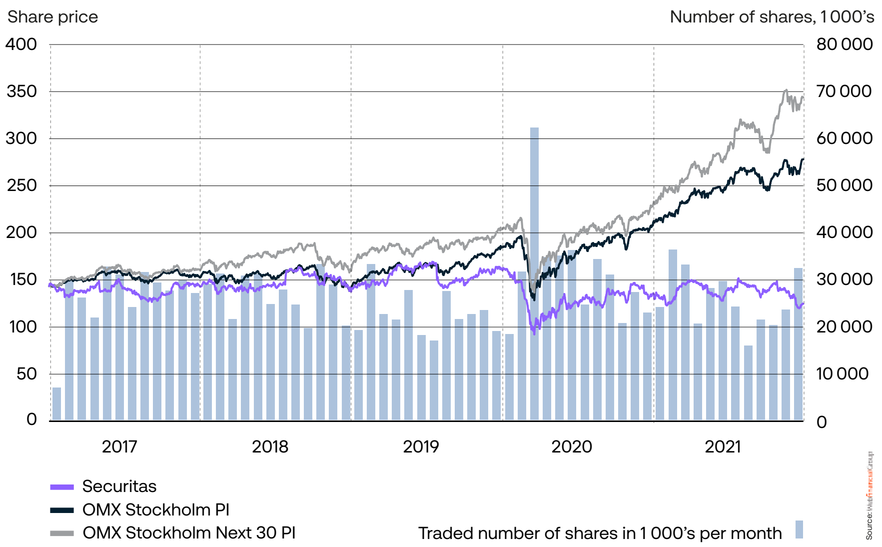
Shareholder spread as of December 31, 2021

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	Percent of capital	Percent of votes
1–500	33 735		4 154 375	*1.14*	*0.80*
501–1 000	4 121		3 350 593	*0.92*	*0.65*
1 001–5 000	3 988		9 174 754	*2.51*	*1.77*
5 001–10 000	562		4 237 831	*1.16*	*0.82*
10 001–15 000	161		2 058 945	*0.56*	*0.40*
15 001–20 000	111		2 007 187	*0.55*	*0.39*
20 001–	498	17 142 600	322 932 612	*93.16*	*95.17*
Total	**43 176**	**17 142 600**	**347 916 297**[1]	***100.00***	***100.00***

1 Includes 475 000 own shares of which 125 000 were repurchased in June, 2019 and 350 000 were repurchased June 2021, respectively.

Source: Euroclear Sweden

Share prices for Securitas, January 1 - December 31, 2017-2021



Definitions

Free cash flow per share: Free cash flow in relation to the number of shares outstanding.

Market capitalization: The number of shares outstanding times the market price of the share price at year-end.

P/E ratio (Price/Earnings): The share price at the end of each year relative to earnings per share after taxes.

Turnover velocity: Turnover during the year relative to the average market capitalization during the same period.

Yield: Dividend relative to the share price at the end of each year. For 2021, the proposed dividend is used.

Financial Information and Invitation to the Annual General Meeting

REPORTING DATES
Securitas will release financial information for 2022 as follows:

Interim Reports 2022	
January – March	May 4, 2022
January – June	July 28, 2022
January – September	November 8, 2022

FINANCIAL INFORMATION
Our financial reports are available in both English and in Swedish and can be read and downloaded on our webpage at the following address: https://www.securitas.com/en/investors/financial-reports/

We also offer an order and subscribe service for financial information at the following address: www.securitas.com/en/investors/order-and-subscribe/

Other questions concerning our financial information can be addressed to us by mail, telephone or e-mail:

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ABG Sundal Collier	Stefan Knutsson
AlphaValue	Hélène Coumes
BoA Merrill Lynch	Simona Sarli
Carnegie	Viktor Lindeberg
Citi	Marc van't Sant
Credit Suisse	Andrew Grobler
Deutsche Bank	Tom Sykes
DNB	Karl-Johan Bonnevier
Exane BNP Paribas	George Gregory
Goldman Sachs	Suhasini Varanasi
HSBC	Rahul Chopra
Jefferies	Allen Wells
J.P. Morgan Cazenove	Sylvia Barker
Jyske Markets	Janne Vincent Kjaer
Kepler Cheuvreux	Johan Eliason
Morgan Stanley	Anvesh Agrawal
Pareto Securities	Stefan Wård
RBC Capital Markets	Andrew Brooke
Redburn	Neil Tyler
SEB	Dan Johansson
UBS	Kate Somerville

The analysts who cover Securitas could change during the year. The list above is updated regularly and can be found at https://www.securitas.com/en/investors

ANNUAL GENERAL MEETING OF SHAREHOLDERS IN SECURITAS AB (PUBL.)
The shareholders in Securitas AB are invited to to participate in the Annual General Meeting (AGM) to be held at 13.00 CEST on Thursday May 5, 2022, in Stockholm. Registration for the AGM begins at 12.00 CEST.

RIGHT TO PARTICIPATE
Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by Euroclear Sweden AB (Euroclear) on Wednesday April 27, 2022; and
(ii) give notice of their intention to participate no later than Friday April 29, 2022.

Such notification may be made (i) via Securitas' website www.securitas.com/agm2022, (ii) by telephone +46 10 470 31 30, or (iii) by mail to Securitas AB (publ), c/o Euroclear Sweden, Box 191, 101 23 Stockholm.

On giving notice of attendance, the shareholder shall state name, personal/corporate identity number or equivalent, address and telephone number. As confirmation of the notification, Securitas will send an entry card to be presented at registration for the AGM. Owners with nominee-registered shares must, in order to participate in the proceedings of the AGM, request their bank or broker to have their shares temporarily owner-registered with Euroclear. The share register for the AGM as of the record date Wednesday April 27, 2022, will take into account owner-registrations completed no later than Friday April 29, 2022.

Proxies
Proxy holders and representatives of legal persons shall submit papers of authorization prior to the AGM. Proxy forms are available at the company's website www.securitas.com/agm2022 and will be sent to the shareholders who so request, indicating their mailing address.

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www.fsc.org
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Paper from responsible sources
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