Annual and Sustainability Report

2023

Contents

Pages 50–126 constitute Securitas' formal Annual report. Securitas' sustainability work is described in the Sustainability report on pages 25–31 and 135–148. The official version of the Annual and Sustainability Report is prepared in Swedish in the European single electronic format (ESEF). Refer to www.securitas.com for Securitas' annual reporting.

A security solutions partner with global reach and local presence

Securitas' position as the second largest provider of security services globally, along with its presence in 44 markets, with thousands of clients, positions Securitas as a major player in the industry. Europe and North America, as the largest regions of operation, offer significant growth opportunities, especially in the context of technological innovation and developments. Securitas also has presence in Ibero-America and in the AMEA region. We provide unique offerings, combining people and technology in sustainable and world-leading security solutions.

OUR PURPOSE

Securitas' purpose is: "We help make your world a safer place." Our purpose reminds all employees that they are contributing to something of great importance and that the purpose is the reason the company exists.

Our purpose is not just a statement; it's a driving force that permeates every aspect of the company's operations. It underlines the importance of security and safety in today's world while providing a strong foundation for strategy, culture, and value creation.

Our value creation and positive impact on society is strongly connected to our purpose and is evident in our Net Impact rating of 70 percent and AAA rating by Upright Project.

OUR VALUES

To deliver on our purpose, our employees are led by our three core values – integrity, vigilance and helpfulness. These values represent who we are and how we do things to fulfil our purpose. The three dots symbolize these values and signify that we look out for each other and the people around us.

Integrity means being honest. We never compromise on our integrity, ethics or truthfulness.

Vigilance means paying attention, taking initiative and always looking for ways to improve.

Helpfulness means being approachable, service-oriented and accomodating to our clients and colleagues.

2023 in short

157 249
Total sales, MSEK (133 237)

9%
Organic sales growth (7)

32%
Technology and solutions, share of total sales (28)

9%*
Technology and solutions real sales growth

6.5%
Operating margin (6.0)

3.80
Proposed dividend per share, SEK (3.45)

80%
Cash flow from operating income (71)

2.7
Net debt to EBITDA-ratio before items affecting comparability (3.3)

341 000
Employees (358 000)

44
Number of markets with operations (45)

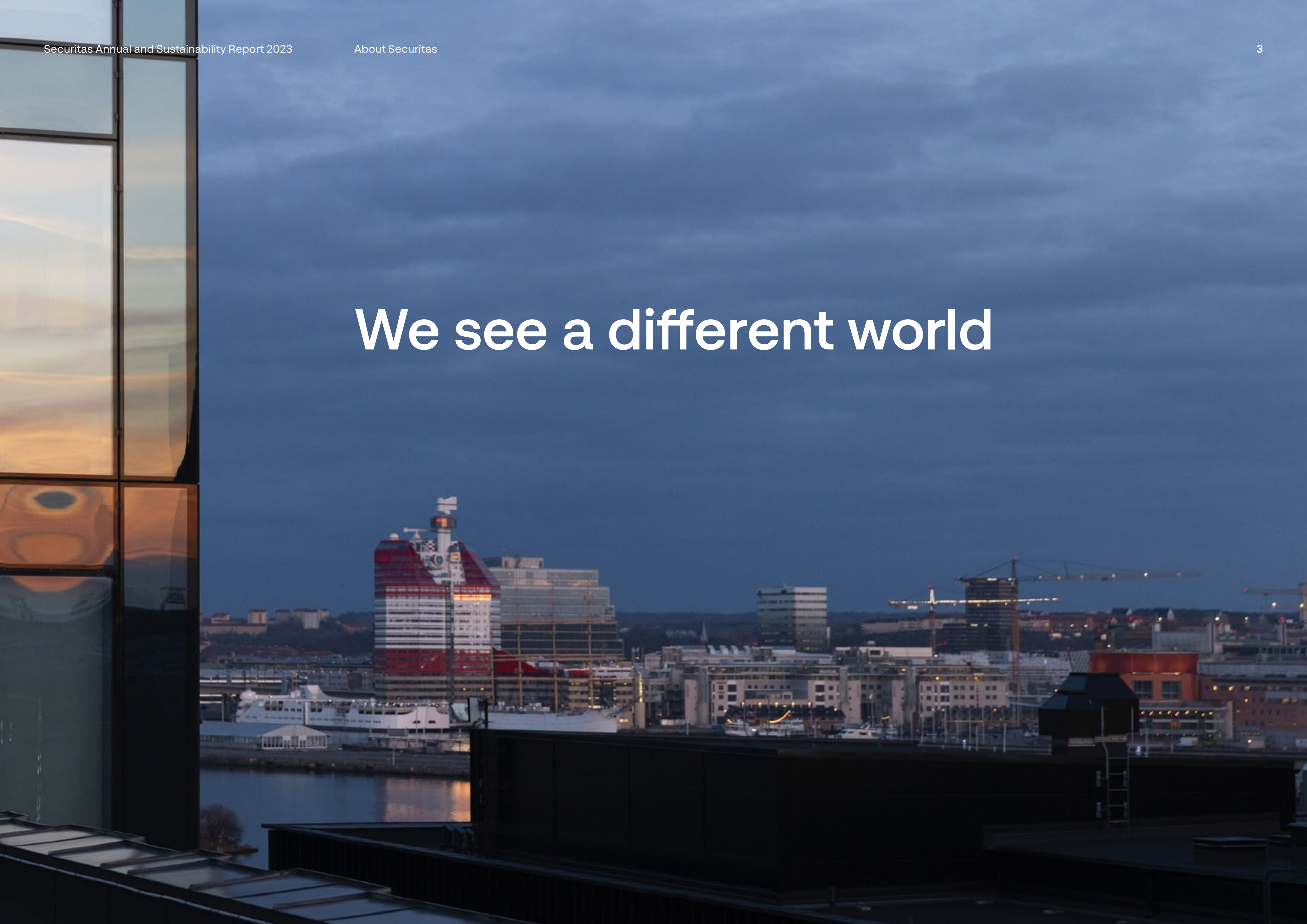
90%
Client retention rate (89)

25%
Share of female managers at all levels (24)

+6%
Injury rate, increase (0)

* Real sales growth including STANLEY Security for the comparable period

We see a different world



Looking back on 2023, we can see that we significantly improved our client offerings in our global portfolio, creating opportunities for growth in technology and security solutions, where the integration of STANLEY Security plays a central role. In parallel we have also placed a great deal of emphasis on other levers to achieve our goals.

Strong deliveries in line with strategy

CEO letter
Magnus Ahlqvist

"The integration and value creation through the established global Securitas Technology supported the margin improvement throughout the year."

After several years of modernization, digitization, and strategic acquisitions, we now have a more robust Securitas and a stronger client offering with commercial synergy opportunities, and are confident in our ability to create higher shareholder value. While our transformation and integration efforts are not yet complete, it's worth emphasizing that we are entering the final phase of this journey, connecting higher value creation to our 8 percent operating margin target, alongside improving cash flow and reducing leverage. Our overall performance in 2023 gives us confidence that we are on the right path towards our financial targets.

Group performance

High inflation and interest rates prevailed and affected the global economic landscape, and the labor market remained tight. The Group's organic sales growth was 9 percent (7) in 2023, mainly fueled by price increases, although there was notable volume growth within the technology and solutions business as well as in the airport security business.

Technology and solutions sales which are characterized by higher margins, showed real growth of 9 percent and represented 32 percent of Group sales and 53 percent of the Group's operating result, with an operating margin of 10.8 percent in 2023. This underscores our progress towards becoming the world's leading technology and security solutions partner.

In security services, our main priority is to improve the profitability of our client portfolio. Our results were mixed with a positive impact from active portfolio management, a price and wage balance on par and somewhat improved labor markets in the second half of the year. Profitability was primarily hampered by negative earnings trend in the Securitas Critical Infrastructure Services business and a somewhat weaker performance in Europe.

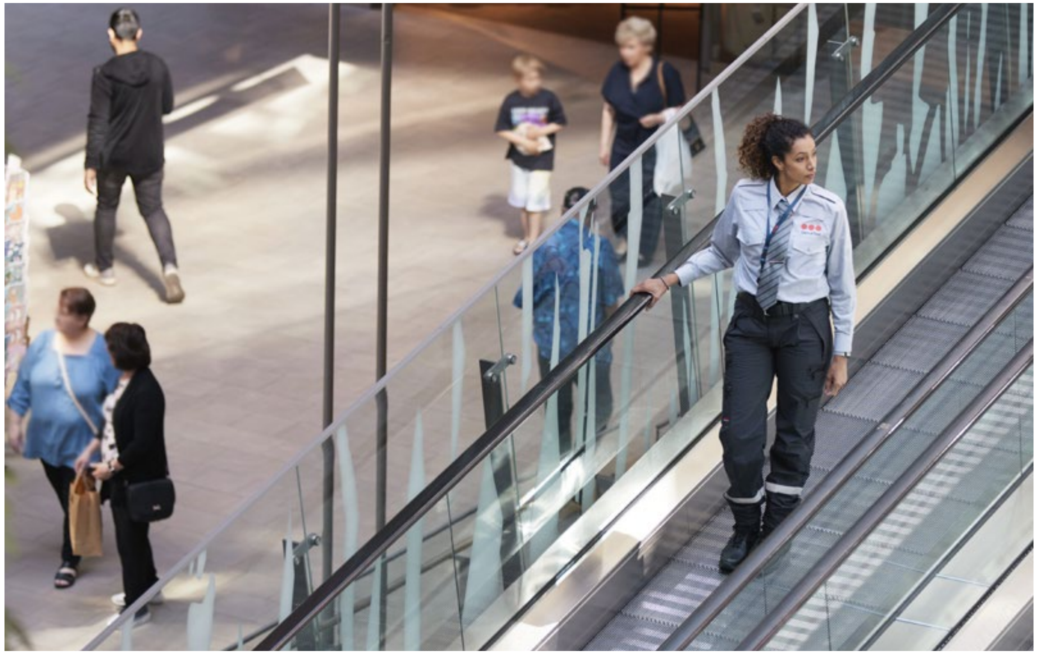
The operating margin reached 6.5 percent (6.0) for the full year, mainly driven by the technology and solutions business, where we have realized substantial cost benefits,

Magnus Ahlqvist
President and CEO

primarily in North America. The integration and value creation with STANLEY Security is progressing at a good pace and supported the margin improvement throughout the year.

"Technology and solutions sales, which are characterized by high margins, showed robust real growth at 9 percent in 2023."

The transformation programs are fundamentally reshaping our digital capabilities as a company.



Operating cash flow in the Group amounted to 80 percent of the operating result in 2023, which is at the higher end of our financial target. We saw strong cash flow development across all segments in the business. Cash flow will remain in focus across the business going into 2024 to ensure we further strengthen our balance sheet and generate scope for investments in our business.

The remaining part of the bridge facility used to partly fund the acquisition of STANLEY Security was fully repaid in July.

Net debt to EBITDA before items affecting comparability was 2.7 at year-end, a significant improvement. We are now in line with our financial target of less than 3 times net debt to EBITDA-ratio well ahead of our communicated target to achieve this by the end of 2024.

Transformation for long-term profitable growth

The transformation programs that we have executed in North America and are currently rolling out in Europe and Ibero-America are fundamentally reshaping our digital capabilities as a company. The transformation creates a new foundation for engaging with our clients and will solidify our position as the leading security solutions company.

Ambitious sustainability goals

In 2022, a significant sustainability achievement was reached as we became the first major company in our industry to commit to the Science Based Targets initiative (SBTi). In 2023 we actively engaged in formulating and validating targets for reducing the Group's climate impact.

In December our climate targets were validated by the SBTi meaning that Securitas has committed to a substantial reduction of its emissions, taking action and responsibility for limiting global warming to 1.5°C.

Two legends have passed away

During the year two important people, responsible for building the great company that Securitas is today, passed away – Gustaf Douglas and Melker Schörling.

Gustaf Douglas represented our largest owner and was instrumental in creating the modern Securitas. Under his tenure as Chair of Securitas in the 1980s and 1990s, he supported the company as it underwent substantial growth and started an international expansion.

Melker Schörling became President and CEO of Securitas in 1987, concurrently becoming an owner. Under his leadership, the foundation of modern-day Securitas was built. More than any other leader, he is responsible for building the prominent company that we are today, including our core values and our focus on clients and high-quality operations through our decentralized business model.

Outstanding efforts during a challenging year

I want to express my gratitude to the entire Securitas team for your outstanding efforts during a challenging year marked by geopolitical uncertainty and inflationary pressure. I also want to thank all of our shareholders and partners for their confidence and support. We've achieved significant improvements, enhancing our client offering and market position and now becoming the world's leading security and safety company. This, in turn, will contribute to higher returns for our shareholders in the years to come.

Stockholm March 26, 2024

Magnus Ahlqvist
President and CEO

"Securitas is a people business"

We work hard to create an inclusive environment where everyone feels valued and encouraged to contribute and grow within our company.

We look out for each other and the people around us to make the world a safer place.

Toolbox
The Securitas Toolbox is how we communicate and build our culture. It is a set of seven key guiding principles, illustrated by a set of figurines, which capture our DNA as a business. It describes who we are and how we work, but also how we engage with our clients and the world around us. For example, it contains our values, the importance of ethical conduct as well as our leadership framework described below. As we unite around these principles, we become even stronger as a team.

The Toolbox has been used for decades and was updated and relaunched in 2022 in both a physical tool, printed text and digital version. During 2023, we set ourselves a target to train 90 percent of our managers on the updated Toolbox, which we achieved.

We have also shared a shorter summary version with all our colleagues through extensive communication activities.

Employee engagement survey
Securitas is a people business, and with that comes a genuine interest to listen to our colleagues and to collect input on our organizational strengths and development opportunities. In 2023, we launched our first ever global employee engagement survey, where all colleagues will be invited annually to give anonymized feedback. Since having engaged employees and being an inclusive and equitable employer is central to us, put special emphasis on questions concerning engagement, equal opportunity, inclusive culture, and inclusive leadership.

In total we reached a global participation rate of 47 percent. This means close to 128 000 employees provided input on Securitas as an employer, with over one million free text comments.

With these insights we are much better positioned to support our employees to perform their best and to drive positive business outcomes. It helps us empower leaders with data insights to work with development activities and to drive our efforts within diversity, equity, and inclusion and to ensure we adapt initiatives that are based on the changing needs of our employees and our organization. We grow and develop our organization and our people to deliver a great client experience.

Leadership framework
Great leaders combine various behaviors that inspire, motivate and guide an organization towards common goals. Within Securitas, we have tens of thousands of talented managers and leaders around the world.

With our decentralized business model we believe strong leadership is even more important. Good leadership is what helps each colleague grow and perform at their best, it is essential to deliver quality in a service business and leads to happier clients as well as long-term success for us.

The Securitas leadership model is based on 12 key leadership behaviors that we consider essential to be a successful leader, with our values as the foundation. These behaviors set clear expectations for what we expect from our leaders at Securitas, and they will form the basis for development activities, performance assessment and succession planning.

The 12 leadership behaviors are grouped under three focus areas: driving performance, develop yourself and others, and make our strategy happen. Each focus area is underpinned by four behaviors.

During 2023, we started to assess our leaders against these principles, and we have completed an extensive series of leadership trainings across the organization, both via e-learning and via a global network of internal trainers and facilitators.

People promise
Being able to attract and retain the right talent is at the center of our success. To crystallize what we want our colleagues to consistently experience, and be able to communicate it clearly, we have during the year carried out significant discovery work to inform the development and design of a global people promise. This involved organization-wide focus groups as well as internal and external surveys, and enabled us to define key attributes for all our critical talent pools.

The Securitas People promise is naturally shaped by our overarching company purpose and our values of integrity, vigilance and helpfulness. It truly reflects who we are and who we want to be in the future, focused on three central offerings and ambitions:

Opportunity – the promise of providing career opportunities and a fair growth environment.

People – the promise to offer a caring community where you matter, and a company with great leaders and a culture of collaboration and community.

Work – the promise of offering meaningful work where colleagues can live our purpose and be part of transforming the security industry.

Our Global People Promise and our Employer Branding concept will be introduced in selected countries during 2024.

The Melker Schörling Scholarship
We believe in providing our colleagues with opportunities to grow and develop through global hands-on experience. Established in 1992, The Melker Schörling Scholarship offers recipients a chance to develop in-depth professional knowledge and experience in an international setting.

The scholarship is offered annually to four frontline employees who consistently make a difference for our clients by acting as everyday heroes in their work. Candidates are invited to choose subjects that they feel would deepen their security knowledge and expertise and that would prove useful in their current or future work. Recipients are encouraged to share their learnings with their teams and expand their growth and leadership abilities even further.

Purpose award
The Securitas Purpose Awards, established in 2020, recognize and reward individuals who demonstrate their commitment to our purpose and live and breathe it, too. The Securitas Purpose Awards are distributed once a year and selected from thousands of nominations submitted by colleagues from across the world. An internal jury presides over the selections and announces the winner.

To attract and retain the right talent is at the center of our success.

Strategy and targets

Strategy

Our strategy is to deliver comprehensive, scalable, and innovative security solutions to meet our clients' increasingly complex security needs. Our strategy also involves becoming a security solutions partner with world-leading technology and expertise, and we have taken significant industry-changing steps towards this goal. Over the last ten years, we have gradually enhanced our offering by adding additional security services, and we are now able to offer a strong, comprehensive portfolio of services.

Our sustainability strategy supports the overall business strategy, and we have ambitious targets for our sustainability focus areas. Our value creation and positive impact on society is evident in our Net Impact rating of 70 percent and AAA rating by Upright Project.

Financial targets

Superior growth

8-10%

Technology and solutions annual average real sales growth.
2023: 9%

Higher margins

8%

Group EBITA margin by year-end 2025.

>10%

Long-term EBITA margin ambition.

Operating cash flow

70-80%

of operating income before amortization.
2023: 80%

Capital structure

<3x

Net debt to EBITDA-ratio before items affecting comparability.
2023: 2.7

Dividend policy

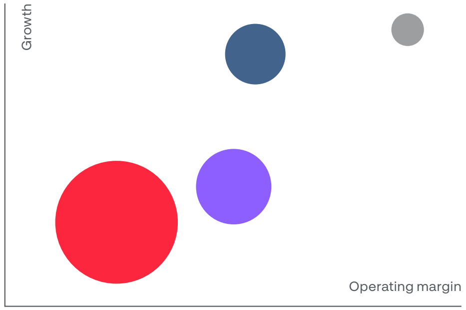
50-60%

of annual net income over time.
2023: 47%*

* Proposed dividend as a percentage of 2023 net income is adjusted for the divestment of Securitas Argentina capital loss

We are positioning ourselves as the leading security solutions company – a position that will allow us to deliver higher growth and profitability in the future through the following four strategic areas.

Focus areas for reaching our financial targets



Illustrative growth and profitability profile of various security services

- Guarding
- Technology
- Solutions
- Data-driven SaaS (Security-as-a-Service)

Source: Securitas' assessment and The Freedonia Group, Global Security Services, April 2022.

1

Taking the lead within Technology

At Securitas we're not just any security solutions company. We are the industry's trailblazer. With our global strength and presence, combined with local execution capability, we are a leader in the industry. We will generate significant client value by offering enhanced technological capabilities that will be critical to our clients going forward, and we will be able to offer an industry-leading, holistic portfolio of products and innovative solutions.

We have a strong base of recurring revenue mix with a focus on higher-margin revenue streams and stability. We have also a critical mass and market density in our key strategic markets, where we have a number two market position.

Our key achievements also include a growing revenue based on a cloud and subscription-driven model.

Our aim is clear: to reign supreme in these markets, ensuring that our clients experience the benefits of our robust local and global presence. The combination of our global outreach with local knowledge offers an industry-defining spectrum of products and pioneering solutions, addressing an existing market gap.

Our expanded sales force is poised to outpace the market. With a strengthened focus on organic growth and best practices, we're continually innovating, harnessing the benefits of shorter technology replacement cycles, and cultivating strategic client partnerships.

Our comprehensive offering portfolio, from guarding and monitoring to maintenance and installation, is suitable for cross-selling opportunities. Together with our global and SME market position, we offer our clients enhanced, holistic solutions.

We're not just securing the present; we're pioneering the future of security.

2

Quality Guarding services with focus on profitability

We have a strong track record in our Guarding business in terms of the quality that we deliver, client retention and our continuous price and wage balance management. We are proud to serve many of the most esteemed brands in the world and count them not only as close clients, but also as partners in our development.

Guarding services include on-site, mobile and remote guarding and are important parts of the security equation of tomorrow. Guarding can be a highly successful business when managed well, with long-term client relationships creating stability and strong cash generation.

A few years ago, we identified two areas that needed to be addressed. The first involved the introduction of extensive transformation programs, the first of which was initiated with Global IT and North America back in 2019. The second involved taking a much firmer and more active approach to portfolio management. These measures allow us not only to enhance the quality of our client offering but also to improve the profitability and value that we generate in the Guarding business in the years to come.

Transformation programs
We strive to be data-driven and efficient in everything we do and are confident that this will contribute to improved quality and ultimately add value for our clients. To accomplish this, we have invested in extensive IT modernization in the Group.

Our transformation journey is an ongoing process. We continually fine-tune these programs, relentlessly pursuing cost savings, efficiency gains and, most importantly, the realization of enhanced value for our clients.

We develop our guarding services through greater modernization and specialization as well as training and efficiency, freeing up time for the branch managers to spend with clients. Modern tools and applications also simplify internally and help us to recruit and retain employees.

Active portfolio management
Our ongoing and completed IT and business transformation programs have not only modernized our operations but also increased the transparency.

By analyzing the client portfolio, we have developed a model to assess profitability per client contract as well as profitability levels.

For contracts with low or inadequate profitability, active portfolio management is applied, meaning that we put a clear strategy into place, aimed at one of the following:
– accelerating a transition to higher margin solutions contracts
– renegotiating more suitable profitability margins
– or in certain cases, preparing for strategic exits

Active portfolio management is not just a concept; it's a dynamic strategy that underscores our dedication to continually enhance the value we offer to our clients.

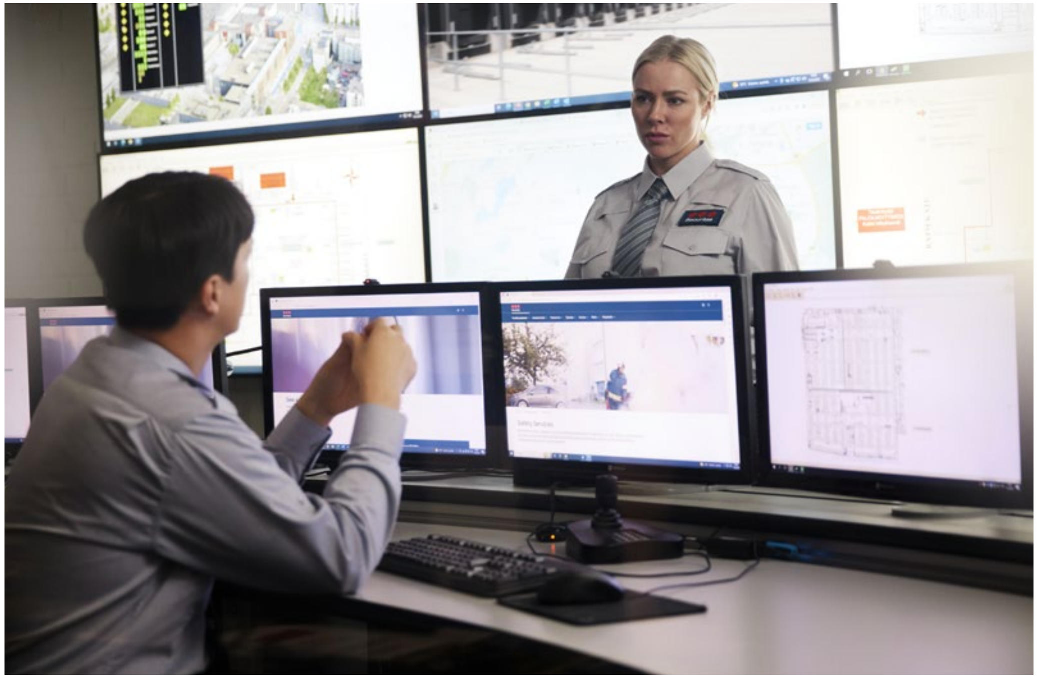
3

Creating a global security solutions partner

Our security solutions comprise combinations of various security services such as on-site, mobile, or remote guarding, technology, fire and safety, and corporate risk management, possibly in combination with software and reporting. The combination of guarding and technology-enabled security services utilizing data collection and software allows for customized services that meet and exceed clients' current needs. As such, guarding services can be tailored to create new solutions for clients, enabling an improved offering and resource efficiency.

This creates a symbiotic relationship that elevates the services offering and allows to reach contact points higher up in the hierarchy of the client's organization.

In addition to tailored solutions, standardized packages – including, for example, several cameras combined with mobile and or remote guarding – are also offered. Such packages are especially targeted at small and medium-sized clients. The packages allow for a short sales cycle and rapid deployment of services for clients. Depending on the security solution offered, we can invest in technology installed at the client's site, adding further value for them.



4

A global platform to drive innovation

Thanks to our presence, technology and data, we have laid the foundation for new data-driven and enhanced solutions allowing us to enhance the strength of the vertical and our geographic presence as well as our digital presence in a number of key markets. Our geographical footprint and combination of core protective services and technology provide us with unique and massive sets of data from security officers, clients, and technological systems and devices. With this, we have the foundation to innovate scalable products and services – some of which are already on the market in several countries.

MySecuritas is the foundation for digitalizing our client interaction and bringing new digital services to the market. Through MySecuritas we have the capability to deliver a range of services as Mobile Guarding, ID Protection, Remote Services, and Risk Prediction to several markets.

The Securitas Digital business unit is tasked with ensuring that we are enhancing our work in terms of innovation and act as an enabler and co-creator for the entire Group. This is important when it comes to our long-term ambition of reaching a 10 percent EBITA margin since this is an area where we have very promising opportunities in terms of our development over the coming years.

This area is interesting from a client perspective since it provides us with significantly better knowledge. It also offers a completely different type of scalability since it allows us to innovate and deploy solutions digitally, which could impact thousands of clients which is attractive from a value-generation perspective.

Scalable, bespoke intelligent services with >20% margin potential
We put the client at the center of innovation by equipping our people with integrated tools. As we digitalized our frontline officers in 2022, we created multiple opportunities. Using the data and insights collected by our security officers and incidents will help us to identify correlations and next-best actions. The connection between frontline officers and technological devices and systems is a combination that will allow us to free up time for our officers to deliver even higher-quality service.

However, innovation is not only limited to the invention of new products and services. The real and long-term impact comes from cultural change across our business. This is a dual approach.

Having a stronger innovation culture at Securitas has the potential to strengthen us in several dimensions, not only commercially. Innovation initiatives with people, the planet and profit in mind will generate premium solutions and strengthen our brand. It will add to our employee value proposition and attract talent, and it will make Securitas more resilient to major macro changes.

Sustainability targets

Diversity and inclusion

Share of female managers at all levels/functions to be over 20% by 2025.
2023: 25%

Health and safety

5% annual decrease of company injury rate.
2023: +6%

Learning and development

Completion of Group mandatory courses.
2023: 72% of all employees

Environment

To have validated science-based target by Q4 2023.
2023: Targets validated by the SBTi

Business ethics

Renewed business ethics focus in all markets.
2023: 42 out of 44 markets completed

Community involvement

Complete review of annual spend on community involvement.
2023: Review started

Focus areas to reach our sustainability targets

Securitas' sustainability strategy supports the overall business strategy, and we strive to improve our contributions in six sustainability focus areas with good working conditions for our people as the foundation.

Empowering employees means investing in training, skills and professional development opportunities.

DIVERSITY, EQUITY AND INCLUSION

Diversity is a driving force behind our business growth at Securitas. Fostering a culture of inclusion and innovation is a tangible commitment that's central to our business strategy.

To ensure that we attract and retain the right talent, and that everyone feels included, we constantly develop our people activities. We are, for example, reimagining our recruitment practices, re-assessing the requirements for certain job roles and developing a People promise. In 2023 we conducted our first global employee engagement survey. In addition to an employee net promotor score, the survey included questions about diversity and inclusion and the results will be used to set the baseline for an inclusion index. Our target in this focus area is to have more than 20 percent female managers at all levels in the company by 2025. Though we have already achieved this target at some levels, we are setting action plans for reaching it at levels that are below target.

HEALTH AND SAFETY

As a large employer, the health and safety of our people, both physically and mentally, is a top priority. We have a target to reduce the Group injury rate by five percent annually, but our most important health and safety work is preventing accidents and incidents from occurring in the first place. To achieve this, we have implemented a framework based on the ISO 45001 methodology, including risk assessments, training, reporting of all injuries and incidents, root-cause analysis, follow-ups and clear responsibility. The most common causes of work-related injuries are slips, trips and falls. We also have a focus on road safety and train employees in safe driving.

Most of our employees work on client sites, and we collaborate closely with the clients to mitigate risks and hazards. Most of our frontline employees are trained in first aid, CPR, and fire safety, but in case of threatening or dangerous situations, their priority is to avoid confrontation and harm and alert the emergency services.

We have a focus on road safety and train employees in safe driving.

LEARNING AND DEVELOPMENT

Employee training and development is a strategic priority for Securitas as it enables us to meet our clients' growing demands for more advanced security solutions. To support this, Securitas has its own training centers in most countries of operation to ensure our people have the necessary competence to provide high-quality security services.

Empowering employees means investing in training, skills and professional development opportunities. Together we can achieve great results. We also encourage people to take on responsibility early in their careers. In addition to extensive local training curricula, we have several executive development programs across the organization, and a leadership framework.

All Securitas' employees undergo training in Securitas' Values and Ethics Code. An in-depth training program is available in over 30 different languages, either as an e-learning course or classroom training. Relevant employees also receive training in other core policies, such as the anti-corruption and anti-bribery policy, the antitrust policy, and diversity and unconscious bias. The current target for this focus area is for the target groups to complete mandatory courses in the Group training curriculum within given time frames.

ENVIRONMENT

In December 2023, our environmental targets were validated by the Science Based Targets initiative. Securitas has committed to reduce absolute scope 1, 2, and 3 greenhouse gas emissions with 42 percent by 2030 from a 2022 base year. This ambitious target aligns with the 1.5-degree goal set by the Paris Agreement and endorsed by the Science Based Targets initiative. As a signatory of the UN Global Compact, we strive to follow the Rio Declaration's precautionary principle regarding threats of serious or irreversible environmental damage.

BUSINESS ETHICS

Securitas is a responsible company with a high level of integrity, and we never compromise on our values and business ethics. We have a strong culture of integrity and zero tolerance of non-compliance with values and ethics. Policies such as Securitas' Values and Ethics Code, the Securitas anti-bribery and anti-corruption policy, the Securitas' fair competition and anti-trust policy and the Business partner code of conduct set out the principles and also provide guidance.

Our business ethics compliance function is a Group function responsible for anti-bribery and anti-corruption, competition and anti-trust, and data privacy risks, as well as the Group's whistle-blower system and supply chain risk management framework. Our compliance program is continuously evaluated to ensure we cover all major risks, outline relevant risks and control objectives and activities to be undertaken by the business. We are implementing the compliance program through on-site workshops in all countries and relevant functions to build awareness, assess risks, and controls, and establish action plans to close identified gaps. We have set targets for the compliance program that we measure on a quarterly basis.

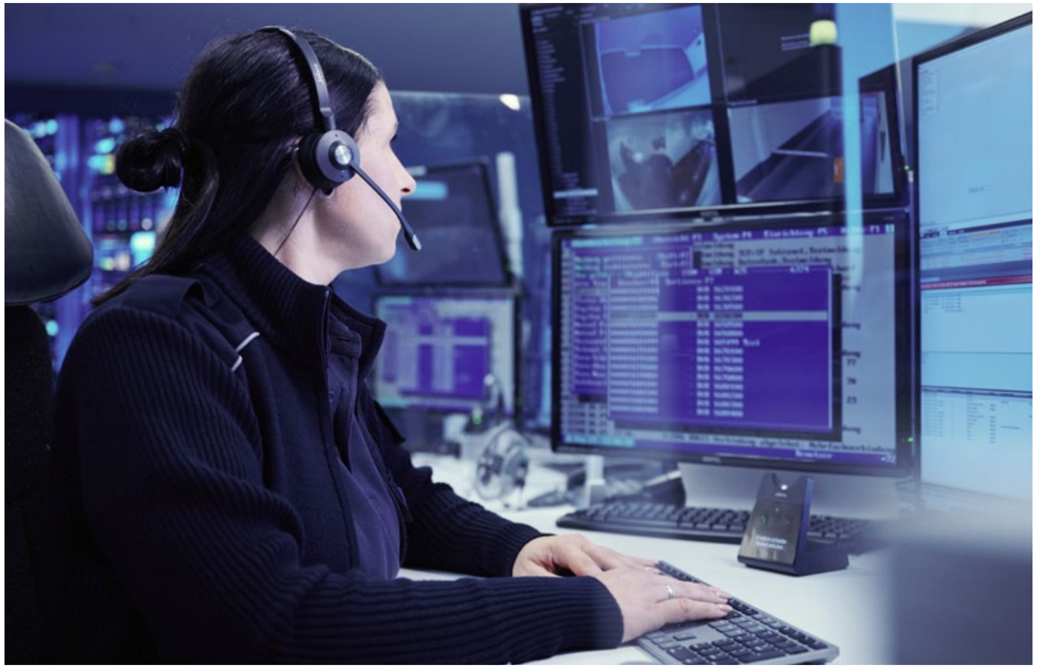
COMMUNITY INVOLVEMENT

Securitas is a global company that is deeply rooted in the local communities where we operate. In the US, Securitas collaborates with different organizations that enhance the safety, health, and well-being in the community, for example, The National Association of Free and Charitable Clinics, who works to ensure that the medically underserved have access to affordable quality health care. Securitas France partners with an organization in the Lyon area who promotes more inclusive recruitment and offers help to vulnerable groups, such as long-term unemployed people. Through the partnership, Securitas can offer training and employment. Another collaboration is between Securitas Ireland and the organization Cloudforest. Their mission is rooted in ecological restoration, and they work to create and preserve forests that benefit the planet, nature, and people.

Our services in society

We provide security services in the entire society, both physically and digitally.

Our offering



Securitas is a global provider of security services, technology and solutions, and risk management services. Within our business lines, we offer a number of protective services aiming to solve the increasingly complex security needs of our thousands of clients, based all over the world.

Regardless of the client size and industry, we always start the client relationship by completing a thorough risk assessment to determine the specific security needs for each client. Depending on the outcome of the analysis, one or several of our protective services are offered to the client.

The length of the guarding and solutions contracts in our business varies depending on size and complexity, but the majority of the contracts are signed for 3-5 years and include clauses that allow us to negotiate price increases to reflect wage cost increases for our security officers. We have thousands of client contracts and are well diversified in terms of client segments. Also, we do not have a strong concentration of sales, i.e. a small number of clients standing for a large portion of sales.

Also important for understanding the portfolio stability is the KPI client retention. Client retention was 90 percent in 2023, meaning that our clients stay for 9-10 years. The client retention has been stable over many years and thus reflects the long-term and loyal client base.

During 2023 we started to report the sales and operating margin of the business lines in the Group. Revenue recognition is described in note 6.

Financial summary per business line

	FY 2023				FY 2023	
Business line	Sales, MSEK	Real sales growth, %	Operating income before amortization, MSEK	Operating margin, %	% of Group sales	% of Group operating income before amortization
Security services	103 677	8	5 123	4.9	66	50
Technology and solutions	50 514	34*	5 463	10.8	32	53
Risk management services and costs for Group functions	3 058	–	-339	–	2	-3
Group	**157 249**	**15**	**10 247**	**6.5**	**100**	**100**

* Real sales growth including STANLEY Security for the comparable period

Our protective services

SECURITY SERVICES

On-site

We offer on-site guarding, in which trained and authorized security officers perform surveillance services tailored to the needs of medium-sized and large businesses in private or public environments. They are trained to detect, deter and respond to risks and incidents. Sales are portfolio-based, non-seasonal and with varying contract lengths of at least 12 months. Pricing of the contracts is of a cost-plus model.

The majority of extra sales (contracts lengths less than 12 months) is also included here and normally constitutes 13-15 percent of Group sales annually.

Extra sales are normally sales that are needed for specific events and sudden events, such as sports events, concerts, hurricanes, floodings, strikes and events related to social unrest. Extra sales can also relate to additional services on top of the portfolio-based sales to existing clients.

Aviation security

We offer on-site guarding at airports with specially trained security officers performing passenger and baggage control, as well as perimeter protection. Sales are portfolio-based, but with a slight seasonality, with varying contract lengths but the most common length is 3-5 years. Aviation security sales represented 6 percent of Group sales in 2023.

Mobile

We offer mobile guarding services, where one security officer serves multiple clients within a limited geographical area. The mobile security officers can carry out patrol rounds and call-out services. These sales are portfolio-based, but with a slight seasonality.

Fire and safety services

Securitas also provides fire and safety services, including fire prevention, first aid, evacuation assistance and emergency planning adapted to each client's needs. These services are included in all sevices above.

TECHNOLOGY

Installations
We offer design, installation and integration of security systems, such as video surveillance and access controls, fire systems and intrusion alarms. Security systems are sold as a one-off sale and project contracts can vary greatly, from months to several years, depending on size and complexity. There is a seasonality element to sales and payments from the clients are normally connected to the project progress in terms of such milestones as contract signing, the design and engineering phase, installation work and acceptance upon completion.

Maintenance
We offer service of the installed security system. These sales are non-seasonal RMR (recurring monthly revenue), i.e. portfolio-based or subscription-based sales, and T&M (time and material).

Monitoring/remote services
We offer alarm monitoring of the installed security system. The monitoring, and other remote services, are performed by the operators at Securitas Operations Centers, throughout the world. These sales are non-seasonal RMR (recurring monthly revenue), i.e. portfolio-based or subscription-based sales.

Products
We sell alarms and components without design or installation. Sales in this category is limited.

SaaS/digital products
Digital products such as risk prediction and digital ID protection. Securitas is going through a digital transformation, including the building of a digital platform to enable automated interaction between internal and external products, services and partners across the Group.

SOLUTIONS
Solutions contracts are non-seasonal, portfolio-based sales and combine services such as on-site and/or mobile and/or monitoring/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. Client contracts are normally 3-5 years, and Securitas invests 10-20 percent of the first year's sales into technology equipment that is installed at the client site.

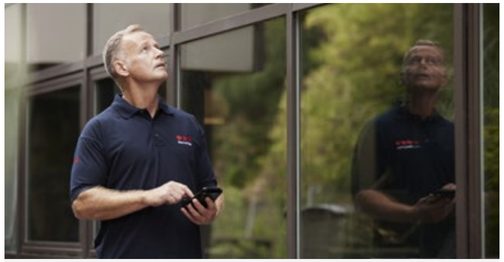
RISK MANAGEMENT SERVICES
These services include risk advisory, executive protection, corporate investigations, due diligence (DD), and similar services, delivered through the subsidiary Pinkerton.

Technology client case

- Banking client segment
- Intrusion and alarm maintenance for bank retail branch sites
- Contract length: Started in 2018, additional 3 years from 2023
- Annual contract sales: MUSD +12

Solutions client case

- Healthcare client segment
- Solution for pharmaceutical client including security officers combined with intelligent camera systems, monitoring and maintenance
- Contract length: 3 years
- Gross margin: 19%
- Annual contract sales: MUSD 0.6



Pinkerton client case

- Corporate investigations, due diligence
- Multinational TV production company requested Pinkerton detectives conduct a due diligence on potential candidates for hit TV show
- Gross margin: +40%
- Average contract sales: USD 50-250 000

Start-up to solutions client case

- Manufacturing client segment (Defence)
- Solution for manufacturer of high-risk goods including on-site guarding combined with gates and barriers, key holding and Securitas Risk Intelligence Services (RIC)
- Contract length: 3 years
- Gross margin increase – from single service contract to solution: 6%
- Annual contract sales: MGBP 1

Our global presence

Securitas North America

Securitas North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in three specialized units – Guarding, Technology and Pinkerton Corporate Risk Management.

Canada, Mexico and the US

Operating margin 9.0%
99 000 employees

Securitas Europe

Securitas Europe provides protective services in 21 countries.

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

Operating margin 6.1%
123 000 employees

Securitas Ibero-America

Securitas Ibero-America provides protective services in six Latin American countries as well as in Portugal and Spain in Europe.

Chile, Colombia, Costa Rica, Ecuador, Peru , Portugal, Spain and Uruguay

Operating margin 6.4%
50 000 employees

AMEA – Africa, Middle East, Asia and Australia

AMEA provides protective services in 11 countries as well as in Hong Kong.

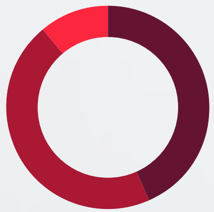
Australia, China, Hong Kong, India, Indonesia, Saudi Arabia, Singapore, South Africa, South Korea, Thailand, the United Arab Emirates and Vietnam

69 000 employees reported under Other of which 11 000 refers to Securitas Critical Infrastructure

A strong global position and local presence

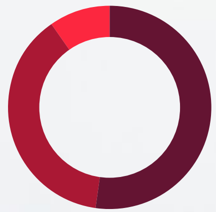
Securitas has operations in 44 markets globally and is organized in three business segments: Securitas North America, Securitas Europe and Securitas Ibero-America. The Group has also operations in Africa, the Middle East, Asia and Australia, which form the AMEA division, and the business unit Securitas Critical Infrastructure Services in North America which are included under the heading Other in the segment reporting.

Decentralization of decisions and responsibility is fundamental for Securitas. It is at the client sites and in the branch offices that our daily operations are conducted. The Group's client offerings and relations improve when decisions are made in close proximity to clients. But we are also a global company with extensive security expertise. We combine these two strengths to create security solutions that add value for our clients and meet their security needs.



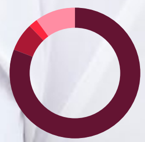
Share of Group sales per segment, excluding Other 8%

- North America 40%
- Europe 42%
- Ibero-America 10%



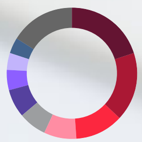
Share of Group operating income per segment, excluding Other -5%

- North America 55%
- Europe 40%
- Ibero-America 10%



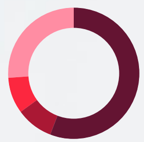
SECURITAS NORTH AMERICA
Share of sales per country

- The US 81%
- Canada 7%
- Mexico 2%
- Other countries in the segment 10%



SECURITAS EUROPE
Share of sales per country

- Germany 20%
- France 17%
- Sweden 12%
- Belgium 8%
- The Netherlands 7%
- The UK 7%
- Türkiye 5%
- Switzerland 4%
- Norway 4%
- Other countries in the segment 16%



SECURITAS IBERO-AMERICA
Share of sales per country

- Spain 56%
- Portugal 9%
- Chile 9%
- Other countries in the segment 26%

The global security market

GROWTH OPPORTUNITY GLOBALLY

While there are only a limited number of truly global full-service providers in the market, such as Securitas, there are numerous smaller regional and local security services providers. The total market is well diversified from both a geographical and an industrial perspective. We expect the security solutions market to display higher growth than the overall market in the near and medium term given the increasing demand for such solutions.

TECH-ENABLED SECURITY SERVICES MARKET

Tech-enabled security services include both systems integration (design, sales, installation and project management of integrated systems) and alarm monitoring (constant monitoring by a certified monitoring center and other security services). Technology-enabled security systems are often based on physical products and components, such as access controls, video surveillance, fire detection, intrusion detection, alarm systems (perimeter detection and interactive monitoring) and other security systems. The segment also includes maintenance services and technical installations. Technology-enabled security solutions form an essential part of any modern security offering and enable the collection and analysis of data, which in turn result in an improved client offering.

GUARDING SERVICES MARKET

Guarding services can be provided in several different ways, such as on-site, mobile and remote. The main difference between these types of guarding services is the format in which they are delivered: on-site involves stationary guarding, mobile services are delivered during certain hours of the day, and remote services are fully digital, carried out using surveillance cameras.

Market position globally based on sales

Company	Technology
Johnson Controls, tyco Integrated Security	#1
Securitas	#2
APi Group, Chubb, convergint, SIEMENS	Other

Company	Guarding
Allied Universal, G4S	#1
Securitas	#2
PROSEGUR, GARDAWORLD	Other

SECURITY SOLUTIONS MARKET

Using a combination of various services provides opportunities for comprehensive consultation, design and installation of security systems. Combining security services with technology creates an opportunity to meet the complex demands of global clients and increase client retention. In addition, security solutions are provided in a more proactive manner, which we believe strengthens the relationship between the provider and the client and creates long-lasting partnerships.

WHAT DOES IT TAKE TO WIN IN THE FUTURE SECURITY INDUSTRY?

We believe that creating new innovative and data-driven solutions requires a solid foundation based on three main capabilities: the power of presence, technology and data. Using these capabilities, we aim to change how security services and solutions are provided to clients.

With these three elements in place, we see significant opportunities for growth across a number of different market segments and expect to yield high client value and develop new innovative services that proactively meet evolving client needs.

PRESENCE

Presence is all about having professional people with the security and safety expertise needed to offer protective services, but who are also able to respond effectively in case of security incidents or emergencies.

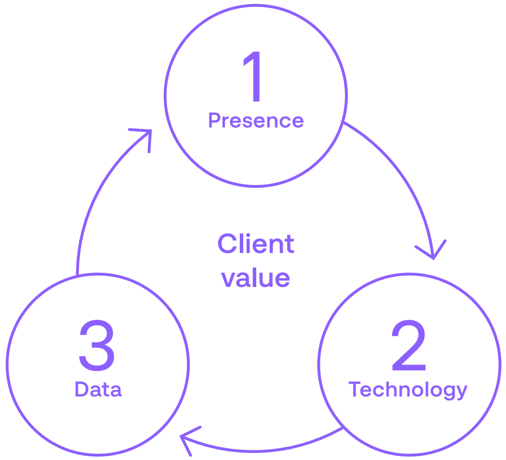
TECHNOLOGY

Technology is becoming more important and provides a platform for building a leading technology and connectivity offering, supporting the shift to cloud and subscription-based business models, and designing, installing, serving and providing maintenance with connected technology, cameras and sensors.

In addition, we have a dedicated innovation team in place with expertise in user experience, AI, big data and digitized products. The team is focusing on developing a portfolio of digital products with higher profitability potential.

DATA

How we generate data is important. Equally important, however, is how we leverage data to enhance the security equation for clients and to drive innovation. To enable seamless communication between us and our clients, we have developed a digital channel that unlocks the possibility to digitize our security officers’ reporting records and serves as a rich source of data.



Global market trends

The security services industry is evolving in response to various long-term trends. To remain competitive and meet client needs, security service providers must adapt to these trends, embracing technology, customization, and a proactive approach to risk management.

As global threats evolve, the security industry adapts to safeguard the world.

INCREASED USE OF TECHNOLOGY
The increasingly complex security needs of clients are creating demand for complementary solutions, such as technology-enabled predictive security services, emphasizing the importance of having the right technology, data and cloud capabilities as a security services provider. The higher the labor costs in a country, the more attractive the use of technology becomes. However, countries with low labor costs are also showing greater interest in using more technology in security solutions.

We also believe that integrated, software-as-a-service (SaaS) solutions are becoming increasingly important to clients. The physical and digital worlds are becoming more intertwined, driving the development of more advanced security systems, mainly in mature markets. The increased development of technological solutions is also resulting in a higher level of acquisition activity in the market, as companies are looking to expand their expertise in emerging segments.

Data analysis is contributing to improvements in both services and technological equipment. For example, data gathered may detect access control anomalies or increase alarm accuracy through video analytics. This information can subsequently be used to design and integrate products and services to further enhance client value. Data may also contribute to the creation of entirely new opportunities such as SaaS tools, where security software products are provided on a subscription basis.

URBANIZATION, INDUSTRIALIZATION, AND CRITICAL INFRASTRUCTURE
Urbanization and industrialization are continuing as people continue to move into cities. The residential security market is also expected to grow rapidly in most developed countries as technological monitoring equipment becomes more common. Continued industrialization and increased global industrial production are leading to investments in production facilities, offices and other workplaces, each with specific security needs.

There is a growing awareness of the need to secure sensitive infrastructure from various disruptions. Manufacturing industries, airports, data centers, ports and public transportation are examples of operations that rely on a well-functioning infrastructure and where disruptions could result in high costs and increased vulnerability.

ECONOMIC AND POLITICAL DEVELOPMENT

Economic growth and continued global investments in new construction are driving the demand for security services. As global disposable income and net worth rise, there will be more to protect and more clients that can afford to do so. Infrastructure investments in, for example, real estate, public transport and public logistic hubs create a need to safeguard these assets and associated flows. Increased privatization through the outsourcing of public security services to private security service providers is a way to control or reduce public spending or to open the market for competition.

CUSTOMIZED, HOLISTIC, AND COST-EFFECTIVE SECURITY SERVICES

Each industry, company and operation have specific needs and requirements in terms of security. If security providers can meet these challenges, companies will assign them greater security responsibility. Clients are generally prepared to pay more for a service with more comprehensive content, higher quality and relevant specialist skills. There is also a willingness in certain markets to pay a premium to have one contact person in charge of the entire security solution, thus gaining more effective and better control over price changes and supply chain and sustainability issues.

GREATER FOCUS ON CORPORATE RISK MANAGEMENT

Companies and other organizations are now devoting greater attention to security issues. Factors that we have identified as contributors to this trend include a higher level of insecurity in society, an increased cost of disruptions to business and greater security demands by clients and insurance companies. Companies usually opt to outsource security when enhancing it since security activities are often not considered part of their core business. Companies are also using security consulting services more often, enabling their management teams to proactively identify risks and put appropriate mitigating actions in place.

INCREASED FOCUS ON SUSTAINABILITY

Sustainability trends are continuously evolving as individuals, businesses, and governments strive to address environmental and social challenges. The transition to renewable energy sources, such as solar, wind, and hydropower, is accelerating. The concept of a circular economy is gaining traction. It focuses on minimizing waste and reusing materials and products, promoting recycling and sustainable design. Consumers are increasingly seeking out products and brands that align with their values, including ethical and sustainable practices. Sustainable and socially responsible investing is gaining popularity, with more financial institutions offering green investment options. Companies are working to make their supply chains more transparent and sustainable, addressing issues like fair labor practices as well as diversity and inclusion.

Sustainability governance

Securitas' governance model for our sustainability strategy.

In Securitas' sustainability governance structure, the responsibility at all levels, from the Board of Directors to the divisions and functions, is clearly defined. The Group's Chief Ethics and Sustainability Officer leads the ongoing sustainability work.

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 Sustainability Council follows up on the divisions' and functions' progress on sustainability initiatives to achieve the agreed sustainability targets, and ensures that the sustainability activities contribute to business value.

The Sustainability Council consists of two parts. At the top level is the Executive Board, with the divisional presidents and function heads as members and the Group's President and CEO as Chair. The Executive Board is supported by the sustainability leaders from each division/function. In 2023, the Council met four times. The Group's Chief Ethics and Sustainability Officer leads the ongoing work, and the divisions' sustainability leaders coordinate the work in their respective countries.

A strong positive impact on society

70%
Securitas' Net impact rating

-16%
Fortune Global 500 rating

The Net impact model, created by Upright Project, provides an overview of the impact that our business has on the world around us and the value that Securitas creates in society (see also page 141). The model shows both the negative impacts created by Securitas in the form of resources used, and the positive impacts, which is what is achieved with the use of those resources. The analysis is based on Securitas' business activities, that is, the offered products and services, and covers the entire value chain of those products and services. With a net impact ratio of 70 percent, Securitas has a highly positive net impact.

Impact	Negative	Score	Positive
SOCIETY	0.1 0.3	7.7 3.1	7.8 3.4
Jobs		3.7 0.7	3.7 0.7
Taxes		1.7 1.1	1.7 1.1
Societal infrastructure		2.3 1.5	2.3 1.5
Societal stability	0.1 0.3	0.0 -0.2	0.1 0.1
Equality and human rights	0.0 0.1	0.0 -0.1	0.0 0.0
KNOWLEDGE	0.5 1.0	0.0 -0.6	0.5 0.4
Knowledge infrastructure		0.0 0.1	0.0 0.1
Creating knowledge		0.1 0.1	0.1 0.1
Distributing knowledge	0.0 0.0	0.3 0.2	0.3 0.2
Scarce human capital	0.5 1.0	-0.5 -1.0	
HEALTH	0.4 1.0	0.9 0.2	1.3 1.2
Physical diseases	0.3 0.8	-0.1 -0.2	0.2 0.6
Mental diseases	0.0 0.2	0.0 -0.2	0.0 0.0
Nutrition		0.0 0.2	0.0 0.2
Relationships	0.0 0.0	0.2 0.1	0.2 0.1
Meaning and joy	0.1 0.1	0.8 0.1	0.9 0.2
ENVIRONMENT	1.8 3.9	-1.7 -3.6	0.1 0.3
GHG emissions	1.0 2.0	-0.9 -1.8	0.1 0.2
Non-GHG emissions	0.4 0.7	-0.4 -0.6	0.0 0.1
Scarce natural resources	0.1 0.2	-0.1 -0.2	0.0 0.0
Biodiversity	0.3 0.6	-0.3 -0.6	0.0 0.0
Waste	0.2 0.4	-0.2 -0.4	0.0 0.0

Our most significant positive impacts are those we have on society. Through our expertise, dedicated professionals, and use of modern technology, we help secure workplaces, infrastructure, and communities, ensuring the safety of people around the world. We are a reliable employer to 341 000 people and also create many new jobs. Securitas contributes taxes to public funds in the countries where we operate.

Securitas' services have positive impact on people's lives by reducing stress and risk in, for example, workplaces, airports, and schools, which can help increase overall wellbeing. Making people feel safe and secure has a highly positive impact on people's health.

In terms of our environmental impact, it is relatively small on a global scale, but we still constantly try to reduce it. In 2023, our environmental targets were validated by the Science Based Targets initiative. Direct emissions mainly come from the use of vehicles in our operations.

Restating model results

To keep up with the changes in the world's products and services and scientific knowledge, Upright's model undergoes continuous developments and improvements over time. These improvements are published in the form of new model releases.

Due to the release cycle, comparison of net impact profiles over time must be done within the same model release. This necessitates the restating of the previous years' results into the same release as the most recent results.

In 2022, the reported net impact ratio was 71 percent. Recalculated according to the latest model release, the restated result for 2023 is 70 percent. The change is mainly due to model developments.

Net impact ratio

- Securitas, 70%
- Fortune Global 500 (average, all companies), -16%

We contribute to UN's Sustainable Development Goals

The United Nation's Sustainable Development Goals (SDGs) are a call to action for all stakeholders, including businesses, to work together to improve the lives and prospects for people and the planet. Securitas supports the SDGs and take them into consideration into our strategy work and daily operations.

Here are the goals and targets where we believe we can have the greatest impact. For more information on each area, please see pages 13–14.

3 GOOD HEALTH AND WELL-BEING

SPECIFICALLY TARGET 3.6

We actively prioritize the health and safety of our employees and take measures to ensure their wellbeing. We also strive to help others while on assignment.

4 QUALITY EDUCATION

SPECIFICALLY TARGET 4.4

Securitas operates its own training centers in most countries where we have a presence, and we provide a wide range of courses and programs to our employees. These opportunities allow them to acquire the knowledge, skills and abilities needed.

5 GENDER EQUALITY

SPECIFICALLY TARGETS 5.1 AND 5.5

Securitas is committed to providing equal opportunities for all employees and treating them fairly and without discrimination. We believe that diverse work groups contribute to better business outcomes, and we strive to increase the representation of women in management positions at all levels within the company. We are dedicated to fostering an inclusive and equitable work environment where all employees are valued and respected.

8 DECENT WORK AND ECONOMIC GROWTH

SPECIFICALLY TARGET 8.8

Securitas is a large employer with operations in various countries worldwide. We are committed to being a dependable and responsible employer that provides good working conditions and opportunities for growth to our employees. Fair labor practices, the right to organize, and the protection of human rights are prioritized for Securitas, our employees, and clients.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

SPECIFICALLY TARGET 9B

Securitas is dedicated to advancing the security services industry through a strong emphasis on innovation. We are constantly working on improving our current products and services and developing new ones. We use data-driven approaches to enhance the reporting and analysis of our services, allowing us to make informed decisions and provide better security to our clients.

13 CLIMATE ACTION

SPECIFICALLY TARGET 13.2

In December 2023, Securitas' environmental targets were validated by the Science Based Targets initiative. Securitas commits to reduce absolute scope 1, 2, and 3 greenhouse gas emissions with 42 percent by 2030 from a 2022 base year. This ambitious target aligns with the 1.5-degree goal set by the Paris Agreement.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

GOAL 16 AND SPECIFICALLY TARGET 16.5

Safety and stability are essential for a well-functioning society, especially in today's increasingly unpredictable world. Securitas contributes to a safer and more sustainable and productive society by ensuring the protection of workplaces, public spaces, and infrastructure in a responsible manner. Securitas also has a zero-tolerance policy against all forms of bribery and corruption.

Stakeholder dialogs

We meet many of our stakeholders regularly in our daily work, and our aim is to be a responsible, sustainable, 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 do 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 here 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. Our Client Excellence Platform improves efficiency, both for our managers and for our clients. We also continue to share best practices and initiatives. A specialized organization handles Securitas' global clients, that is, clients that we work with on multiple markets in different countries.	• 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 • Diversity and inclusion • Environment • Training and skills development	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 sustainable supplier, and we work together with clients to find good solutions, for example, in the areas of health and safety and diversity and inclusion.
Employees and employee representatives			
Our 341 000 skilled and engaged employees in 43 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 employee representatives, local unions, UNI Global Union (UNI) and the European Works Council (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. Proactive relationships and a constructive dialog with employees, employee representatives, local unions and global union associations are 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 that support our strategy as well as information about how the transformation of the services we offer affect 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 dialogs

"We assume an active role in industry organizations, especially in markets where we have a leading position."

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 infrastructure. We provide many people with jobs, and often offer 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.	• Requirement to comply with Securitas' Business Partner Code of Conduct • Compliance with our anti-bribery and anti-corruption policy • Quality of procured goods and services • 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 its 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 frontline security employees and the profession • Working conditions • 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 to improve the status of the security 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.

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 here.

For more information on the Group's risk management process, see pages 43–45.

RISK AREA	DESCRIPTION	CONSEQUENCE	PREVENTIONS
Working conditions	Risk that labor legislation and 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, and injuries reported and followed up. 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 and sustainable 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.
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, the anti-bribery and anti-corruption policy, and other key policies.

Sustainability risks

"Our employees are trained in skills that support the strategy of data-driven innovation and digitization."

RISK AREA	DESCRIPTION	CONSEQUENCE	PREVENTIONS
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 ensure that we deliver high-quality services.
Human rights, including security practices	Risk that we violate human rights through our operations or through our business relationships, including the 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 or not acting against human rights abuses, could lead to reputational and brand damage, a loss of business 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 policies and sound processes in place to ensure that we live up to all local and international legislation. We conduct risk assessments of the countries we operate in and of our clients, when necessary. We also train our employees, for example those working in public areas or where there might be higher human rights risks.
Environment	Risk that our operations could cause environmental damage or contribute negatively to climate change, and that we don't reach the Group's environmental targets.	Not working to reduce our climate impact and not reaching our environmental targets could lead to brand damage, a loss of clients and difficulties in recruiting and retaining employees.	Securitas continuously work to reduce the consumption of resources, emissions, and waste and to increase the pace, we have set targets validated by the Science Based Targets initiative.
Sustainability reporting compliance	Risk that we do not comply with sustainability reporting requirements.	Not complying with regulatory sustainability reporting requirements, for example CSRD, could lead to reputational damage and loss of clients and investors.	Securitas has policies and sound processes in place to ensure that we live up to all regulatory requirements.

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 sales growth, improvement of operating margins and a successful integration of companies in the Group.

Securitas Toolbox

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. The Securitas Toolbox has a methodical structure that includes several well-defined areas or "tools" that serve as a framework at all levels. The tools describe how Securitas' managers are expected to conduct themselves and outlines our approach to the market, clients, and employees, emphasizing the importance of high ethical standards and good governance.

Securitas is a purpose-driven company with high ethical standards driven by our core values – integrity, vigilance and helpfulness. 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 2023.

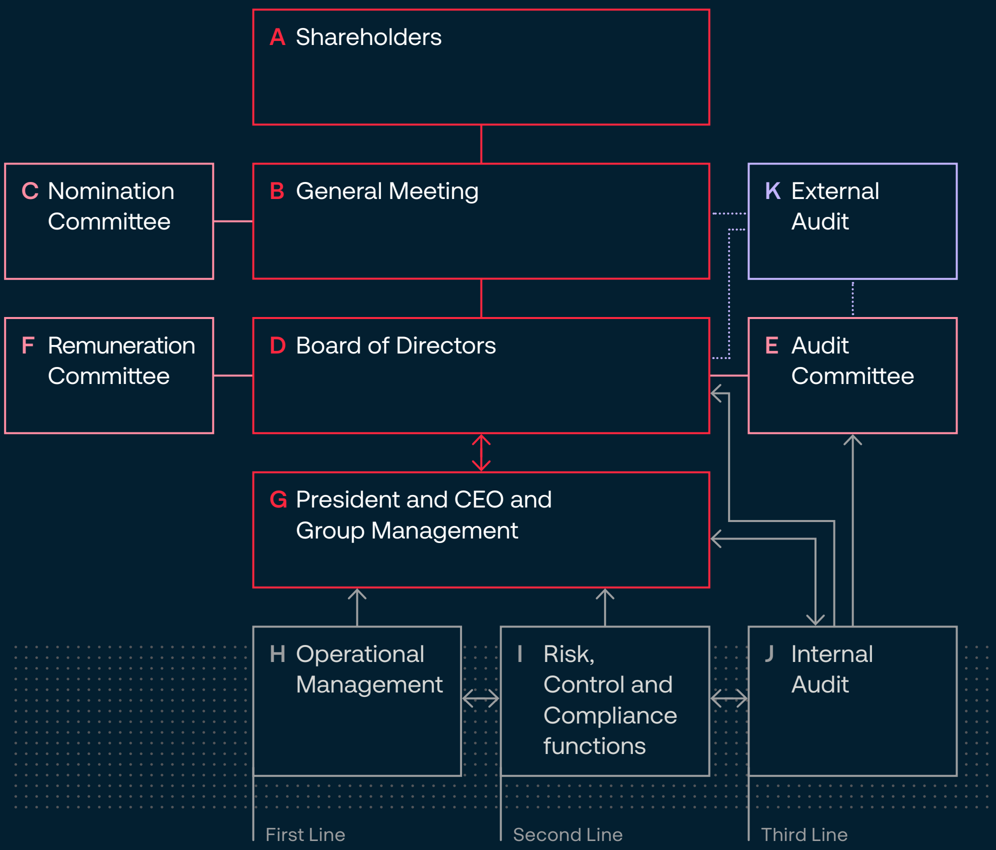
The highest decision-making body of the company is the shareholders' meeting, which resolves on the composition of the Board and the election of auditors. The election of the Board and the auditors is prepared by the Nomination Committee. The Board has formed an Audit Committee and a Remuneration Committee. The Board appoints the President and CEO, 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 operational management owning and managing local risks. The second line is the various risk and compliance oversight functions throughout different levels of the Group. The third line is the internal audit function, which is independent from management with direct reporting to the Board. Each of these three "lines" plays a distinct role within the organization's wider governance framework.

Securitas believes in a decentralized model where decisions are made by the person closest to the issue who can address the issue efficiently. The ability to make 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.

As part of our decentralized management approach, Securitas has to set strict financial targets and follow up the 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 47–48 for more information.

Governance model



Key external governance instruments
The Swedish Companies Act, the Swedish Annual Accounts Act, the EU Market Abuse Regulation, Global Reporting Initiative (GRI), International Financial Reporting Standards (IFRS) and other accounting rules, Nasdaq's Nordic Main Market Rulebook for Issuers of Shares and the Swedish Corporate Governance Code.

Key internal governance instruments
Articles of Association, procedures for the Board and its committees, instruction for the President and CEO, strategies, policies and directives and Securitas Values and Ethics Code.

A SHAREHOLDERS

Since 1991, Securitas' Series B Share is listed on Nasdaq Stockholm in the Large Cap segment. 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.

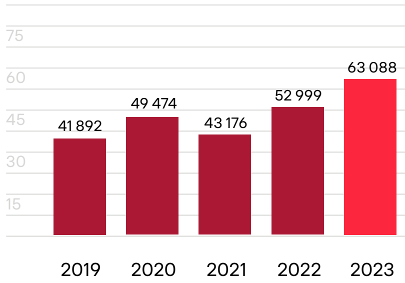
On December 31, 2023, the principal shareholders in Securitas were Carl and Eric Douglas who, through family and Investment AB Latour, held 10.9 percent (10.9) of the capital and 29.6 percent (29.6) of the votes, and Märta Schörling Andreen and Sofia Schörling Högberg who, through family and Melker Schörling AB, held 5.0 percent (4.5) of the capital and 11.3 percent (10.9) of the votes. For more detailed information about shareholders, see the table on page 149.

B GENERAL MEETING

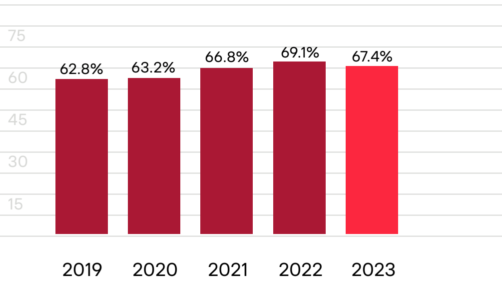
The General Meeting is the company's highest decision-making body and the forum for shareholders to exercise their influence. The General Meeting decides on changes to the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise 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 4, 2023. Shareholders representing 53.7 percent (56.1) of the capital and 67.4 percent (69.1) of the total number of votes in the company participated. One of resolutions passed in 2023 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 below.

Number of shareholders 2019–2023



Attendance 2019–2023 (% 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, auditor, fees for the members of the Board including division between the 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 characterized by diversity and breadth regarding the qualifications, gender, experience and background of the Board members. The 2023 Annual General Meeting resolved to appoint Board members in accordance with the Nomination Committee's proposal.

Of the directors appointed by the Annual General Meeting, the Board consists of four women and five men. The percentage of women on the Board is 44.4 percent, which is in line with the target level stipulated by the Swedish Corporate Governance Board. It is the ambition of the Nomination Committee to continuously work to create and maintain 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.

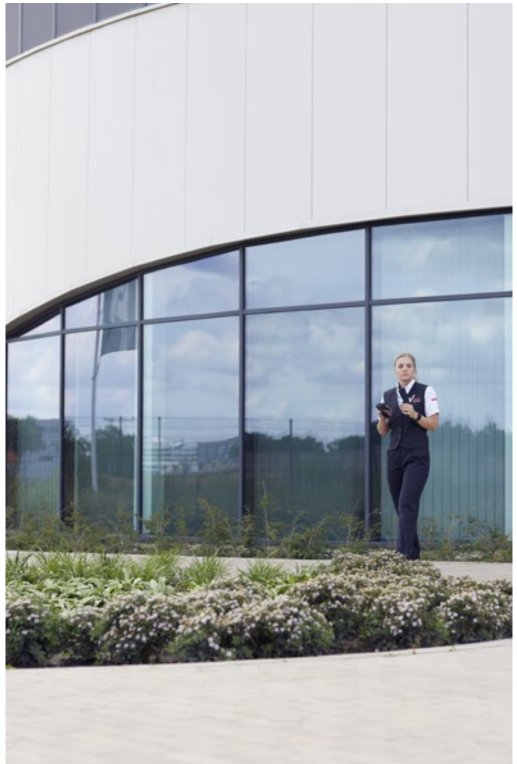
The Annual General Meeting 2022 adopted an instruction for the Nomination Committee, which is still in force. The instruction includes a procedure for appointing the Nomination Committee, valid until a General Meeting resolves in a change. In accordance to this instruction the Nomination Committee shall 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. Should a shareholder decline to appoint a representative to the Nomination Committee, a representative from the largest shareholder in turn shall be appointed. However, provided that the Nomination Committee is composed by at least three members, the procedure shall only continue until eight shareholders have been asked in total.

Refer to 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.

Nomination Committee prior to AGM 2024

Elected members	Share of votes as of August 31, 2023
Johan Hjertonsson, Investment AB Latour, Chair	29.6 %
Mikael Ekdahl, Melker Schörling AB	10.9 %
Niklas Antman, Incentive	2.5%
Anna Henricsson, Handelsbanken Fonder	2.2%
Fredrik Åtting, EQT	2.1%
Share of votes represented in the Nomination Committee	**47.3 %**

The Nomination Committee is to hold meetings as often as necessary to fulfil its duties, but at least one meeting annually. The Nomination Committee prior to the Annual General Meeting 2023 held three meetings.



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 nine 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. The Board has formed an Audit Committee and a Remuneration Committee.

For further information about the members of the Board of Directors and committees, including remuneration, see pages 39–40.

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.

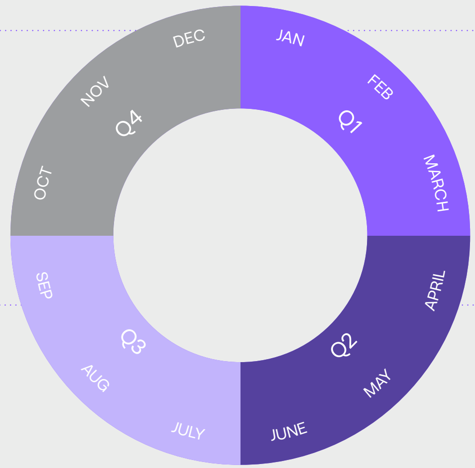
The Board has adopted a number of Group policies. In addition to the Group policies, there are also divisional and local policies. Policies are critical for the Group as they establish boundaries for individuals as well as processes, relationships and transactions and implement relevant control procedures.

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, sustainability matters, acquisitions, insurance, credit risk, tax matters, legal matters and funding. Further, there are continuously updates from the Audit Committee and Remuneration Committee.

Fourth quarter
Q3 interim report
Business plan, strategy

First quarter
Q4 and full-year report
Audit report by external auditors
AGM preparations
Dividend
Annual and Sustainability Report
Corporate Governance Report



Third quarter
Q2 interim report
Operational visit and presentations

Second quarter
Q1 interim report
Statutory meeting, appointment of committee members, signatory powers etc.
Approval of Rules of Procedure for the Board and instructions for the CEO and committees
Approval of Group policies

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 43.

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, definition of goals (including business, profitability and sustainability reletated goals), 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 meets a minimum of six times annually. The Board held eight meetings in 2023, of which one was held per capsulam. The auditors participated in the Board meeting that was held in conjunction with the yearly closing of the books, where they presented the audit.

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.

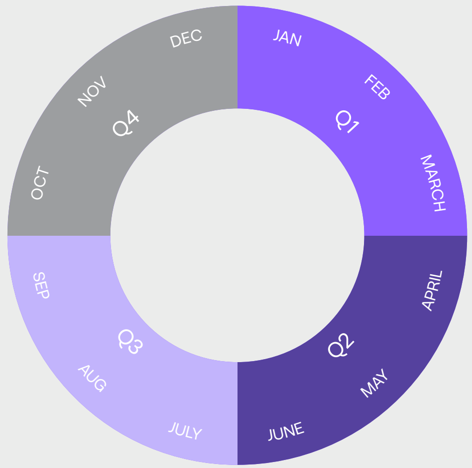
The Committee presents its findings and proposals to the Board, prior to the Board's decision. The Committee met five times during 2023.

Overview of the work of the Audit Committee

In addition to the topics listed, the meetings include a set rolling agenda 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.

Q3 meeting
Q3 interim report
Annual impairment test
Corporate Governance Report
External auditor early warning and internal control report
Cyber security
Internal audit risk-based plan and outcome

Q2 meeting
Q2 interim report
External auditor half-year report
Internal audit risk-based plan and outcome



Q4 meeting
Q4 interim report and full-year report
Corporate Governance Report
Yearly summary of employee benefits (pensions)
External auditor report
Internal audit risk-based plan and outcome

Q1 meeting
Q1 interim report
Insurance strategy
Annual update Group policies
External auditor audit plan
Internal audit risk-based plan and outcome

F REMUNERATION COMMITTEE

The Board has also 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 two meetings during 2023.

Guidelines for remuneration

The guidelines for remuneration to Group Management that were adopted at the Annual General Meeting 2021 are still in force. The guidelines entail 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 41–42.

H OPERATIONAL MANAGEMENT (THE FIRST LINE)

The first line includes the local operational management which owns and manages local risks. Securitas' philosophy is to work in a decentralized environment where local operational management is primarily responsible for monitoring and ensuring compliance by local units with local laws and regulations and the Group policies and guidelines, 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. Local operational management reports to Group Management through divisional management on operational matters and local 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, and quarterly meetings are held with the President and CEO, the CFO, 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 IT Board, Digital Security Steering Committee, Enterprise Risk Management Committee, Compliance working group, Ethics and Sustainability Board, Sustainability Council, Insider Committee, and an ICFR Board.

J INTERNAL AUDIT (THE THIRD LINE)

The Group Internal Audit is part of the integrated assurance agenda, executing a risk based audit plan in concurrence with second line assurance functions and external audit. All noted internal audit findings, with mitigating action plans, are systematically monitored and followed up to ensure appropriate risk mitigation in the operation. All executed audit assignments are reported quarterly to the Audit Committee and business management. Group Internal Audit reports directly and independently to the Audit Committee.

K EXTERNAL AUDIT

The Annual General Meeting 2023 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 until the next annual general meeting.

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 ordinary 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), Skanska 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, Billerud AB and Nobia AB. Director of Herenco Holding AB
Previously: President and CEO of Investment AB Latour 2003–2019, CEO of AB Sigfrid Stenberg, Director of Stena Metall AB
Shares in Securitas: 92 928 Series B shares

ÅSA BERGMAN
Born 1967
Director of Securitas AB since 2023
Principal education: MSc Civil Engineering
Other assignments: President and CEO of Sweco AB, Director of Svenska Cellulosa AB SCA
Previously: Director of Swegon Group AB and Persson Invest AB, various senior positions within Sweco Group, member of the National Innovation Board
Shares in Securitas: 0 Series B shares

INGRID BONDE
Born 1959
Director of Securitas AB since 2017
Principal education: BSc in Business and Economics
Other assignments: Chair of Apoteket AB and Wall To Wall Group AB, Vice-Chair of Telia Company AB, Director of Husqvarna AB
Previously: CFO and Deputy CEO of Vattenfall AB, CEO of AMF, Chair of Alecta, Hoist Finance AB and Swedish Climate Policy Council, Director General Swedish Financial Supervisory Authority, Director of Loomis AB and Swedish Corporate Governance Board
Shares in Securitas: 5 342 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, Rossignol SA, Laedi TopCo AB (parent company of the iDeal of Sweden Group), 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, KonfiDents GmbH and Sanitec Oy, Vice-Chair of Munksjö AB
Shares in Securitas: 62 885 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, and Dunkerintressena
Previously: Part of Group Management team in Saab AB, different management positions in Ericsson AB, Director of Weibel Scientific A/S
Shares in Securitas: 3 142 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 of Melker Schörling AB, Director of Hexagon AB and Assa Abloy AB
Previously: –
Shares in Securitas: 7 071 428 Series A shares, 21 761 146 Series B shares[1]

HARRY KLAGSBRUN
Born 1954
Director of Securitas AB since 2021
Principal education: BA in Journalism, MSc in Business and an MBA
Other assignments: Chair of Harmar AB and Senior Advisor at EQT AB
Previously: Partner at EQT AB. 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: 157 142 Series B shares

Composition of the board and attendance in 2023

	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 (9)	Independent to shareholders (7)
Jan Svensson	Chair	–	Chair	8/8	–	2/2	2 749 000	Yes	Yes
Åsa Bergman	Director	–	–	3/5	–	–	870 000	Yes	Yes
Ingrid Bonde	Director	Member	–	8/8	5/5	–	1 130 000	Yes	Yes
John Brandon	Director	–	–	8/8	–	–	870 000	Yes	Yes
Fredrik Cappelen	Director	Chair	–	7/8	5/5	–	1 275 000	Yes	Yes
Gunilla Fransson	Director	–	Member	8/8	–	2/2	925 000	Yes	Yes
Sofia Schörling Högberg	Director	–	–	6/8	–	–	870 000	Yes	No
Harry Klagsbrun	Director	–	–	8/8	–	–	870 000	Yes	Yes
Johan Menckel	Director	Member	–	8/8	5/5	–	1 130 000	Yes	No
Åse Hjelm[2]	Director	–	–	7/8	–	–	0	–	–
Jan Prang[2]	Director	–	–	8/8	–	–	0	–	–
Mikael Persson[2]	Director	–	–	7/8	–	–	0	–	–

[1] Total fee resolved by the AGM 2023. The fee includes fees for committee work amounting to SEK 1 089 000, of which SEK 164 000 for Remuneration Committee work and SEK 925 000 for Audit Committee work.

For more details, refer to the minutes of the Annual General Meeting 2023 at Securitas' website: www.securitas.com.

[2] Employee representatives. Deputy employee representative is Thomas Fanberg (b. 1961), who has been Deputy Director of Securitas AB since 2008.

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

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. Chair of Bemsiq AB, Nederman Holding AB, Swegon Group AB, and Nord Lock Group. Director of Latour Industries AB, Saab AB, CTEK AB and World Materials Forum France
Previously: CEO of Gränges AB and Sapa Heat Transfer, Consultant at Accenture and founder of addnature.com
Shares in Securitas: 15 714 Series B shares

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: 1 100 Series B shares

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 Series B shares

[1] Through family and Melker Schörling AB. In addition to shareholdings, Sofia Schörling Högberg holds, through Melker Schörling AB, Securitas' bonds to the nominal value of EUR 5 000 000 (ISIN XS2607381436).

All figures refer to own holdings and holdings of related persons and affiliated companies as of December 31, 2023.

MAGNUS AHLQVIST
President and CEO of Securitas AB*
Born: 1974
Employed: 2015
Shares in Securitas: 440 249 Series B shares

ANDREAS LINDBACK
Chief Financial Officer
Employed: 2011
Shares in Securitas: 29 765 Series B shares

HILLEVI AGRANIUS
Chief Information Officer
Employed: 2019
Shares in Securitas: 11 158 Series B Shares

MARTIN ALTHÉN
President, Securitas Digital
Employed: 2016
Shares in Securitas: 47 050 Series B shares

GREG ANDERSON
Divisional President Securitas North America
Employed: 2010
Shares in Securitas: 77 248 Series B shares

HELENA ANDREAS
Chief Human Resources Officer and Chief Marketing Officer
Employed: 2019
Shares in Securitas: 21 607 Series B shares

Group Management

TONY BYERLY
Global President, Securitas Technology
Employed: 2016
Shares in Securitas: 53 220 Series B shares

JOSÉ CASTEJON
Chief Operating Officer, North American Guarding, Securitas North America
Employed: 2007
Shares in Securitas: 34 733 Series B shares

JORGE COUTO
Divisional President, Securitas Ibero-America
Employed: 1998
Shares in Securitas: 41 961 Series B shares

BRIAN RIIS NIELSEN
President Global Clients
Employed: 2002
Shares in Securitas: 17 225 Series B shares

FRIDA ROSENHOLM
Senior Vice President, General Counsel, Group Legal, Risk, Ethics & Sustainability
Employed: 2018
Shares in Securitas: 26 814 Series B shares

AXEL SUNDÉN
Divisional President, AMEA
Employed: 2012
Shares in Securitas: 11 469 Series B shares

HENRIK ZETTERBERG
Divisional President, Securitas Europe
Employed: 2014
Shares in Securitas: 39 769 Series B shares

All figures refer to own holdings and holdings of related persons and affiliated companies as of December 31, 2023.

* 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 - a Google owned company, Sony and Sony Ericsson Mobile Communications. He is the Chair of the International Security Ligue.

The following changes in Group Management took place during 2023:

- Jan Lindström, Senior Vice President, Finance, left Group Management effective June 7, 2023. The role of Senior Vice President, Finance, was discontinued.

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

Proactive risk management and internal control

Securitas' internal control system is risk-based and is designed to support the business to achieve its objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss, as well as compliance with the main policies.

"The Group has three fundamental values – integrity, vigilance and helpfulness – which promote employees' good judgement and uniform decision-making."

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 45, 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 44 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 delegation of authority documented in a Group Approval Policy and Matrix, from the Board to the President and CEO and further to the Group Management. The Group Approval Policy also sets the boundary for all divisional and local 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 and clear processes and routines to ensure employees can act quickly within the defined framework.

The Group has three fundamental values – integrity, vigilance and helpfulness – which promote employees' good judgement and uniform decision-making. Securitas' Values and Ethics Code, and Securitas' Business Partner Code of Conduct, set the high ethical standards that are a vital part of Securitas' operations and provide 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, the Group Internal Control over Financial Reporting Policy 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, 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 (reduce, transfer/share or accept the risk in question) after considering the controls in place.

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. The Group has a dedicated Internal Control function related to financial reporting (Group ICFR), which regularly informs the Audit Committee of the work performed. Controls are performed on several levels within the organization and are established based on the process concerned. One example is Securitas' internal control framework and the financial control activities specifically aimed at managing risks related to financial reporting. This includes methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports, and ensuring compliance with defined guidelines. Control self-assessments are utilized within the ICFR domain.

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 working groups, Group ICFR, the Group Legal function, the Business Ethics compliance function, the Digital Security 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, we perform our daily tasks as if we do not have any insurance.

IMPORTANCE OF ACTIVE CLAIMS MANAGEMENT

Important parts of our risk management work involves taking a proactive approach to the risk Securitas takes on when entering into client contracts as well as ensuring that assignment instructions correctly reflect services provided to client with the aim 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 and thereby reduce the total cost of risk.

PROCUREMENT STRATEGY

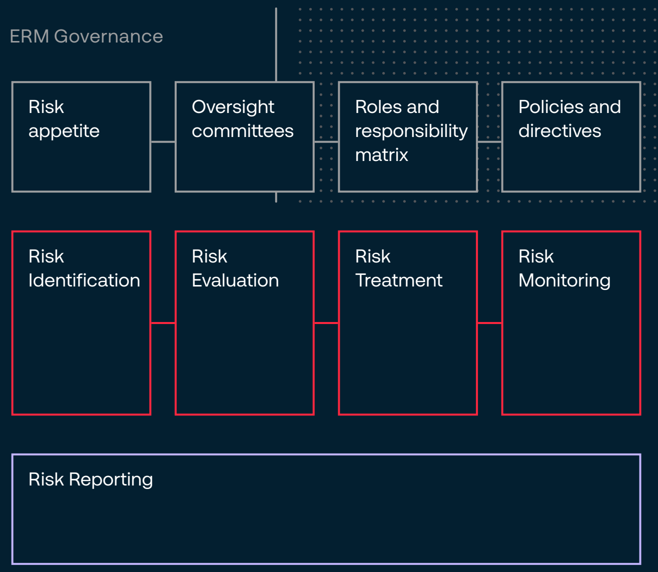
Insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs.

BENEFITS FOR OUR CLIENTS

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

Securitas' process to manage enterprise risk

Securitas is exposed to various types of risks in its daily business. When providing security services, Securitas manages not only its own risks, but also risks on behalf of its clients. A well working risk management is a key objective for all parts of the Group. Securitas' process for enterprise risk management (ERM) is well integrated into the business and seeks to identify, prioritize, and manage the major risks to our operations at all levels and in all parts of the organization.



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

ERM GOVERNANCE

ERM governance includes the overall framework for controlling and managing the enterprise risks to ensure appropriate governance throughout the Securitas Group. It includes the risk appetite framework, oversight boards and committees, roles and responsibilities matrix, and policies and directives.

A cornerstone in the ERM work is Group policies. The Group policies are developed by management and key policies are adopted by the Board of Directors. A general policy update is released after the statutory Board meeting in connection with the Annual General Meeting each year, but specific policies are also issued or updated when necessary throughout the year. Some of the key policies that are relevant from a governance perspective are Corporate Governance Policy, Group Contract Policy, Securitas' Values and Ethics Code, Whistleblowing Policy, Communication Policy, Anti-Bribery and Anti-Corruption Policy, Fair Competition and Anti-trust Policy, Privacy Policy and Insider Policy.

RISK IDENTIFICATION

The basis for the ERM work is the identification of Securitas' risks. The Group Risk function is responsible for maintenance of the risk register, which includes main risks and is updated annually primarily based on input from all levels of the internal organization but also based on external factors such as macro-economic factors. Securitas' risks have been classified into three main categories: Operational Risks, Financial Risks, and Strategic Risks and Opportunities.

RISK EVALUATION

Risks are evaluated at all levels of the organization with the aim of assessing which risks that needs to be prioritized in the risk management work. At Group level, the Group ERM Committee defines major risk focus areas that should be prioritized and require specific focus by Group Management the coming year. Additionally, the ERM Committee identifies other important risks which are to be delegated and/or handled in the day-to-day business.

RISK TREATMENT

Next step in the risk management process is to decide on risk treatment plans, i.e. if risks are to be "mitigated, accepted, transferred or avoided". The decision is based on the risk evaluation and Securitas' risk appetite.

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.

RISK MONITORING

The identified risks and adopted policies set the structure for the fourth step of the process – risk-based monitoring. Major risks are monitored utilizing various tools and methods best suited for the respective risk domains such as 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.

RISK REPORTING

Based on prioritization of risks made by the ERM Committee and Group/Divisional/Local management, risks are reported on throughout the year.

Signatures of the Board of Directors

Stockholm, March 26, 2024

Jan Svensson
Chair

Åsa Bergman
Director

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 2023 on pages 32–46 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 26, 2024
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 complementary key figures tailored to measure the business in prioritized areas such as within technology and solutions. 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.

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

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	

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.

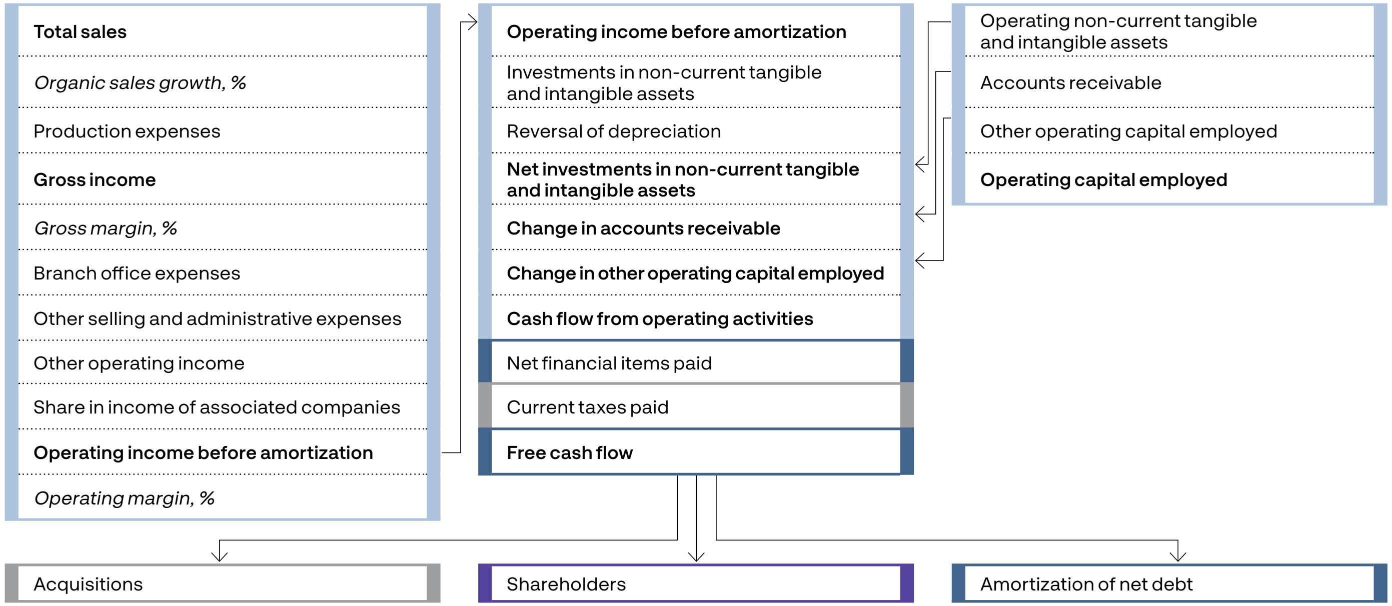
Balance sheet
Securitas uses the terms "capital employed" and "financing of capital employed" to describe the balance sheet and financial position. Capital employed consists of operating capital employed plus goodwill, acquisition-related intangible assets and shares in associated companies.

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.

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	



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 50–126.

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 2023 financial year.

OPERATIONS AND CLIENT OFFERING

Securitas has a leading global and local market presence with operations in 44 markets. 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, technology and solutions, 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.

ORGANIZATION

In 2023, the Securitas Group consisted of the business segments Securitas North America, Securitas Europe and Securitas Ibero-America. In addition, the Group conducts operations in Africa, the Middle East, Asia and Australia and the business unit Securitas Critical Infrastructure Services in North America, which are included under the heading Other in the segment reporting in note 10. The Securitas Critical Infrastructure services business unit was in the third quarter 2023 moved from the business segment Securitas North America to Other. Comparatives have been restated.

ACQUISITION OF STANLEY SECURITY

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

The acquisition of STANLEY Security has a significant impact on Securitas' reporting that should be considered when reading this Annual Report.

STANLEY Security was consolidated as of July 22, 2022, and is consequently included in the 2023 income statement. In the 2022 income statement STANLEY Security is included from the date of consolidation. STANLEY Security is according to Securitas' definition of organic sales growth excluded from the calculation of this key ratio during the first 12 months from the acquisition date, which means from July 22, 2022, until July 22, 2023. Real sales growth includes the contribution from STANLEY Security as acquired sales are included in the determination of this key ratio.

In the balance sheet STANLEY Security is included as of December 31, 2023, and December 31, 2022.

STANLEY Security is included in the operating and free cash flow in the full year 2023. In the operating and free cash flow for 2022, the contribution from STANLEY Security is attributable to the period July 22 to December 31, 2022.

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

GROUP FINANCIAL TARGETS

The Group operating margin was 6.5 percent (6.0), with a target of reaching 8 percent by the end of 2025. The real sales growth of technology and solutions sales was 34 percent (44) in 2023 with an annual average target of 8–10 percent. The real sales growth including STANLEY Security for the comparable period (consolidated as of July 22, 2022) was 9 percent in 2023. The reported net debt to EBITDA ratio was 4.1 (4.0) and the net debt to EBITDA ratio before items affecting comparability (IAC) was 2.7 (3.3), with a target of below 3.0x. The operating cash flow was 80 percent (71) of operating income before amortization with an annual target of 70–80 percent.

SALES

Sales amounted to MSEK 157 249 (133 237) and organic sales growth to 9 percent (7).

Securitas North America had 6 percent (1) organic sales growth driven by the Guarding business unit with support from Technology. Securitas Europe showed 12 percent (9), driven by strong price increases across the business, and supported by technology and solutions and the airport security business. Securitas Ibero-America reported 15 percent (16), driven by price increases, mainly in the hyperinflationary environment in Argentina in the first six months before the divestiture of Securitas Argentina. Extra sales in the Group amounted to 12 percent (13) of total sales.

Real sales growth, including acquisitions and divestitures and adjusted for changes in exchange rates, was 15 percent (14).

Technology and solutions sales amounted to MSEK 50 514 (36 983) or 32 percent (28) of total sales for the full year. Real sales growth, including acquisitions and divestitures and adjusted for changes in exchange rates, was 34 percent (44) with the acquired STANLEY Security as the main contributor. Real sales growth including STANLEY Security for the comparable period (consolidated as of July 22, 2022) was 9 percent.

Sales January – December

MSEK	2023	2022	%
Total sales	**157 249**	**133 237**	**18**
Currency change from 2022	-4 125	–	
Currency adjusted sales	**153 124**	**133 237**	**15**
Acquisitions/divestitures	-9 437	-1 427	
Organic sales	**143 687**	**131 810**	**9**

OPERATING INCOME BEFORE AMORTIZATION

Operating income before amortization was MSEK 10 247 (8 033) which, adjusted for changes in exchange rates, represented a real change of 24 percent (22).

The Group's operating margin was 6.5 percent (6.0), an improvement supported by all three business segments, and mainly driven by technology and solutions including the acquired STANLEY Security business in North America and Europe. Price increases in the Group were on par with wage cost increases for the full year.

Operating income January – December

MSEK	2023	2022	%
Operating income before amortization	**10 247**	**8 033**	**28**
Currency change from 2022	-273	–	
Currency adjusted operating income before amortization	**9 974**	**8 033**	**24**

OPERATING INCOME AFTER AMORTIZATION

Amortization of acquisition-related intangible assets amounted to MSEK –620 (–414), whereof MSEK –365 (–163) related to the STANLEY Security acquisition.

Acquisition-related costs totaled MSEK –10 (–49). For further information refer to note 11.

Items affecting comparability were MSEK –4 669 (–1 086), whereof MSEK –3 321 (0) related to capital loss from the divestiture of Securitas Argentina where the vast majority was accumulated non-cash foreign exchange translation losses, MSEK –662 (–454) related to the acquisition of STANLEY Security and MSEK –686 (–632) were related to the transformation programs in Europe and Ibero-America. For further information refer to note 11.

Operating income after amortization was MSEK 4 948 (6 484).

FINANCIAL INCOME AND EXPENSES

Financial income and expenses amounted to MSEK –2 115 (–758), whereof MSEK –1 615 (–413) related to financing of the STANLEY Security acquisition. The impact from IAS 29 hyperinflation was MSEK 186 (134) relating to the net monetary gain. Financial income and expense also include foreign currency gains, net, of MSEK 116 (40). Interest income and expense excluding the financing related to STANLEY Security increased due to increased interest rates. For further information refer to note 14 and note 15.

INCOME BEFORE TAXES

Income before taxes amounted to MSEK 2 833 (5 726).

TAXES, NET INCOME AND EARNINGS PER SHARE

The Group's tax rate was 54.2 percent (24.6). The full year tax rate for 2023 was negatively affected by the non-deductible capital loss from the divestiture of Securitas Argentina and positively affected by the reversal of tax provisions related to Spanish tax cases after a judgment from the Audiencia Nacional in Spain in favor of Securitas. Refer to Spain – Tax audit in Other Significant Events on page 54. A similar positive effect impacted the full year tax rate in 2022. Excluding the capital loss and the reversal of tax provisions the tax rate was 26.9 percent. The tax rate before tax on items affecting comparability was 26.6 percent (26.6).

Net income was MSEK 1 297 (4 316).

Earnings per share before and after dilution amounted to SEK 2.24 (9.20). Earnings per share before and after dilution and before items affecting comparability amounted to SEK 9.59 (10.77).

Condensed statement of income according to Securitas' financial model

MSEK	2023	2022
Total sales	**157 249**	**133 237**
Organic sales growth, %	*9*	*7*
Production expenses	-125 123	-107 124
Gross income	**32 126**	**26 113**
Selling and administrative expenses	-22 004	-18 182
Other operating income	64	52
Share in income of associated companies	61	50
Operating income before amortization	**10 247**	**8 033**
Operating margin, %	*6.5*	*6.0*
Amortization of acquisition-related intangible assets	-620	-414
Acquisition-related costs	-10	-49
Items affecting comparability	-4 669	-1 086
Operating income after amortization	**4 948**	**6 484**
Financial income and expenses	-2 115	-758
Income before taxes	**2 833**	**5 726**
Taxes	-1 536	-1 410
Net income for the year	**1 297**	**4 316**

Securitas' financial model is described on pages 47-48.

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

DEVELOPMENT IN THE GROUP'S BUSINESS SEGMENTS

Securitas North America

Sales and income

			Change, %	
MSEK	2023	2022[1]	Total	Real
Total sales	**62 561**	**51 943**	**20**	**17**
Organic sales growth, %	*6*	*1*		
Share of Group sales, %	*40*	*39*		
Operating income before amortization	**5 625**	**4 286**	**31**	**28**
Operating margin, %	*9.0*	*8.3*		
Share of Group operating income, %	*55*	*53*		

1 The Securitas Critical Infrastructure Services business unit was in the third quarter 2023 moved from the business segment Securitas North America to Other. Comparatives have been restated.

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

Organic sales growth was 6 percent (1), driven by the Guarding business unit. Price increases, healthy portfolio new sales and a significant guarding contract renewed and expanded, as previously communicated, contributed to the development. By comparison, 2022 was hampered by the termination of two significant security contracts. Organic sales growth was also supported by the Technology business unit primarily from improved installation sales. The client retention rate was 90 percent (86).

Technology and solutions sales accounted for MSEK 22 704 (15 634) or 36 percent (30) of total sales in the business segment, with real sales growth of 42 percent (69) for the full year. The acquired STANLEY Security business in North America was the main contributor to real sales growth, although double-digit real sales growth within solutions also supported.

The operating margin was 9.0 percent (8.3). The operating margin improvement stemmed from the Technology business unit, driven by the acquired STANLEY Security business including cost synergies. The operating margin in Guarding was stable, supported by active portfolio management and leverage from the topline growth but burdened by cost of risk and medical expenses.

The Swedish krona exchange rate weakened against the US dollar, which had a positive impact on operating income in Swedish kronor. The real change was 28 percent (25) for the full year.

Securitas Europe

Sales and income

MSEK	2023	2022	Change, % Total	Change, % Real
Total sales	**66 605**	**54 409**	**22**	**19**
Organic sales growth, %	*12*	*9*		
Share of Group sales, %	*42*	*41*		
Operating income before amortization	**4 095**	**3 201**	**28**	**25**
Operating margin, %	*6.1*	*5.9*		
Share of Group operating income, %	*40*	*40*		

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

Organic sales growth was 12 percent (9) for the full year, driven by strong price increases including the impact of the hyperinflationary environment in Türkiye. Organic sales growth was also supported by technology and solutions as well as the airport security business. The client retention rate was 91 percent (91).

Technology and solutions sales accounted for MSEK 22 063 (16 166) or 33 percent (30) of total sales in the business segment, with real sales growth of 34 percent (41) for the full year. The acquired STANLEY Security business in Europe was the main contributor to real sales growth, although double-digit real sales growth within solutions and good organic sales growth in technology also supported.

The operating margin was 6.1 percent (5.9), an improvement mainly from growth within technology and solutions, including STANLEY Security. Active portfolio management also supported the development. However, the operating margin was hampered by start-up costs within the airport security business and increased costs related to labor shortage, such as higher costs for subcontracting.

The Swedish krona exchange rate weakened primarily against the euro, which had a positive impact on operating income in Swedish kronor but was partly offset by the development of the Turkish lira. The real change in operating income was 25 percent (17) for the full year.

Securitas Ibero-America

Sales and income

MSEK	2023	2022	Change, % Total	Change, % Real
Total sales	**15 449**	**14 604**	**6**	**6**
Organic sales growth, %	*15*	*16*		
Share of Group sales, %	*10*	*11*		
Operating income before amortization	**991**	**881**	**12**	**8**
Operating margin, %	*6.4*	*6.0*		
Share of Group operating income, %	*10*	*11*		

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

Organic sales growth was 15 percent (16) driven by price increases, mainly in the hyperinflationary environment in Argentina in the first six months before the divestiture of Securitas Argentina. Organic sales growth in Spain was 5 percent (7), supported by price increases and improved installation sales, but held back by active portfolio management. Organic sales growth in Latin America was driven by price increases, especially in Argentina. The client retention rate was 93 percent (92).

Technology and solutions sales accounted for MSEK 5 011 (4 352) or 32 percent (30) of total sales in the business segment, with real sales growth of 9 percent (10) for the full year.

The operating margin was 6.4 percent (6.0), supported by higher margin technology and solutions sales, successful portfolio management and by the divestiture of Securitas Argentina. The operating margin was hampered by the wage increases in Spain and negative portfolio development in a few Latin American countries.

The Swedish krona exchange rate weakened primarily against the euro which had a positive impact on operating income in Swedish kronor, but was partly offset by the development of the Argentinian peso. The real change in the segment was 8 percent (21) for the full year.

CASH FLOW

Cash flow from operating activities amounted to MSEK 8 185 (5 720), equivalent to 80 percent (71) of operating income before amortization.

The impact from changes in accounts receivable was MSEK –1 921 (–1 943). Changes in other operating capital employed were MSEK 417 (77).

Financial income and expenses paid was MSEK –1 899 (–657) and current taxes paid was MSEK –1 348 (–1 641).

Cash flow from operating activities includes net investments in non-current tangible and intangible assets, amounting to MSEK –558 (–447), also including capital expenditures in equipment for solutions contracts. The net investments are the result of investments of MSEK –4 114 (–3 567) and reversal of depreciation of MSEK 3 556 (3 120).

Free cash flow was MSEK 4 938 (3 422), equivalent to 75 percent (57) of adjusted income.

Cash flow from investing activities, acquisitions and divestitures, was MSEK –170 (–32 274). Refer to note 17 for further information.

Cash flow from items affecting comparability amounted to MSEK –1 403 (–1 171). Refer to note 11 for further information.

Cash flow from financing activities was MSEK –1 592 (31 393) due to dividend paid of MSEK –1 977 (–1 604) and net increase in borrowings of MSEK 385 (23 485). In 2022 the cash flow was also affected by the net proceeds from the rights issue of MSEK 9 512.

Cash flow for the year was MSEK 1 773 (1 370). The closing balance for liquid funds after translation differences of MSEK –154 was MSEK 7 942 (6 323).

Condensed statement of cash flow according to Securitas' financial model

MSEK	2023	2022
Operating income before amortization	**10 247**	**8 033**
Investments in non-current tangible and intangible assets	-4 114	-3 567
Reversal of depreciation	3 556	3 120
Net investments in non-current tangible and intangible assets	**-558**	**-447**
Change in accounts receivable	-1 921	-1 943
Change in other operating capital employed	417	77
Cash flow from operating activities	**8 185**	**5 720**
Cash flow from operating activities, %	*80*	*71*
Financial income and expenses paid	-1 899	-657
Current taxes paid	-1 348	-1 641
Free cash flow	**4 938**	**3 422**
Free cash flow, %	*75*	*57*
Cash flow from investing activities, acquisitions and divestitures	-170	-32 274
Cash flow from items affecting comparability	-1 403	-1 171
Cash flow from financing activities	-1 592	31 393
Cash flow for the year	**1 773**	**1 370**

Securitas' financial model is described on pages 47-48.

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

CAPITAL EMPLOYED AND FINANCING

Capital employed

The Group's operating capital employed was MSEK 16 618 (18 377), corresponding to 11 percent of sales (13) adjusted for the full-year sales figures of acquired units. The translation of foreign operating capital employed to Swedish kronor decreased the Group's operating capital employed by MSEK 1 118.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter of 2023 in conjunction with the business plan process for 2024. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently, no impairment losses have been recognized in 2023. No impairment losses were recognized in 2022 either.

The Group's total capital employed was MSEK 74 228 (76 972). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK 3 531. The return on capital employed was 8 percent (9). The return on capital employed, excluding the capital loss from the divestiture of Securitas Argentina, was 12 percent.

Financing

The Group's net debt amounted to MSEK 37 530 (40 534). The net debt was impacted mainly by a dividend of MSEK –1 977 whereof MSEK –1 003 was paid to the shareholders in May 2023 and MSEK –974 was paid in November 2023, translation differences of MSEK 1 323, payments for items affecting comparability of MSEK –1 403, free cash flow of MSEK 4 938 and lease liabilities of MSEK 291.

The net debt to EBITDA ratio was 4.1 (4.0). The adjusted net debt/EBITDA ratio before items affecting comparability was 2.7 (3.3)*. The free cash flow to net debt ratio amounted to 0.13 (0.08). The interest coverage ratio amounted to 4.2 (8.7).

On December 31, 2023, Securitas had a Revolving Credit Facility with its eleven key relationship banks. The size of the facility amounted to MEUR 1 029 maturing 2027. The facility was undrawn on December 31, 2023.

The Commercial Paper Program amounts to MSEK 5 000. MSEK 1 915 was outstanding as of December 31, 2023.

A debt bridge facility was used to partly fund the acquisition of STANLEY Security. The original debt bridge facility amounted to MUSD 2 385 and had a final maturity date of July 22, 2024. In the first quarter of 2023 a majority of the bridge was refinanced through a MUSD 75 6-year Private Placement, a MEUR 1 100 term loan and a MEUR 300 Schuldschein loan. An additional MEUR 600 was repaid on April 4, 2023, from the proceeds of a 4-year Eurobond issue, reducing the bridge facility balance to MUSD 159 equivalent at end of June 2023. In July 2023, the remaining balance of MUSD 159 of the debt bridge facility of MUSD 2 385 raised for the acquisition of STANLEY Security was repaid. On September 6, 2023, MEUR 550 of the MEUR 1 100 term loan was repaid from the proceeds of a MEUR 600 Eurobond issue with maturity in 2029. On November 17, 2023, a new 3-year MUSD 600 term loan was signed with eight relationship banks. The proceeds were used to repay the remainder of the MEUR 1 100 term loan referred to above.

Standard & Poor's rating of Securitas was BBB- at the end of 2023 with positive outlook. On February 14, 2024, Securitas was upgraded to BBB with stable outlook.

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

Shareholders' equity amounted to MSEK 36 698 (36 438). The translation of foreign assets and liabilities into Swedish kronor increased shareholders' equity by MSEK 459, including recycling of translation differences relating to the divestiture of Securitas Argentina of MSEK 2 667. Refer to the statement of comprehensive income on page 59 for further information.

The total adjusted number of shares amounted to 572 917 552 (572 917 552) as of December 31, 2023. Refer to pages 149–150 for further information.

* The comparative is adjusted for rights issue proceeds received in October 2022 and includes STANLEY Security's 12 months adjusted estimated EBITDA.

Condensed capital employed and financing according to Securitas' financial model

MSEK	2023	2022
Operating capital employed	**16 618**	**18 377**
Operating capital employed as % of sales	*11*	*13*
Goodwill	50 916	51 021
Acquisition-related intangible assets	6 340	7 180
Shares in associated companies	354	394
Total capital employed	**74 228**	**76 972**
Return on capital employed, %	*8*	*9*
Net debt	37 530	40 534
Shareholders' equity	36 698	36 438
Total financing	**74 228**	**76 972**

Securitas' financial model is described on pages 47-48.

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

Net debt development

MSEK	2023	2022
Opening balance January 1	**-40 534**	**-14 551**
Cash flow from operating activities	8 185	5 720
Financial income and expenses paid	-1 899	-657
Current taxes paid	-1 348	-1 641
Free cash flow	**4 938**	**3 422**
Cash flow from investing activities, acquisitions and divestitures	-170	-32 274
Cash flow from items affecting comparability	-1 403	-1 171
Rights issue, net	–	9 512
Dividend paid	-1 977	-1 604
Change in lease liabilities	291	-1 274
Change in net debt before revaluation and translation	**1 679**	**-23 389**
Revaluation of financial instruments	2	-50
Translation differences	1 323	-2 544
Change in net debt	**3 004**	**-25 983**
Closing balance December 31	**-37 530**	**-40 534**

ACQUISITIONS AND DIVESTITURES

Acquisitions and divestitures January–December 2023 (MSEK)

Company	Business segment[1]	Included/ excluded from	Acquired/ divested share[2]	Annual sales[3]	Enterprise value[4,7]	Goodwill	Acq. related intangible assets
Opening balance						**51 021**	**7 180**
STANLEY Security (adjustments)	Securitas North America and Securitas Europe	–	–	–	–	2 139	–
Securitas Argentina (divestiture)	Securitas Ibero-America	July 25	100	-2 564	120	-527	–
Other acquisitions and divestitures [5,6]		–	–	3	41	6	1
Total acquisitions and divestitures January – December 2023				**-2 561**	**161**	**1 618**	**1**
Amortization of acquisition-related intangible assets						–	-620
Translation differences and remeasurement for hyperinflation						-1 723	-221
Closing balance						**50 916**	**6 340**

1 Refers to business segment with main responsibility for the acquisition/divestiture.
2 Refers to voting rights for acquisitions/divestitures 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: Draht+Schutz, Germany, Bewachungen ALWA (contract portfolio), Austria, DAK, Türkiye and Complete Security Integration, Australia. Related also to additional payment for the divestiture of Securitas Egypt as well as to deferred considerations paid in the US, Germany, Austria, Türkiye, Spain and Australia.
6 Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK -30. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 104.
7 Cash flow from acquisitions and divestitures amounts to MSEK -170, which is the sum of enterprise value MSEK -161 and acquisition-related costs paid MSEK -9.

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

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas exited the country due to the weak macroeconomic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability. Last 12 months' sales based on June 2023 of Securitas Argentina was BSEK 2.5, with an operating margin of below average in Securitas Ibero-America. The divestment resulted in a capital loss of MSEK 3 321, which was recognized as an item affecting comparability. The capital loss mainly comprised accumulated foreign currency losses. This impact was net neutral in Group equity. The divestiture had limited cash flow impact of MSEK –123, whereof MSEK –120 is reported as cash flow from investing activities, acquisitions and divestitures and MSEK –3 is reported as cash flow from items affecting comparability.

For further information regarding acquisitions and divestitures in 2023, refer to note 17.

CHANGES IN GROUP MANAGEMENT

Jan Lindström, SVP Finance, decided to step down from his role as of June 7, 2023, and is no longer a member of Group Management. Jan will continue within Securitas full time, supporting the finance team. The SVP Finance role was discontinued.

All other Group Management members continue in their current roles.

OTHER SIGNIFICANT EVENTS

United States – Government investigation

Securitas is aware that the U.S. Government is conducting an investigation into Paragon Systems, Inc., a Securitas' subsidiary within the business unit Securitas Critical Infrastructure Services, related to its relationship with various small business entities which were a direct or indirect party to contracts with the U.S. Government. The investigation relates to alleged misconduct by certain former Paragon employees. Paragon is cooperating fully with the investigation. Based on the information currently available, the Group assesses that neither the result nor the financial position of the Group will be materially affected by the investigation.

Spain – Tax audit

The Spanish National Court Audiencia Nacional issued on October 23, 2023, their judgment in favor of Securitas related to the financial years 2008–2009, concerning interest deductions related to acquisitions. The National Court has accepted Securitas' appeal and rejected the prior judgment from the Tribunal Económico Administrativo Central court. This has resulted in a reassessment of the Group's tax provisions and has led to a reversal of MSEK 118, which reduces the 2023 full year current tax expense, corresponding to 4.2 percent of the profit before tax. The provision release is excluded from the calculation of earnings per share before items affecting comparability. Refer to note 39 for further information.

OTHER SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On February 23, 2024 Securitas closed a MEUR 500 bond in the Eurobond market with maturity in 2030. The coupon was 3.875 percent including a margin of 115 basis points. The proceeds will mainly be used to refinance existing debt.

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

RISK AND UNCERTAINTIES

Risk management is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' risks fall into three main categories; operational risks, financial risks and strategic risks and opportunities. Securitas' approach to enterprise risk management is described in more detail on page 43.

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 47–48. 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, in note 7 and note 27.

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.

Risks related to the general macro-economic environment with the increase in inflation, interest rates, deteriorating insurance market, labor shortages and supply chain issues together with the changed geopolitical situation in the world, increased cyber security threats and lingering effects from the corona pandemic makes it difficult to predict the economic development of the different markets and geographies in which we operate.

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

Our transformation programs in Europe and Ibero-America are in the execution phase. The implementation and rollout of new systems and platforms to support this transformation naturally carries a risk in terms of potential disruptions to our operations that could result in a negative impact on our result, cash flow and financial position. This is mitigated by solid change management and a phased rollout on a country by country basis over a longer period.

The geopolitical situation in the world has changed radically with Russia's invasion of Ukraine at the end of February 2022 and the ongoing conflict in the Middle East. We have no operations either in Russia or in Ukraine and very limited presence in Israel but we follow the development closely and contribute to a safer society where we can.

For the forthcoming twelve-month period, the financial impact of the general macro-economic environment described above, the acquisition and integration of STANLEY Security including increased interest rates for the acquisition-funding, the integration and implementation of new platforms as part of our transformation programs and STANLEY Security integration, as well as certain items affecting comparability, provisions and contingent liabilities, as described in 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 2023 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 Global Reporting Initiative (GRI) Universals Standards. 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	12, 14, 26–27, 31, 136, 138–139, 144
Social conditions	31, 137, 142–143
Personnel	6–7, 12–14, 26–27, 30, 137, 141–143
Respect for human rights	31, 137
Anti-corruption	30, 136
Business model	26
Significant risks for sustainability	30-31
GRI index	146–148

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 each major market now has a solutions organization and a solutions leader in place. Each of our divisions also has a solutions leader in place to ensure coordination and best practices. In 2019, the Group also created a Global Technology Business Center, responsible for developing a global business approach with common tools, processes, products and services within technology. This has now evolved into our Global Technology organization under the leadership of the Securitas Technology Global President. Our technology business and footprint are greatly enhanced by the transformative acquisition of STANLEY Security bringing together the best of both companies.

The Group's CIO with team is leading the development of Securitas' global digitization and IS/IT transformation and are responsible for large scale global IT/business projects. In 2022 the IS/IT organization was split into Global IT under the leadership of the Chief Information Officer while Securitas Digital became a separate organization under the leadership of the Securitas Digital President. This change enables us to leverage the power of data, platforms and digital to accelerate the execution of Securitas' vision for growth, margin, client value and long-term competitiveness while we continue our transformation journey. 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. 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, 2023, the Group had MSEK 111 (82) in capitalized development expenditures.

INFORMATION REGARDING THE SECURITAS SHARE

In October 2022 a rights issue was completed, and as result of this Securitas AB's share capital increased by MSEK 208, from MSEK 365 to MSEK 573 and the total number of shares increased by 208 333 655. After the rights issue, the number of shares in Securitas amounts to 573 392 552, divided between 26 938 371 shares of class A shares and 546 454 181 shares of class B. Further information about the Securitas share as well as information on major shareholders can be found in note 31 and on pages 149–150.

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 8, 2024, 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 2023, to the Board of Directors to acquire the company's own 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). The total previously repurchased number of shares as of December 31, 2023, are 475 000 (475 000). 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

Following the acquisition of STANLEY Security, the Group defined new financial targets in 2022, aligned with the strategy to be a security solutions partner with world-leading technology and expertise and strongly positioned to deliver superior growth and increased margins. The target of a net debt to EBITDA ratio of below 3.0x was modified at the Investor day on March 7, 2024, to reflect the impact of items affecting comparability. Securitas has four financial targets:

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

The dividend policy is in a range of 50-60 percent of annual net income over time.

In 2023 the Group operating margin was 6.5 percent (6.0). The real sales growth of technology and solutions sales was 34 percent (44). The real sales growth including STANLEY Security for the comparable period (consolidated as of July 22, 2022) was 9 percent. The reported net debt to EBITDA ratio was 4.1 (4.0) and the net debt to EBITDA ratio before items affecting comparability (IAC) was 2.7 (3.3), with a target of below 3.0x. The operating cash flow was 80 percent (71) of operating income before amortization.

The core to the execution of our strategy is leadership in technology and solutions and in digital capabilities. We have made substantial investments in our technology capabilities with the acquisition of STANLEY Security, and our combined solutions offering is unique. The transformation program we have implemented in North America supports our operational efficiency on a daily basis and the ongoing programs in Europe and Ibero-America are progressing according to plan. These investments will fundamentally shift our digital capabilities and will solidify our position as the leading security solutions company.

Another cornerstone of our strategy is to continuously assess our business mix and presence to further sharpen our position as the leading security solutions and technology company. As a result, we disposed Securitas Argentina in 2023 with positive margin and cash flow effects going forward.

The strategic transformation of Securitas is on the right path, which is confirmed by the performance in 2023. With our strong offering we are managing an uncertain economic environment and we are fully committed to achieving our financial targets.

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 2 667 (1 975) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 9 729 (10 292). The decrease compared with last year is mainly explained by lower dividends received from subsidiaries. Income before taxes amounted to MSEK 10 383 (10 893).

Income before taxes includes dividends from subsidiaries of MSEK 10 374 (11 116), interest income of MSEK 849 (314), interest expense of MSEK -1 181 (-512) and other financial income and expenses, net, of MSEK -313 (-626). For further information, refer to note 47.

Net income was MSEK 10 194 (10 908).

Cash flow for the year amounted to MSEK -258 (1 306).

The Parent Company's non-current assets amounted to MSEK 65 989 (66 354) and mainly comprise shares in subsidiaries of MSEK 63 933 (64 040). Current assets amounted to MSEK 23 778 (11 813) of which liquid funds accounted for MSEK 2 118 (2 376).

Shareholders' equity amounted to MSEK 56 660 (48 282). Total dividend amounts to MSEK 1 977 (1 604), whereof MSEK 1 003 (1 604) was paid to the shareholders in May 2023 and MSEK 974 (0) was paid to the shareholders in November 2023.

In October 2022 a rights issue was completed, and Securitas AB received from the rights issue proceeds of MSEK 9 583 before the deduction of transaction costs of MSEK 71 and net MSEK 9 512. Through the rights issue, Securitas' share capital increased by MSEK 208, from MSEK 365 to MSEK 573 and the total number of shares increased by 208 333 655. After the rights issue, the number of shares in Securitas amounts to 573 392 552, divided between 26 938 371 shares of class A shares and 546 454 181 shares of class B. The balance of the net proceeds of MSEK 9 304 increased the free premium fund.

The Parent Company's liabilities and untaxed reserves amounted to MSEK 33 107 (29 885) and mainly consist of interest-bearing debt.

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

CURRENT GUIDELINES FOR REMUNERATION TO SECURITAS' GROUP MANAGEMENT

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 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 UPDATED GUIDELINES FOR REMUNERATION TO SECURITAS' GROUP MANAGEMENT

The Board of Directors has proposed that the Annual General Meeting 2024 adopts the following guidelines for remuneration to the individuals who are included in the Group Management of Securitas.

The guidelines are forward-looking, i.e., they shall apply to remuneration agreed and amendments to remuneration already agreed after the Annual General Meeting 2024. 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 deliver comprehensive, scalable and innovative security solutions. By using and developing world-leading technology and expertise, Securitas strives to be a security solution partner that ensure the safety of its clients' assets and people. In order to attract and keep competent members of Group Management, Securitas shall offer a competitive total remuneration that is in line with the market conditions on the relevant market for each member of Group Management. This 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.

From time to time, the Annual General Meeting may resolve on share-based long-term incentive programs (the "LTI Programs") including the CEO, other members of the Group Management and certain other key employees within the Securitas Group. The LTI Programs adopted by the Annual General Meeting are conditional upon the participant's own investment and holding periods of several years. The LTI programs have been resolved by the general meeting and are therefore excluded from these guidelines. The LTI program proposed by the Board of Directors and submitted to the Annual General Meeting 2024 for approval is excluded for the same reason. More information on Securitas' incentive plans is available on Securitas' website securitas.com, section Corporate Governance – Remuneration to Group Management.

Types of remuneration

The total remuneration to Group 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-based or share price-related remuneration.

The fixed basic salary shall be competitive and reflect each member of Group Management'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 members of Group Management.

The members of Group Management 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 member of Group Management. Variable cash remuneration shall not qualify for pension benefits unless 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 members of Group Management holding equivalent positions on the labor market where the member of Group Management is active. Premiums and other costs relating to such benefits may amount to not more than 15 percent of the fixed basic salary.

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

In addition to remuneration set out above, members of Group Management who relocate for the position or who work in multiple countries may also receive such remuneration and benefits as are reasonable to reflect the special circumstances associated with such arrangements, taking into account the overall purpose of these guidelines and alignment with the general policies and practices within the Securitas Group applicable to cross border work. Remuneration and benefits as described above may amount to not more than 50 percent of the fixed basic salary.

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, operating margin, EPS and/or cash flow within each member of Group Management'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.

The Remuneration Committee shall, for the Board of Directors, prepare, monitor and evaluate matters regarding variable cash remuneration to the members of Group 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.

Termination of employment

At dismissal, the notice period for members of Group Management 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 member of Group Management, 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 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 Group 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 Group Management, the application of the guidelines for remuneration to Group 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 the members of Group Management. The CEO and other members of Group 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.

Description of material changes of the guidelines
The revisions to these remuneration guidelines for Group Management incorporate modifications to the company's long-term and short-term incentive programs and align the guidelines with updates to the overall corporate strategy. Furthermore, adjustments have been introduced to accommodate mandatory Swedish regulations and to facilitate fair compensation for members of Group Management who relocate for their positions. Additionally, minor linguistic changes have been implemented.

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 2024.

Earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	742 878
Share premium reserve	9 303 850 562
Retained earnings	29 225 129 918
Net income for the year[1]	10 193 914 443
Total	**48 723 637 801**

1 Includes Group contributions to subsidiaries of SEK 888 663 140.

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

	SEK
a dividend to the shareholders of SEK 3.80 per share	2 177 086 698
to be carried forward	46 546 551 103
Total	**48 723 637 801**

The dividend and the amount to be carried forward are calculated on the number of outstanding shares as per February 6, 2024. 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 6, 2024.

PROPOSAL ON RECORD DATE FOR DIVIDEND

The Board has proposed that a dividend of SEK 3.80 per share is distributed to the shareholders in two payments of SEK 1.90 per share each. The record date for the first payment is proposed to be May 13, 2024, and for the second payment November 18, 2024. If the Annual General Meeting so resolves, the first payment is expected to be distributed by Euroclear Sweden AB starting May 16, and the second payment starting November 21, 2024.

PROPOSED AUTHORIZATION TO ACQUIRE THE COMPANY'S OWN SHARES

The Board has further proposed that the 2024 Annual General Meeting should authorize the Board to, on one or several occasions during the time up to the Annual General Meeting in 2025, 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, 2023, amount to SEK 38 529 723 358. The net income for the year amounts to SEK 10 193 914 443 of which SEK 888 663 140 is related to Group contributions to subsidiaries and SEK -537 499 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 not have been impacted as per December 31, 2023, 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, as there is no difference as of this date.

At the disposal of the Annual General Meeting is thereby a total amount of SEK 48 723 637 801 in unappropriated earnings before the decision on dividend for 2023.

Provided that the 2024 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 46 546 551 103 will be carried forward. After distribution of the proposed dividend, Group contributions and the proposed authorization to acquire the Company's own shares, there will be full coverage for the Company's restricted equity.

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	2023	2022
Sales		147 812	124 944
Sales, acquired business		9 437	8 293
Total sales	**6, 10**	**157 249**	**133 237**
Production expenses	11, 12, 13	-125 123	-107 124
Gross income		**32 126**	**26 113**
Selling and administrative expenses	11, 12, 13	-22 004	-18 182
Other operating income	6	64	52
Share in income of associated companies	23	61	50
Amortization of acquisition-related intangible assets	19	-620	-414
Acquisition-related costs	11	-10	-49
Items affecting comparability	11	-4 669	-1 086
Operating income	**11**	**4 948**	**6 484**
Financial income	14, 15	513	243
Financial expenses	15	-2 628	-1 001
Income before taxes		**2 833**	**5 726**
Taxes	16	-1 536	-1 410
Net income for the year		**1 297**	**4 316**
Whereof attributable to:			
Equity holders of the Parent Company		1 285	4 310
Non-controlling interests		12	6
Average number of shares before and after dilution		572 917 552	468 284 366
Earnings per share before and after dilution (SEK)[1]	3	2.24	9.20
Earnings per share before and after dilution and before items affecting comparability (SEK)[1,2]	3	9.59	10.77

1 Number of shares outstanding have been adjusted for the rights issue completed on October 11, 2022.
2 Alternative Performance Measure (APM). Refer to note 3 for definition and calculation.

Consolidated statement of comprehensive income

MSEK	Note	2023	2022
Net income for the year		**1 297**	**4 316**
Other comprehensive income			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit pension plans net of tax	33	45	70
Total items that will not be reclassified to the statement of income		**45**	**70**
Items that subsequently may be reclassified to the statement of income			
Remeasurement for hyperinflation net of tax		437	837
Cash flow hedges net of tax	7	0	-32
Cost of hedging net of tax	7	-1	-6
Net investment hedges net of tax		496	-954
Other comprehensive income from associated companies, translation differences		-14	22
Translation differences		-23	3 582
Total items that subsequently may be reclassified to the statement of income		**895**	**3 449**
Other comprehensive income	**16**	**940**	**3 519**
Total comprehensive income for the year		**2 237**	**7 835**
Whereof attributable to:			
Equity holders of the Parent Company		2 227	7 827
Non-controlling interests		10	8

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2023	2022
Sales	147 812	124 944
Sales, acquired business	9 437	8 293
Total sales	**157 249**	**133 237**
Organic sales growth, %	*9*	*7*
Production expenses	-125 123	-107 124
Gross income	**32 126**	**26 113**
Gross margin, %	*20.4*	*19.6*
Expenses for branch offices	-8 376	-7 078
Other selling and administrative expenses	-13 628	-11 104
Total expenses	**-22 004**	**-18 182**
Other operating income	64	52
Share in income of associated companies	61	50
Operating income before amortization	**10 247**	**8 033**
Operating margin, %	*6.5*	*6.0*
Amortization of acquisition-related intangible assets	-620	-414
Acquisition-related costs	-10	-49
Items affecting comparability	-4 669	-1 086
Operating income after amortization	**4 948**	**6 484**
Financial income and expenses	-2 115	-758
Income before taxes	**2 833**	**5 726**
Net margin, %	*1.8*	*4.3*
Taxes	-1 536	-1 410
Net income for the year	**1 297**	**4 316**

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

Securitas' financial model is described on pages 47-48.

Consolidated statement of cash flow

MSEK	Note	2023	2022
Operations			
Operating income		4 948	6 484
Adjustment for effect on cash flow from items affecting comparability	11	3 266	-85
Adjustment for effect on cash flow from acquisition-related costs	11	1	-14
Reversal of depreciation	19, 20, 21, 22	4 176	3 534
Financial items received		321	109
Financial items paid		-2 398	-906
Current taxes paid		-1 348	-1 641
Change in accounts receivable		-1 921	-1 943
Change in other operating capital employed		417	77
Cash flow from operations		**7 462**	**5 615**
Investing activities			
Investments in non-current tangible and intangible assets		-2 563	-2 276
Acquisitions and divestitures of subsidiaries	17	-161	-32 211
Cash flow from investing activities		**-2 724**	**-34 487**
Financing activities			
Dividend paid to shareholders of the Parent Company		-1 977	-1 604
Rights issue, net		–	9 512
Proceeds from bond loans	32, 35	14 660	5 526
Redemption of bond loans	32, 35	-553	-4 682
Proceeds from commercial paper		6 335	2 565
Redemption of commercial paper		-4 442	-3 265
Payment of principal portion of lease liabilities		-1 373	-1 151
Change in other interest-bearing net debt excluding liquid funds[1]		-15 615	23 341
Cash flow from financing activities	7	**-2 965**	**30 242**
Cash flow for the year		**1 773**	**1 370**
Liquid funds at beginning of year		6 323	4 809
Translation differences on liquid funds		-154	144
Liquid funds at year-end	7, 30	**7 942**	**6 323**

1 The change in other interest bearing net debt is in 2023 mainly due to refinancing in issued bond loans the proceeds of which were used to repay term loans. The change in 2022 is mainly due to new loans for the financing of the STANLEY Security acquisition.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2023	2022
Operating income before amortization	**10 247**	**8 033**
Investments in non-current tangible and intangible assets	-4 114	-3 567
Reversal of depreciation	3 556	3 120
Net investments in non-current tangible and intangible assets	**-558**	**-447**
Change in accounts receivable	-1 921	-1 943
Change in other operating capital employed	417	77
Cash flow from operating activities[1]	**8 185**	**5 720**
Cash flow from operating activities as % of operating income before amortization	*80*	*71*
Financial income and expenses paid[2]	-1 899	-657
Current taxes paid	-1 348	-1 641
Free cash flow	**4 938**	**3 422**
Free cash flow as % of adjusted income	*75*	*57*
Acquisitions and divestitures of subsidiaries	-161	-32 211
Acquisition-related costs paid	-9	-63
Cash flow from items affecting comparability	-1 403	-1 171
Cash flow from financing activities	-1 592	31 393
Cash flow for the year	**1 773**	**1 370**

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 47-48.

Consolidated balance sheet

MSEK	Note	2023	2022
ASSETS			
Non-current assets			
Goodwill	18	50 916	51 021
Acquisition-related intangible assets	19	6 340	7 180
Other intangible assets	6, 20	2 637	2 556
Right-of-use assets	21	4 495	4 903
Buildings and land	22	235	331
Machinery and equipment	22	3 913	3 829
Shares in associated companies	23	354	394
Deferred tax assets	16	1 968	1 670
Interest-bearing financial non-current assets	24	1 513	1 285
Other long-term receivables	25	2 331	2 466
Total non-current assets		**74 702**	**75 635**
Current assets			
Inventories	26	1 478	1 670
Accounts receivable	27	20 733	20 883
Current tax assets	16	595	757
Other current receivables	28	10 625	10 061
Other interest-bearing current assets	29	317	177
Liquid funds	30	7 942	6 323
Total current assets		**41 690**	**39 871**
TOTAL ASSETS		**116 392**	**115 506**

MSEK	Note	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		573	573
Other capital contributed		16 667	16 667
Other reserves		1 302	844
Retained earnings, including net income for the year		18 153	18 340
Shareholders' equity attributable to equity holders of the Parent Company		**36 695**	**36 424**
Non-controlling interests		3	14
Total shareholders' equity	**31**	**36 698**	**36 438**
Long-term liabilities			
Long-term lease liabilities	32	3 336	3 558
Other long-term loan liabilities	32	31 687	41 784
Other long-term liabilities	32	303	321
Provisions for pensions and similar commitments	33	821	847
Deferred tax liabilities	16	2 034	1 934
Other long-term provisions	34	879	894
Total long-term liabilities		**39 060**	**49 338**
Current liabilities			
Current lease liabilities	35	1 333	1 496
Other short-term loan liabilities	35	10 946	1 481
Accounts payable		5 127	4 820
Current tax liabilities	16	1 312	1 293
Other current liabilities	36	19 989	18 723
Short-term provisions	37	1 927	1 917
Total current liabilities		**40 634**	**29 730**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**116 392**	**115 506**

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2023	2022
Operating capital employed		
Other intangible assets	2 637	2 556
Right-of-use assets	4 495	4 903
Buildings and land	235	331
Machinery and equipment	3 913	3 829
Deferred tax assets	1 968	1 670
Other long-term receivables	2 331	2 466
Inventories	1 478	1 670
Accounts receivable	20 733	20 883
Current tax assets	595	757
Other current receivables	10 625	10 061
Total assets	**49 010**	**49 126**
Other long-term liabilities	303	321
Provisions for pensions and similar commitments	821	847
Deferred tax liabilities	2 034	1 934
Other long-term provisions	879	894
Accounts payable	5 127	4 820
Current tax liabilities	1 312	1 293
Other current liabilities	19 989	18 723
Short-term provisions	1 927	1 917
Total liabilities	**32 392**	**30 749**
Total operating capital employed	**16 618**	**18 377**
Goodwill	50 916	51 021
Acquisition-related intangible assets	6 340	7 180
Shares in associated companies	354	394
Total capital employed	**74 228**	**76 972**
Operating capital employed as % of sales	*11*	*13*
Return on capital employed, %	*8*	*9*

MSEK	2023	2022
Net debt		
Interest-bearing financial non-current assets	1 513	1 285
Other interest-bearing current assets	317	177
Liquid funds	7 942	6 323
Total interest-bearing assets	**9 772**	**7 785**
Long-term lease liabilities	3 336	3 558
Other long-term loan liabilities	31 687	41 784
Current lease liabilities	1 333	1 496
Other short-term loan liabilities	10 946	1 481
Total interest-bearing liabilities	**47 302**	**48 319**
Total net debt	**37 530**	**40 534**
Net debt equity ratio, multiple	*1.02*	*1.11*
Shareholders' equity		
Share capital	573	573
Other capital contributed	16 667	16 667
Other reserves	1 302	844
Retained earnings, including net income for the year	18 153	18 340
Non-controlling interests	3	14
Total shareholders' equity	**36 698**	**36 438**
Total financing	**74 228**	**76 972**

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

Securitas' financial model is described on pages 47–48.

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 shareholders' equity
	Shareholders' equity attributable to equity holders of the Parent Company[1]							
Opening balance 2022	365	7 363	31	-1 797	14 830	20 792	8	20 800
Net income for the year	–	–	–	–	4 310	4 310	6	4 316
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	70	70	–	70
Total items that will not be reclassified to the statement of income	–	–	–	–	70	70	–	70
Items that subsequently may be reclassified to the statement of income								
Remeasurement for hyperinflation net of tax	–	–	–	–	837	837	–	837
Cash flow hedges net of tax[2]	–	–	-32	–	–	-32	–	-32
Cost of hedging net of tax[2]	–	–	-6	–	–	-6	–	-6
Net investment hedges net of tax[3]	–	–	–	-954	–	-954	–	-954
Other comprehensive income from associated companies,translation differences	–	–	–	22	–	22	–	22
Translation differences	–	–	–	3 580	–	3 580	2	3 582
Total items that subsequently may be reclassified to the statement of income	–	–	-38	2 648	837	3 447	2	3 449
Other comprehensive income	–	–	-38	2 648	907	3 517	2	3 519
Total comprehensive income for the year	–	–	-38	2 648	5 217	7 827	8	7 835
Transactions with non-controlling interests[1]	–	–	–	–	1	1	-2	-1
Share-based incentive schemes[1]	–	–	–	–	-104	-104	–	-104
Rights Issue	208	9 375	–	–	–	9 583	–	9 583
Transaction costs rights issue	–	-71	–	–	–	-71	–	-71
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 604	-1 604	–	-1 604
Closing balance 2022	573	16 667	-7	851	18 340	36 424	14	36 438

MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings, including net income for the year	Total	Non-controlling interests[1]	Total shareholders' equity
	Shareholders' equity attributable to equity holders of the Parent Company[1]							
Opening balance 2023	573	16 667	-7	851	18 340	36 424	14	36 438
Net income for the year	–	–	–	–	1 285	1 285	12	1 297
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	45	45	–	45
Total items that will not be reclassified to the statement of income	–	–	–	–	45	45	–	45
Items that subsequently may be reclassified to the statement of income								
Remeasurement for hyperinflation net of tax	–	–	–	–	437	437	–	437
Cash flow hedges net of tax[2]	–	–	0	–	–	0	–	0
Cost of hedging net of tax[2]	–	–	-1	–	–	-1	–	-1
Net investment hedges net of tax[3,4]	–	–	–	496	–	496	–	496
Other comprehensive income from associated companies, translation differences	–	–	–	-14	–	-14	–	-14
Translation differences[4]	–	–	–	-21	–	-21	-2	-23
Total items that subsequently may be reclassified to the statement of income	–	–	-1	461	437	897	-2	895
Other comprehensive income	–	–	-1	461	482	942	-2	940
Total comprehensive income for the year	–	–	-1	461	1 767	2 227	10	2 237
Transactions with non-controlling interests[1]	–	–	–	–	–	–	-21	-21
Share-based incentive schemes[1]	–	–	–	–	21	21	–	21
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 977	-1 977	–	-1 977
Closing balance 2023	573	16 667	-8	1 312	18 151	36 695	3	36 698

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.
4 The translation of foreign assets and liabililities into Swedish kronor increased the shareholders' equity, including recycling of translation differences relating to the divestiture of Securitas Argentina of MSEK 2 667.

Group notes

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, technology and solutions, fire and safety, and corporate risk management. Securitas operates in North America, Europe, Latin America, Africa, the Middle East, Asia and Australia and has 341 000 employees in 43 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 26, 2024.

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 8, 2024.

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 and 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 2023

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts. The new standard had no impact on the Group's consolidated financial statements.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities shall use measurement techniques and data to develop accounting estimates. The amendments have had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies and adding guidance on how entities apply this. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to IAS 12 Income Tax narrow the scope of the initial recognition of tax exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as for right-of-use assets and related lease liabilties and decommissioning liabilities recognized as part of the acquisition value of tangible fixed assets. The amendments have had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 have also been introduced in response to the OECD's BEPS Pillar Two related to global minimum tax for larger groups. The Group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the rules from OECD for BEPS Pillar Two, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a mandatory temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group has applied the mandatory exception in 2023. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning January 1, 2024. The Group is assessing the potential exposure arising from Pillar Two legislation. The assessment that is being carried out is based on the latest available tax filings and country-by-country reporting for 2022, and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete.

Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in Ireland, Israel and United Arab Emirates where the expected Pillar Two effective tax rate is likely to be lower than 15 percent. The potential exposure is expected to come from the constituent entities (mainly operating subsidiaries) in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is ongoing.

Quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. The Group continues the assessment and expects to complete the assessment in the first of half of financial year 2024.

Introduction and effect of new and revised IFRS that are effective as from 2024

None of the published standards and interpretations that are mandatory for the Group's financial year 2024 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 2025 and onwards

The effect on the Group's financial statements from standards and interpretations that are mandatory for the Group's financial year 2025 or later remain to be assessed.

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

Business combinations (IFRS 3 and IFRS 10)

NOTE 11, 17, 18, 19 AND 31

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. 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

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 is net of tax. All associates in the Group are currently classified as operational associates.

Effects of changes in foreign exchange rates (IAS 21)

NOTE 11, 15 AND 31

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).

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rate 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 below). 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 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 from translation of financial statements are recognized in other comprehensive income on the line translation differences.

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 in other comprehensive income on the line net investment hedges net of tax.

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. Securitas' operations in Argentina were up to the disposal of the entire country operations on July 25, 2023 accounted for according to IAS 29. As from the second quarter 2022, Securitas operations in Türkiye are accounted for according to IAS 29. This includes the subsidiaries with functional currency in ARS or TRY as well as consolidated goodwill that is consolidated into SEK from ARS or TRY.

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 for Argentina and 2005 for Türkiye.

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 because 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.

Revenue recognition (IFRS 15)

NOTE 6 AND 45

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

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

Technology and solutions comprise two categories.

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

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

Risk management services comprises various types of risk management services that are either recognized over time or at a point in time depending on the type of service. These services include risk advisory, security management, executive protection, corporate investigations, due diligence, and similar services.

Other operating income consists mainly of trademark 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 normally expensed immediately as the services are rendered by Securitas and consumed by the client. The exception is if the costs fall under another accounting standard (such as inventory related to product sales) or are capitalized until completion of the contract and then expensed (alarm installation contracts that are recognized upon completion of the conditions in the contract).

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

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

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.

Acquisition-related costs (IFRS 3 and IAS 37) NOTE 11

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.

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 restructuring and integration of acquired operations must also fulfill the criteria below:

- The cost would not have been incurred if the acquisition had not 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 include transaction costs, acquisition-related restructuring and integration costs as these are all deemed to affect comparability due to their significance. During 2022, interest expense and fees relating to the MUSD 915 bridge facility repaid on October 18, 2022, were considered as an item affecting comparability as the facility was repaid by the proceeds from the rights issue and consequently would not result in any further impact in the statement of income after October 18, 2022, compared to the debt funding for the acquisition that will remain in place also going forward. As it relates to financing costs it was still included on the line Financial income and expenses. The amount for 2022 was MSEK -67.

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. During 2022 this included a reversal of a tax provision in Spain of MSEK 151 and during 2023 a reversal of tax provision regarding Spain of MSEK 118.

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 and for financial items and tax as Financial income and expenses paid and Current taxes paid respectively if applicable.

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 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 product brand names valued as part of the purchase price allocation for STANLEY Security and the brand name Securitas in one of the Group's countries of operations, where it has been acquired from a third party.

For 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.

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, long-term growth rate 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.

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). 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 15 years, corresponding to a yearly amortization of between 6.7 and 33.3 percent. 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. The product brand names valued as part of the purchase price for STANLEY Security representing key product brands are not subject to amortization but tested yearly for impairment. The acquisition of STANLEY Security also resulted in recognition of technology-related intangible assets, in addition to the client- and brand-related assets, with a useful life of 8 years, corresponding to a yearly amortization of 12.5 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.

Cloud computing arrangements (IAS 38) NOTE 20

Securitas accounting principles follows The IFRS Interpretations Committee (IFRS IC) agenda decision from April 2021, on "cloud computing arrangement costs", that is costs for configuring or adapting software in a cloud-based solution.

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 and tangible non-current assets (IAS 16, IAS 36 and IAS 38) NOTE 20, 22, 49 AND 50

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.

Securitas applies the cost method for measurement of tangible non-current assets.

Amortization and depreciation are linear and based on estimated useful lives of the assets. The amortization and depreciation rates are normally:

• Software licenses and similar assets	10.0–33.3 percent
• Other intangible assets	10.0–33.3 percent
• Machinery and equipment	10–50 percent
• Buildings and land improvements	2–10 percent
• Land	0 percent

Amortization and depreciation are accounted for on the lines production expenses and selling and administrative expenses depending on which function that utilize the asset.

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 (included in net debt).

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.

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

Leases where the Group is a lessor are classified as either finance leases or operating leases, depending on 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 finance leases revenue and the corresponding production costs are recognized in the statement of income and an amount corresponding to the net investment in the lease is recognized split by into a long-term and a short-term receivable in the balance sheet. 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 fullfilled 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 and deferred considerations related to acquisitions, 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.

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 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

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 an equity-settled long-term share-based incentive scheme that was established in 2019 and where each new scheme period is subject to yearly approval by the Annual General Meeting. Each scheme covers a period of three years and consequently three schemes can run in parallel.

For the scheme, the cost for Securitas, including social security expenses, is accounted for in the statement of income during the vesting period, and is based on a fair value on the grant date for Securitas series B share determined for each of the schemes running in parallel. 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 long-term share-based incentive scheme participants must invest in Securitas series B shares at market price or nominate already vested or currently vesting shares. For every share thus purchased or invested the company will grant so called performance awards free of charge. The performance condition for the two schemes covering the periods 2021 to 2023 and 2022 to 2024 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. For the scheme covering 2023 to 2025 the performance condition is linked to the development of the operating margin and the measurement is at the end of the third year and consequently not split into each year like the other two programs. 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. Dividend compensation is not an additional expense for Securitas as the dividend compensation is included in the fair value on the grant date for Securitas series B share. It will however impact the social security expense as it results in additional shares for the participants.

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 several 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.

Calculations for the defined benefit plans that exist within Securitas are carried out by independent actuaries.

Costs, including the net interest cost, related to defined benefit plans are recognized in operating income.

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 in 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. Securitas has one client with which there is a reimbursement arrangement.

Provisions (IAS 37)

NOTE 33, 34 AND 37

The Group's provisions are mainly related to 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 341 000 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.

CALCULATION OF KEY RATIOS 2023

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 2022 for the previous year's calculations.

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

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

Acquired sales growth: 7%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 9 437 / 133 237 = 7%

Organic sales growth: 9%
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: ((157 249 – 9 437 – 4 125) / (133 237 – 1 427))-1 = 9%

Real sales growth: 15%
Total sales for the year including acquisitions and divestitures and adjusted for changes in exchange rates as a percentage of the previous year's total sales.
Calculation: ((157 249 - 4 125) / 133 237)-1 = 15%

Change of currency adjusted operating income before amortization: 24%
Operating income before amortization adjusted for changes in exchange rates as a percentage of the previous year's operating income before amortization.
Calculation: ((10 247 - 273) / 8 033)-1 = 24%

Operating margin: 6.5%
Operating income before amortization as a percentage of total sales.
Calculation: 10 247 / 157 249 = 6.5%

Change of currency adjusted operating income after amortization: -28%
Operating income after amortization adjusted for changes in exchange rates as a percentage of the previous year's operating income after amortization.
Calculation: ((4 948 - 252) / 6 484)-1 = -28%

Change of currency adjusted income before taxes: -55%
Income before taxes adjusted for changes in exchange rates as a percentage of the previous year's income before taxes.
Calculation: ((2 833 - 233) / 5 726)-1 = -55%

Change of currency adjusted net income: -74%
Net income adjusted for changes in exchange rates as a percentage of the previous year's net income.
Calculation: ((1 297 - 176) / 4 316)-1 = -74%

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 has been hedged through a swap agreement.
3 The average number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022.
4 Items affecting comparability in the full year were MSEK –4 669, whereof MSEK –3 321 was related to capital loss from the divestiture of Securitas Argentina (where the vast majority was accumulated non-cash foreign exchange translation losses), MSEK –662 was related to the acquisition of STANLEY Security and MSEK –686 were related to the transformation programs in Europe and Ibero-America. Taxes of MSEK 460 on items affecting comparability includes reversal of a tax provision in Spain of MSEK 118.

Earnings per share before dilution[1,2]: SEK 2.24 (9.20)
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2023: ((1 297 - 12) / 572 917 552) × 1 000 000 = SEK 2.24
Calculation 2022[3]: ((4 316 - 6) / 468 284 366) × 1 000 000 = SEK 9.20

Earnings per share before dilution[1,2], and before items affecting comparability[4]: SEK 9.59
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: ((1 297 - 12 + 4 669 - 460) / 572 917 552) × 1 000 000 = SEK 9.59

Change of currency adjusted earnings per share before dilution[1,2]: -79%
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: ((((1 297 - 12 - 175) / 572 917 552) × 1 000 000) / 9.20)-1 = -79%

Change of currency adjusted earnings per share before dilution[1,2] and before items affecting comparability[4]: -14%
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:
((((1 297 - 12 + 4 669 - 460 - 205) / 572 917 552) × 1 000 000) / 10.77)-1 = -14%

Cash flow from operating activities as % of operating income before amortization: 80%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 8 185 / 10 247 = 80%

Free cash flow as % of adjusted income: 75%
Free cash flow as a percentage of adjusted income (operating income before amortization adjusted for financial income and expenses, excluding revaluation of financial instruments, and current taxes).
Calculation: 4 938 / (10 247 – 2 115 -2 - 1 552) = 75%

Free cash flow in relation to net debt: 0.13
Free cash flow in relation to closing balance net debt.
Calculation: 4 938 / 37 530 = 0.13

Net debt to EBITDA ratio: 4.1
Net debt in relation to operating income after amortization plus amortization of acquisition-related intangible assets and depreciation.
Calculation: 37 530 / (4 948 + 620 + 3 556) = 4.1

Operating capital employed as % of total sales: 11%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquired and divested entities.
Calculation: 16 618 / (157 249 - 324) = 11%

Return on operating capital employed: 32%
Operating income before amortization plus items affecting comparability as a percentage of the average balance of operating capital employed.
Calculation: (10 247 – 4 669) / ((16 618 + 18 377) / 2) = 32%

Return on capital employed: 8%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (10 247 – 4 669) / 74 228 = 8%

Net debt equity ratio: 1.02
Net debt in relation to shareholders' equity.
Calculation: 37 530 / 36 698 = 1.02

Interest coverage ratio: 4.2
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (10 247 + 206) / 2 499 = 4.2

Return on equity: 4%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 1 297 / ((36 698 + 36 438) / 2) = 4%

Equity ratio: 32%
Shareholders' equity as a percentage of total assets.
Calculation: 36 698 / 116 392 = 32%

Exchange rates used in the consolidated financial statements 2023 and 2022

			2023		2022	
			Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	0.05	0.01	0.08	0.06
Australia	AUD	1	7.01	6.79	7.05	7.03
Bosnia and Herzegovina	BAM	1	5.86	5.64	5.37	5.70
Canada	CAD	1	7.85	7.51	7.81	7.71
Chile	CLP	100	1.26	1.12	1.17	1.24
China	CNY	1	1.49	1.40	1.50	1.50
Colombia	COP	100	0.25	0.26	0.24	0.22
Costa Rica	CRC	100	1.96	1.91	1.59	1.79
Croatia	HRK	1	–	–	1.42	1.48
Czech Republic	CZK	1	0.48	0.45	0.43	0.46
Denmark	DKK	1	1.54	1.48	1.44	1.50
Egypt	EGP	1	0.34	0.32	0.53	0.42
EMU countries	EUR	1	11.47	11.04	10.68	11.14
Hong Kong	HKD	1	1.35	1.27	1.30	1.35
Hungary	HUF	100	3.02	2.89	2.72	2.78
India	INR	1	0.13	0.12	0.13	0.13
Indonesia	IDR	100	0.07	0.06	0.07	0.07
Jordan	JOD	1	14.92	14.00	14.35	14.76
Mexico	MXN	1	0.60	0.59	0.51	0.54
Morocco	MAD	1	1.05	1.01	1.00	1.00
Norway	NOK	1	1.00	0.98	1.06	1.06
Paraguay	PYG	100	0.14	0.14	0.14	0.14
Peru	PEN	1	2.83	2.69	2.66	2.75
Poland	PLN	1	2.54	2.55	2.27	2.38
Romania	RON	1	2.32	2.22	2.17	2.25
Saudi Arabia	SAR	1	2.81	2.65	2.71	2.79
Serbia	RSD	1	0.10	0.09	0.09	0.10
Singapore	SGD	1	7.88	7.54	7.36	7.77
South Africa	ZAR	1	0.57	0.54	0.62	0.61
South Korea	KRW	100	0.81	0.77	0.79	0.83
Sri Lanka	LKR	100	3.23	3.06	3.21	2.86
Switzerland	CHF	1	11.83	11.86	10.66	11.32
Thailand	THB	1	0.30	0.29	0.29	0.30
Türkiye	TRY	1	0.44	0.34	0.61	0.56
United Arab Emirates	AED	1	2.88	2.70	2.77	2.85
UK	GBP	1	13.19	12.70	12.46	12.60
Uruguay	UYU	1	0.27	0.25	0.25	0.26
USD countries	USD	1	10.58	9.93	10.24	10.48
Vietnam	VND	100	0.04	0.04	0.04	0.04

Note 4
Significant 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. The significant estimates and judgments disclosed below are not deemed to involve a future risk of making material adjustment of the Group's reported values of assets or liabilities within the next financial year. Actual results may differ from these estimates and judgments under different assumptions and conditions.

MATERIAL JUDGMENTS

Business combinations

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 several of assumptions such as the churn rates and profitability of the acquired portfolio at the time of the acquisition and the Weighted Average Cost of Capital (WACC).

Depending on the acquired operations, different balance sheet items will be in focus. Within Security Services (on-site and mobile guarding) 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. As part of the Group's strategy to acquire companies active within the technology business this also cover other 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. Regardless of the type of operations acquired accounts receivable is normally 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.

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 or which assets and liabilities for which the initial accounting is provisional for each individual business combination unless it is a material adjustment.

Further information regarding acquisitions is provided in note 17.

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.

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 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 50 916 (51 021), acquisition-related intangible assets, which amounts to MSEK 6 340 (7 180) and shares in associated companies, which amounts to MSEK 354 (394) are subject to significant estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 18.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 20 733 (20 883), 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 -1 931 (-1 478), is thus subject to significant 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. Because of the continued economic uncertainty with higher level of inflation and increased interest rates, there is still an increased risk in the business environment relating primarily to outstanding accounts receivables. Overall, we assess that the provision for bad debt losses is adequate for the increased risks mentioned above.

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.

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 1 968 (1 670), current tax assets of MSEK 595 (757), deferred tax liabilities of MSEK 2 034 (1 934), and current tax liabilities of MSEK 1 312 (1 293), which are subject to significant estimates and judgments. Further information regarding taxes is provided in note 16 and note 39.

OTHER AREAS

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 4 495 (4 903), long-term lease liabilities of MSEK 3 336 (3 558) and current lease liabilities of MSEK 1 333 (1 496).

The accounting for leases under IFRS 16 involves making significant estimates and judgments. Areas where significant 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. 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. 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.

Employee benefits including labor-related disputes

With 341 000 employees and salaries and social benefits representing 75 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 significant estimates and judgments. These balances are mainly included under employee-related items (note 36), which amounts to MSEK 11 231 (11 225), but also form part of short-term provisions (note 37) as a part of other provisions MSEK 980 (1 018).

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 103 (30) and which is included in under other long-term receivables (note 25), and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 821 (847), is subject to significant 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 947 (899) and is included in short-term provisions (note 37), and liability insurance-related claims reserves, which amounts to MSEK 510 (489) and is included in other long-term provisions (note 34), are subject to significant estimates and judgments.

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 significant estimates and judgments. Further information is provided in note 39.

Potential risk with the macroeconomic environment

Risks related to the general macro-economic environment with the increase in inflation, interest rates, deteriorating insurance market, labor shortages and supply chain issues together with the changed geopolitical situation in the world, increased cyber security threats and lingering effects from the corona pandemic makes it difficult to predict the economic development of the different markets and geographies in which we operate.

The geopolitical situation in the world has changed radically with Russia's invasion of Ukraine at the end of February 2022. We have no operations either in Russia or in Ukraine and very limited presence in Israel but we follow the development closely and contribute to a safer society where we can.

For the forthcoming twelve-month period, the financial impact of the general macro-economic environment described above, the acquisition and integration of STANLEY Security including increased interest rates for the acquisition-funding, the implementation of new platforms as part of our transformation programs, as well as certain items affecting comparability, provisions and contingent liabilities, as described in note 11, note 34, note 37 and note 39, respectively, and may vary from the current financial estimates and provisions made by management. This could affect the Group's profitability and financial position.

Climate change

The potential impact of climate changes has been considered in preparing the financial statements. For the Group introduction of global and regional climate legislation, such as carbon taxes, can affect the financial statements. Legislation may restrict the use of assets or require capital expenditures e.g., by banning or restricting the use of the Group's fossil fuel-driven vehicles and equipment or imposing additional energy efficiency requirements on the Group's buildings and office properties.
Per December 31, 2023, there is no indication that material write-offs need to be done on the Group's tangible non-current assets or material purchase required due to such legislation or regulations the coming year. The Group's assets can also be affected by other climate related matters such as natural disasters, which can cause additional cost for example through impairment and changes in depreciation.

Climate related risks have not been assessed to have a material impact on the Group's financial statements 2023 nor on the estimates and assumptions made when preparing the annual report and consolidated accounts.

Note 5
Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2023

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 26, 2024.

Other significant events after the balance sheet date

On February 14, 2024, Standard & Poor's rating of Securitas was upgraded to BBB with stable outlook.

On February 23, 2024, Securitas closed a MEUR 500 Eurobond, with maturity in 2030, The cupon was 3.875 percent including a margin of 115 basis points. The proceeds will mainly be used to refinance existing debt.

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

Note 6
Revenue

Disaggregation of revenue

The Group has chosen to disaggregate revenue from sales to clients into three broad categories; Security services, Technology and solutions and Risk management services. 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	2023	%	2022	%
Security services[1]	103 677	66	93 032	70
Technology and solutions	50 514	32	36 983	28
Risk management services[1]	3 058	2	3 222	2
Total sales	**157 249**	**100**	**133 237**	**100**
Other operating income	64	0	52	0
Total revenue	**157 313**	**100**	**133 289**	**100**

1 Comparatives have been restated for a move of certain ancillary business from Risk management services to Security services.

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.

	Securitas North America[2]		Securitas Europe		Securitas Ibero-America		Other[2]		Eliminations[2]		Group	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Security services[1]	36 799	33 087	44 542	38 243	10 438	10 252	11 936	11 488	-38	-38	**103 677**	93 032
Technology and solutions	22 704	15 634	22 063	16 166	5 011	4 352	909	924	-173	-93	**50 514**	36 983
Risk management services[1]	3 058	3 222	–	–	–	–	–	–	–	–	**3 058**	3 222
Total sales	**62 561**	**51 943**	**66 605**	**54 409**	**15 449**	**14 604**	**12 845**	**12 412**	**-211**	**-131**	**157 249**	**133 237**
Other operating income	–	–	–	–	–	–	64	52	–	–	**64**	52
Total revenue	**62 561**	**51 943**	**66 605**	**54 409**	**15 449**	**14 604**	**12 909**	**12 464**	**-211**	**-131**	**157 313**	**133 289**

1 Comparatives have been restated for a move of certain ancillary business from Risk management services to Security services.
2 As of the third quarter 2023, the Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.

Contract balances

MSEK	2023	2022
Contract assets		
Accounts receivable (note 27)	20 733	20 883
Accrued sales income (note 28)	6 300	5 529
Total contract assets	**27 033**	**26 412**
Contract liabilities		
Deferred revenue (note 36)	1 665	1 680
Total contract liabilities	**1 665**	**1 680**

Revenue recognized in 2023 that was included in contract liabilities 2022 amounts to MSEK 1 680 (897). Most of the contract liabilities 2023 is expected to be recognized as revenue in 2024.

Revenue recognized in 2023 from performance obligations satisfied in 2022 (and in 2022 from 2021) 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	2023	2022
Included in other intangible assets (note 20)	640	587
Total costs to obtain a contract	**640**	**587**

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 2023 amounted to MSEK -126 (-116). There has been no impairment of assets relating to costs to obtain a contract for 2023 nor for 2022.

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 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[1] 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[1], %	2023	2022
Securitas North America[2]	90	86
Securitas Europe	91	91
Securitas Ibero-America	93	92
Other[2]	85	81
Group	**90**	**89**

1 Client retention rate is defined as the opening balance client contract portfolio adjusted for annualized terminations in percent of opening balance client contract portfolio.
2 As of the third quarter 2023, the Securitas Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.

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 Security services this can be from either contract clients or event-based sales. Within Technology, 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.

Risk management services include both recurring and non-recurring revenue services.

Deferred revenue for performance obligations that is expected to be satisfied mainly during 2024 amounts to MSEK 1 665 (1 680).

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 managing 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.

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

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 liquid funds 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 of December 31, 2023, MEUR 1 753 (608) 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 of December 31, 2023.

Free cash flow to net debt as of December 31, 2023, was 0.13 (0.08). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 4.2 (8.7) as of December 31, 2023.

Information regarding the Group's debt profile, interest rate fixings and sensitivity analysis is provided in the tables below.

The Group's interest bearing liabilities and assets per currency as per December 31, 2023 and 2022

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, 2023							
USD liabilities	-20 209	264	5.9%	6.6%	-112	5.2%	112
EUR liabilities	-14 826	86	4.2%	4.9%	-86	3.5%	86
SEK liabilities	-5 786	45	4.5%	5.5%	-44	3.5%	44
Other currencies liabilities	-6 481	97	6.1%	7.0%	-46	5.2%	46
Total liabilities	**-47 302**	**158**	**5.2%**	**6.0%**	**-288**	**4.5%**	**288**
USD assets	1 367	7	3.3%	4.0%	8	2.7%	-7
EUR assets	4 337	5	3.4%	4.4%	33	2.4%	-34
SEK assets	2 412	1	3.8%	4.8%	18	2.9%	-18
Other currencies assets	1 656	7	0.0%	0.0%	0	0.0%	0
Total assets	**9 772**	**5**	**2.9%**	**3.7%**	**59**	**2.2%**	**-59**
Total	**-37 530**	**–**	**6.0%**	**–**	**-229**	**–**	**229**
December 31, 2022							
USD liabilities	-22 299	294	3.9%	4.7%	-135	3.2%	136
EUR liabilities	-15 111	126	1.9%	2.7%	-101	1.0%	101
SEK liabilities	-5 048	133	2.3%	3.3%	-40	1.3%	40
Other currencies liabilities	-5 861	27	4.8%	5.8%	-47	3.8%	47
Total liabilities	**-48 319**	**192**	**3.2%**	**4.0%**	**-323**	**2.4%**	**324**
USD assets	229	5	0.8%	1.8%	2	-0.1%	-2
EUR assets	4 920	7	1.5%	2.5%	39	0.6%	-35
SEK assets	678	5	1.7%	2.7%	5	0.7%	-5
Other currencies assets	1 958	7	1.0%	2.0%	15	0.0%	-15
Total assets	**7 785**	**5**	**1.4%**	**2.4%**	**61**	**0.4%**	**-57**
Total	**-40 534**	**–**	**3.6%**	**–**	**-262**	**–**	**267**

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 were no options-based products in the financial reporting in 2023 or 2022.

Interest fixing per currency[1,2]

	December 31, 2023			December 31, 2024			December 31, 2025			
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	6 077	612	3.88%	2 800	282	3.13%	2 800	282	3.13%	2029
EUR	2 770	251	3.51%	1 942	176	2.33%	1 942	176	2.33%	2029
Total	**8 847**	–	–	**4 742**	–	–	**4 742**	–	–	

1 Refers to interest rate fixing with a maturity in excess of three months.
2 Includes long-term lease liabilities which are assumed to be fixed.
3 Average rate including credit margin.
4 The longest maturity date in fixed USD debt is to 2029 at 5.9 percent. The longest maturity date in fixed EUR debt is to 2029 at 4.375 percent.
5 Where fixed rate for EUR debt is swapped into floating it is rate set either quarterly or semi-annually. No fixed USD debt is swapped to floating.

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 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, 2023, was MSEK 70 314 (72 447). 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, 2023 and 2022

MSEK	EUR	USD	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2023								
Capital employed	20 109	39 052	11 153	**70 314**	3 914	**74 228**	81 259	67 197
Net debt	-10 399	-18 852	-4 882	**-34 133**	-3 397	**-37 530**	-40 943	-34 117
Whereof foreign exchange swaps included in net investment hedge[2]	*1 159*	*-8 200*	–	***-7 041***	*-2 261*	***-9 302***	*-10 006*	*-8 598*
Whereof foreign exchange swaps included in cash flow hedge[3]	*5 656*	*0*	–	***5 656***	*-5 656*	***0***	*566*	*-566*
Whereof other foreign exchange swaps	*4 676*	*2 907*	*-2 345*	***5 238***	*32*	***5 270***	*5 794*	*4 747*
Whereof net debt excluding foreign exchange swaps	*-21 890*	*-13 559*	*-2 537*	***-37 986***	*4 488*	***-33 498***	*-37 297*	*-29 700*
Non-controlling interests	5	–	-2	**3**	–	**3**	3	3
Net exposure	9 705	20 200	6 273	**36 178**	517	**36 695**	40 313	33 077
Net debt to equity ratio	*1.07*	*0.93*	*0.78*	***0.94***	*6.56*	***1.02***	*1.02*	*1.03*
December 31, 2022								
Capital employed	20 549	40 432	11 466	**72 447**	4 525	**76 972**	84 217	69 727
Net debt	-10 191	-22 070	-3 903	**-36 164**	-4 370	**-40 534**	-44 150	-36 918
Whereof foreign exchange swaps included in net investment hedge[2]	*1 778*	*-7 549*	–	***-5 771***	*1 262*	***-4 509***	*-5 086*	*-3 932*
Whereof foreign exchange swaps included in cash flow hedge[3]	*1 588*	–	–	***1 588***	*-1 588*	**–**	*159*	*-159*
Whereof other foreign exchange swaps	*-381*	*186*	*-1 596*	***-1 791***	*4 753*	***2 962***	*2 783*	*3 141*
Whereof net debt excluding foreign exchange swaps	*-13 176*	*-14 707*	*-2 307*	***-30 190***	*-8 797*	***-38 987***	*-42 006*	*-35 968*
Non-controlling interests	4	–	10	**14**	–	**14**	15	13
Net exposure	10 354	18 362	7 553	**36 269**	155	**36 424**	40 052	32 796
Net debt to equity ratio	*0.98*	*1.20*	*0.52*	***1.00***	*28.19*	***1.11***	*1.10*	*1.13*

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 175 and MUSD 404 fixed at USD/SEK rates of 8.21 and 10.81 respectively. The balance is a dynamic hedge and rates vary periodically.
3 Currency cash flow hedges are applied to a nominal value of MEUR 143 and MEUR 370, fixing the EUR/SEK rate at 10.09 and 11.82.

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, 2023 and 2022

	2023			2022		
MSEK	Liquid funds	Loans and other net debt	Total	Liquid funds	Loans and other net debt	Total
Opening balance	6 323	-46 857	**-40 534**	4 809	-19 360	**-14 551**
Cash flow from operating activities	8 185	–	**8 185**	5 720	–	**5 720**
Financial income and expenses paid	-1 899	–	**-1 899**	-657	–	**-657**
Current taxes paid	-1 348	–	**-1 348**	-1 641	–	**-1 641**
Payments for acquisition-related items	-170	–	**-170**	-32 274	–	**-32 274**
Payments for items affecting comparability	-1 403	–	**-1 403**	-1 171	–	**-1 171**
Rights issue, net	–	–	**–**	9 512	–	**9 512**
Dividend paid	-1 977	–	**-1 977**	-1 604	–	**-1 604**
Lease liabilities	–	291	**291**	–	-1 274	**-1 274**
Bond proceeds	14 660	-14 660	**–**	5 526	-5 526	**–**
Bond redemption	-553	553	**–**	-4 682	4 682	**–**
Commercial paper proceeds	6 335	-6 335	**–**	2 565	-2 565	**–**
Commercial paper redemption	-4 442	4 442	**–**	-3 265	3 265	**–**
Other changes[3]	-15 615	15 615	**–**	23 341	-23 341	**–**
Real change	**1 773**	**-94**	**1 679**	**1 370**	**-24 759**	**-23 389**
Revaluation of financial instruments[1]	–	2	**2**	–	-50	**-50**
Translation[2]	-154	1 477	**1 323**	144	-2 688	**-2 544**
Closing balance	**7 942**	**-45 472**	**-37 530**	**6 323**	**-46 857**	**-40 534**

1 Relates to unrealized gains and losses on fair value hedges and cash flow hedges including hedge ineffectiveness.
2 Whereof MSEK 1 125 (-1 674) is related to USD and MSEK 102 (-740) is related to EUR.
3 The change in 2023 is mainly due to refinancing in issued bond loans the proceeds of which were used to repay term loans.
The change in 2022 is mainly due to new loans for the financing of the STANLEY Security acquisition.

Liabilities from financing activities 2023 and 2022

			Non-cash changes				
MSEK	Opening balance Jan 1	Cash flows[1]	Reclassifi-cation	New leases[2]	Other changes	Translation	Closing balance Dec 31
2023							
Long-term borrowings	41 784	69	-8 902	–	-423	-841	**31 687**
Short-term borrowings	1 481	521	8 902	–	79	-37	**10 946**
Lease liabilities	5 054	-1 373	–	1 252	-170	-94	**4 669**
Assets held to hedge borrowings	–	–	–	–	324	–	**324**
Total	**48 319**	**-783**	**–**	**1 252**	**-190**	**-972**	**47 626**
2022							
Long-term borrowings	12 207	30 140	-1 785	–	771	451	**41 784**
Short-term borrowings	4 380	-4 738	1 785	–	52	2	**1 481**
Lease liabilities	3 470	-1 151	–	2 270	155	310	**5 054**
Assets held to hedge borrowings	-439	–	–	–	439	–	**–**
Total	**19 618**	**24 251**	**–**	**2 270**	**1 417**	**763**	**48 319**

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, 2023, the short-term liquidity reserve corresponded to 9 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, 2023, long-term financing corresponded to 107 percent (118) 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, 2023, the average maturity was 3.0 years. In February, 2024, Securitas issued a new MEUR 500 Eurobond which extended the average maturity to 3.5 years.

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 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 tables summarize the Group's liquidity risk at end of 2023 and 2022, respectively.

Liquidity report as per December 31, 2023 and 2022

MSEK	Total	< 1 year	Between 1 year and < 3 years	Between 3 years and 5 years	> 5 years
December 31, 2023					
Borrowings, principal amount	**-42 279**	-10 904	-9 840	-14 168	-7 367
Borrowings, interest amount	**-5 026**	-1 279	-2 273	-1 163	-311
Derivatives outflows, net	**-23 048**	-14 672	-3 302	-987	-4 087
Lease liabilities	**-5 025**	-1 459	-1 994	-846	-726
Accounts payable	**-5 127**	-5 127	–	–	–
Total outflows[1]	**-80 505**	**-33 441**	**-17 409**	**-17 164**	**-12 491**
Investments, principal amount	**6 155**	5 974	4	3	174
Derivatives receipts, net	**21 400**	14 154	2 383	588	4 275
Accounts receivable	**20 733**	20 733	–	–	–
Total inflows[1]	**48 288**	**40 861**	**2 387**	**591**	**4 449**
Net cash flows, total[2,3]	**-32 217**	**7 420**	**-15 022**	**-16 573**	**-8 042**
December 31, 2022					
Borrowings, principal amount	**-43 770**	-1 394	-35 855	-1 048	-5 473
Borrowings, interest amount	**-2 460**	-1 078	-1 008	-248	-126
Derivatives outflows, net	**-1 205**	-178	-714	-237	-76
Lease liabilities	**-5 360**	-1 579	-1 935	-1 096	-750
Accounts payable	**-4 820**	-4 820	–	–	–
Total outflows[1]	**-57 615**	**-9 049**	**-39 512**	**-2 629**	**-6 425**
Investments, principal amount	**4 742**	4 556	5	4	177
Derivatives receipts, net	**–**	–	–	–	–
Accounts receivable	**20 883**	20 883	–	–	–
Total inflows[1]	**25 625**	**25 439**	**5**	**4**	**177**
Net cash flows, total[2,3]	**-31 990**	**16 390**	**-39 507**	**-2 625**	**-6 248**

1 Refers to gross cash flows excluding derivates which are netted and 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.

MSEK	Total	< 1 year	Between 1 year and < 3 years	Between 3 years and 5 years	> 5 years
Summary of Derivative flows December 31, 2023					
Derivatives outflows interest	**-3 433**	-853	-1 542	-965	-73
Other derivatives outflows	**-19 615**	-13 819	-1 761	-21	-4 014
Derivatives receipts interest	**1 916**	326	811	587	192
Other derivatives receipts	**19 484**	13 828	1 573	0	4 083
Net Total Derivative flows	**-1 648**	**-518**	**-919**	**-399**	**188**
Summary of Derivative flows December 31, 2022					
Derivatives outflows interest	**-933**	-162	-491	-215	-65
Other derivatives outflows	**-11 190**	-9 300	-1 857	-22	-11
Derivatives receipts interest	**73**	27	46	0	0
Other derivatives receipts	**10 845**	9 257	1 588	0	–
Net Total Derivative flows	**-1 205**	**-178**	**-714**	**-237**	**-76**

Securitas has a Revolving Credit Facility with 11 key relationship banks. The credit facility comprises one tranche of MEUR 1 029 and matures in 2027. On December 31, 2023, the facility was undrawn.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 6 000 under which public and private funding can be raised on international capital markets. As of December 31, 2023, there were twelve outstanding bond loans with maturities ranging from 2024 to 2029.

In addition, Securitas also has a short-term Swedish commercial paper program in the amount of MSEK 5 000. MSEK 1 915 was outstanding as of December 31, 2023.

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

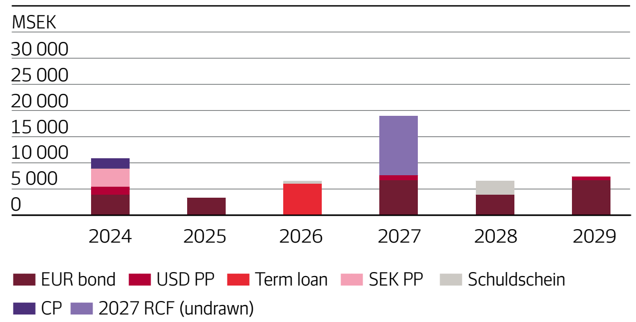
The table below shows a summary of the credit facilities as of December 31, 2023.

Credit facilities as per December 31, 2023

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
EMTN Eurobond, 1.125 % fixed	EUR	350	0	2024
EMTN private placement, fixed	USD	50	0	2024
EMTN private placement, fixed	USD	105	0	2024
EMTN private placement, floating	SEK	2 000	0	2024
EMTN private placement, floating	SEK	1 500	0	2024
EMTN Eurobond, 1.25 % fixed	EUR	300	0	2025
Schuldschein dual currency facility	EUR	52	0	2026
Term Facility	USD	600	0	2026
Revolving Credit Facility	EUR	1 029	1 029	2027
EMTN private placement, fixed	USD	40	0	2027
EMTN private placement, fixed	USD	60	0	2027
EMTN Eurobond, 4.25 % fixed	EUR	600	0	2027
Schuldschein dual currency facility	EUR	244	0	2028
EMTN Eurobond, 0.25 % fixed	EUR	350	0	2028
EMTN private placement, fixed	USD	75	0	2029
EMTN Eurobond, 4.375 % fixed	EUR	600	0	2029
Commercial Paper (uncommitted)	SEK	5 000	3 085	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, 2023, for the Group's interest-bearing debt.



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 Global Rating. The rating as of December 31, 2023, was BBB- with positive outlook for long-term debt and A3 for short term debt. As of February 14, 2024, the rating was upgraded to BBB with stable outlook and A2.

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. Refer to note 27 for further information.

Counterparty risk – liquid funds

The credit quality of interest-bearing assets is described below, where 86 percent (81) of interest-bearing assets have a rating from Standard & Poor's of A1 or from Moody's of P1.

Credit quality interest-bearing assets

MSEK	2023	2022
A1/P1	8 400	6 340
Other	1 372	1 445
Total interest-bearing assets	**9 772**	**7 785**

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, 2023, 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 1 910 (2 183).

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	2023	2022
Recognized in the statement of income		
Other financial income and expenses[2,3]	2	-2
Impact on net income for the year	**2**	**-2**
Recognized in other comprehensive income		
Transfer to cash flow hedging reserve before tax	-368	-148
Transfer to cost of hedging reserve before tax	-1	-8
Deferred tax on transfer to hedging reserve	48	32
Transfer to hedging reserve net of tax	**-321**	**-124**
Transfer to statement of income before tax	369	108
Deferred tax on transfer to statement of income	-48	-22
Transfer to statement of income net of tax	**321**	**86**
Change of cash flow hedging reserve before tax	1	-40
Change of cost of hedging reserve before tax	-1	-8
Total change of hedging reserve before tax[4]	**0**	**-48**
Deferred tax on total change of hedging reserve[4]	-1	10
Total change of hedging reserve net of tax	**-1**	**-38**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[5]	2	-50
Deferred tax on total revaluation[5]	-1	10
Total revaluation after tax	**1**	**-40**

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, 2023 and 2022[1]

	Quoted market prices		Valuation techniques using observable market data		Valuation techniques using non-observable market data		Total	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit or loss	–	–	69	20	–	–	**69**	**20**
Financial liabilities at fair value through profit or loss	–	–	-112	-38	-104[2]	-128[2]	**-216**	**-166**
Derivatives designated for hedging with positive fair value	–	–	481	22	–	–	**481**	**22**
Derivatives designated for hedging with negative fair value	–	–	-640	-1 060	–	–	**-640**	**-1 060**

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.

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 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, 2023 and 2022

	2023		2022	
MSEK	Carrying value	Fair value	Carrying value	Fair value
Assets				
Financial assets at amortized cost				
Interest-bearing financial non-current assets (note 24)	1 126	1 126	1 285	1 285
Other interest-bearing current assets (note 29)	154	154	135	135
Other long-term receivables (note 25)[1]	1 855	1 855	2 106	2 106
Accounts receivable (note 27)	20 733	20 733	20 883	20 883
Other current receivables (note 28)[2]	7 526	7 526	6 732	6 732
Liquid funds (note 30)	7 942	7 942	6 323	6 323
Total financial assets at amortized cost	**39 336**	**39 336**	**37 464**	**37 464**
Liabilities				
Financial liabilities at amortized cost				
Long-term loan liabilities (note 32)	14 317	14 193	33 969	33 969
Short-term loan liabilities (note 35)	8 276	8 238	2 906	2 906
Accounts payable	5 127	5 127	4 820	4 820
Other current liabilities (note 36)[3]	4 773	4 773	3 872	3 872
Long-term financial liabilities designated as hedged item in a fair value hedge (note 32)[4,5]	20 103	20 202	10 346	9 922
Short-term financial liabilities designated as hedged item in a fair value hedge (note 35)[4,5]	3 853	3 845	–	–
Total financial liabilities at amortized cost	**56 449**	**56 378**	**55 913**	**55 489**
Derivatives and other financial assets and liabilities at fair value				
Interest-bearing financial current assets (note 29)	163	163	42	42
Interest-bearing financial non-current assets (note 24)	387	387	0	0
Total financial assets at fair value	**550**	**550**	**42**	**42**
Interest-bearing financial current liabilities (note 35)[6]	150	150	71	71
Interest-bearing financial long-term liabilities (note 32)	603	603	1 027	1 027
Other current liabilities at fair value (note 36)[3]	61	61	20	20
Other long-term liabilities at fair value (note 32)	43	43	108	108
Total financial liabilities at fair value	**857**	**857**	**1 226**	**1 226**
Total derivatives and other financial assets and liabilities at fair value, net	**-307**	**-307**	**-1 184**	**-1 184**
1 Excluding all pension balances and reimbursement rights (note 25).	476	476	360	360
2 Excluding prepaid expenses, other accrued income and value-added tax (note 28).	3 099	3 099	3 329	3 329
3 Excluding employee-related accrued expenses, prepaid income and value-added tax (note 36).	15 155	15 155	14 831	14 831
4 The adjustment to the carrying value of the hedged item in fair value hedges amounted to MSEK -308 (-417).				
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.				
6 Related to derivatives designated for hedging with negative fair value.				

Hedging reserve as per December 31, 2023 and 2022

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, 2023	7	0	-15	-8	1	-7
Change in fair value of hedging instrument recognized in other comprehensive income	-1	–	-303	**-304**	39	**-265**
Reclassified from other comprehensive income to profit or loss	–	–	304	**304**	-40	**264**
Closing balance December 31, 2023	6	0	-14	-8	0	-8
Opening balance January 1, 2022	15	0	25	40	-9	31
Change in fair value of hedging instrument recognized in other comprehensive income	-8	–	-163	**-171**	37	**-134**
Reclassified from other comprehensive income to profit or loss	–	–	123	**123**	-27	**96**
Closing balance December 31, 2022	7	0	-15	-8	1	-7

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.

Derivatives financial assets and financial liabilities as per December 31, 2023 and 2022

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

	2023		2022	
MSEK	Assets	Liabilties	Assets	Liabilities
Gross amounts of recognized financial assets and liabilities	550	752	41	1 097
Collateral recived/paid	-29	-694	–	-796
Net amount after Collateral	**521**	**58**	**41**	**301**
Financial instruments not offset in the balance sheet	-270	-55	-41	-27
Net amount after offsetting	**251**	**3**	–	**274**

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 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 rights issue was fully subscribed and the guarantee commitments were therefore not utilized. For these guarantee commitments, Securitas has paid a fee of one (1) percent of the guaranteed amounts, in total MUSD 2 (MSEK 18). The amount was part of the transaction costs reported in equity 2022.

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas exited the country due to the weak macroeconomic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability.

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.

The Group has transactions with its associated companies, mainly related to reinvoicing of certain cost which are not material in aggregate and dividend, for further information regarding the dividend amount please refer to note 23.

Note 9
Remuneration to the Board of Directors and Group 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 2024 are provided according to the Annual General Meeting's decision on May 4, 2023. For the 2023 financial year, the Chair Jan Svensson receives a director's fee, including committee work fee, of MSEK 2.7. The other Directors receive an aggregate director's fee, including committee work fee, of MSEK 7.6. 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 Group Management in Securitas for 2023

The Guidelines below are as published after the Annual General Meeting on May 5, 2021, and as included in the annual report for 2021. Since then, the LTI 2019/2021 and LTI 2020/2022 programs have both vested and the Annual General Meetings for 2022 and 2023 have adopted the LTI 2022/2024 and LTI 2023/2025 programs respectively. The short-term share-based incentive plan has been discontinued after the performance year 2021 for all employees. After the introduction of the long-term shared based incentive plan in 2019 it was no longer intended as a program for Group Management. New Guidelines will be proposed to the Annual General Meeting on May 8, 2024, and these can be found in the Report of the Board of Directors in this Annual Report.

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 clients, Securitas develops optimal and cost-efficient solutions that are suited for the clients' needs. This brings added value to the clients and results in stronger, more long-term client 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 is 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.

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 2023 financial year, amounted to MSEK 18.4 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 2023 amounted to MSEK 5.4, 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 2.2. The pension cost for the defined benefit pension plan in 2023 amounted to MSEK 0.5 (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 0.2.

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 2023 of the following twelve members: Hillevi Agranius (Chief Information Officer), Martin Althén (President Securitas Digital), Greg Anderson (Divisional President, Securitas North America), Helena Andreas (Chief Human Resources Officer and Chief Marketing Officer), Tony Byerly (Global President, Securitas Technology), José Castejon (Chief Operating Officer, North American Guarding, Securitas North America), Jorge Couto (Divisional President, Securitas Ibero-America), Andreas Lindback (CFO), Brian Riis Nielsen (President Global Clients), Frida Rosenholm (Senior Vice President, General Counsel, Group Legal, Risk, Ethics & Sustainability), Axel Sundén (Divisional President, AMEA) and Henrik Zetterberg (Divisional President, Securitas Europe).

Jan Lindström (Senior Vice President Finance), left the Group Management as of June 7, 2023.

In the 2023 financial year the other members of Group Management have received the following remuneration during the time as members. Aggregate fixed salaries amounted to MSEK 81.5, and other salary benefits to MSEK 4.7.

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 2023 the pension costs for other members of Group Management amounted to MSEK 20.1. No pension benefits are conditioned by future employment.

During 2023 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

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 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 age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 2.2 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 2023 was MSEK 4.1 (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 and operating margin (EBITA) in the area of responsibility, targets relating to growing higher-margin business as well as targets based on cash flow and the development of real change earnings per share.

Securitas' long-term share-based incentive scheme

Securitas' Annual General Meeting May 4, 2023, resolved on a new share-based bonus scheme, LTI 2023/2025, for the President and CEO, other members of Group management and certain key employees all in all including around 70 participants. The scheme runs in parallel with the share-based bonus scheme LTI 2022/2024 decided by the Annual General Meeting on May 5, 2022, and LTI 2021/2023 decided by the Annual General Meeting on May 5, 2021. To participate in the scheme, participants have to invest Securitas series B shares at market price or nominate already vested shares.

The LTI 2021/2023, LTI 2022/2024 and LTI 2023/2025 incentive includes the President and CEO Magnus Ahlqvist and 11 members of other Group Management. One member of Group Management that joined in 2022 is so far only included in the LTI 2023/2025 scheme.

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 condition for the two schemes covering the periods 2021 to 2023 and 2022 to 2024 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. For the scheme covering 2023 to 2025 the performance condition is linked to the full year 2025 operating margin being operating income before amortization as a percentage of total sales (if applicable excluding items affecting comparability). 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 of SEK 113.26 per share for the program 2021 to 2023, SEK 84.57 per share for the program 2022 to 2024 and of SEK 86.00 per share for the program 2023 to 2025.

Information regarding the potential allocation of shares in 2024, 2025 and 2026 relating to the 2023 performance, under the long-term share-based incentives LTI 2021/2023, LTI 2022/2024 and LTI 2023/2025, respectively, and the fair value of these shares, are disclosed in the table below.

Short- and long-term variable compensation 2023

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

√ = 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.

For the President and CEO Magnus Ahlqvist the variable short-term cash compensation relating to the 2023 performance amounted to MSEK 7.7 and will be paid in 2024. The long-term variable share-based compensation referring to the LTI 2021/2023, LTI 2022/2024 and the LTI 2023/2025 relating to the 2023 performance amounted to MSEK 8.7.

The aggregate short-term variable cash compensation relating to the 2023 performance to the other members of Group Management amounted to MSEK 40.7 and will be paid in 2024. The long-term variable share-based compensation referring to the LTI 2021/2023, LTI 2022/2024 and the LTI 2023/2025 relating to the 2023 performance amounted to MSEK 21.6.

During 2023 three members of other Group Management have had other long-term variable cash incentive schemes, which are provided for during the performance year. Two schemes that ran over the period 2020 to 2023 have not met the target for payment in 2024 and the accumulated provision for the period 2020 to 2022 has consequently been reversed. One scheme was reconciled to the final annual performance of 2021 to 2023 with payment due in 2024. Finally, two schemes are reconciled to the annual performance of 2022 and 2023 respectively with payment due in 2023 to 2025 and 2024 to 2026, respectively. The provision for other long-term variable compensation relating to the 2023 performance was a net cost reduction of MSEK 3.2, impacted by the reversal described above. The accumulated provision for other long-term variable cash incentive schemes amounted to MSEK 40.3 as of December 31, 2023, whereof MSEK 32.8 will be paid in 2024. 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 2023

	Number of shares[1] 2023	Fair value, MSEK 2023
Magnus Ahlqvist, President and CEO	96 097	8.7
Other members of Group Management	241 462	21.6
Total	**337 559**	**30.3**

1 Potential allocation of shares for Securitas' long-term share-based incentive LTI 2021/2023, LTI 2022/2024 and LTI 2023/2025, to be allocated in 2024, 2025 and 2026, respectively. The award of shares is in addition to the fulfilment of performance conditions contingent on the employment as per the vesting day in 2024, 2025 and 2026, 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 2023

KSEK	Base salary/fee	Other benefits	Variable compensation[5]	Pension	Total remuneration
Jan Svensson, Chair of the Board[1]	2 717	–	–	–	**2 717**
Åsa Bergman	580	–	–	–	**580**
Ingrid Bonde[1]	1 117	–	–	–	**1 117**
John Brandon	860	–	–	–	**860**
Fredrik Cappelen[1]	1 260	–	–	–	**1 260**
Gunilla Fransson[1]	914	–	–	–	**914**
Sofia Schörling Högberg	860	–	–	–	**860**
Harry Klagsbrun	860	–	–	–	**860**
Johan Menckel[1]	1 117	–	–	–	**1 117**
Subtotal Board of Directors[2]	**10 285**	**–**	**–**	**–**	**10 285**
Magnus Ahlqvist, President and CEO[3]	18 359	160	16 456	5 426	**40 401**
Other members of Group Management[4]	81 493	4 737	59 121	20 064	**165 415**
Subtotal President and CEO and Group Management	**99 852**	**4 897**	**75 577**	**25 490**	**205 816**
Total	**110 137**	**4 897**	**75 577**	**25 490**	**216 101**

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 Refer to the cost for 2023 for board fees, according to decision by the Annual General Meetings 2022 and 2023.
3 Base salary including vacation pay.
4 Other members of Group Management consisted as of December 31, 2023, of 12 persons. The compensation for members who left the Group Management is included.
5 Refer to the cost for 2023 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 2024, 2025 and 2026, respectively, and that the invested shares are kept during the whole vesting period.

Remuneration related to 2022

KSEK	Base salary/fee	Other benefits	Variable compensation[5]	Pension	Total remuneration
Jan Svensson, Chair of the Board[1]	2 603	–	–	–	**2 603**
Ingrid Bonde[1]	1 068	–	–	–	**1 068**
John Brandon	827	–	–	–	**827**
Fredrik Cappelen[1]	1 203	–	–	–	**1 203**
Gunilla Fransson[1]	879	–	–	–	**879**
Sofia Schörling Högberg	827	–	–	–	**827**
Harry Klagsbrun	827	–	–	–	**827**
Johan Menckel[1]	1 068	–	–	–	**1 068**
Subtotal Board of Directors[2]	**9 302**	**–**	**–**	**–**	**9 302**
Magnus Ahlqvist, President and CEO[3]	17 350	141	23 926	5 104	**46 521**
Other members of Group Management[4]	80 916	4 216	104 152	21 293	**210 577**
Subtotal President and CEO and Group Management	**98 266**	**4 357**	**128 078**	**26 397**	**257 098**
Total	**107 568**	**4 357**	**128 078**	**26 397**	**266 400**

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 Refer to the cost for 2022 for board fees, according to decision by the Annual General Meetings 2021 and 2022.
3 Base salary including vacation pay.
4 Other members of Group Management consisted as of December 31, 2022, of 13 persons. The compensation for members who left the Group Management is included.
5 Refer to the cost for 2022 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 2023, 2024 and 2025, 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

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

Shareholdings

The Board of Directors' and Group Management's shareholdings as of December 31, 2023, are detailed in the table below.

Board of Directors' and Group Management's holdings of Securitas series A and B shares[1]

	A shares 2023	A shares 2022	B shares 2023[5]	B shares 2022[5]	B shares Allocation 2024[6]
Jan Svensson, Chair of the Board	–	–	92 928	78 728	–
Åsa Bergman[2]	–	–	0	–	–
Ingrid Bonde	–	–	5 342	5 342	–
John Brandon	–	–	10 000	10 000	–
Fredrik Cappelen	–	–	62 885	32 885	–
Gunilla Fransson	–	–	3 142	3 142	–
Sofia Schörling Högberg[3]	7 071 428	7 071 428	21 761 146	18 561 146	–
Harry Klagsbrun	–	–	157 142	157 142	–
Johan Menckel	–	–	15 714	15 714	–
Magnus Ahlqvist, President and CEO	–	–	440 249	339 651	93 990
Hillevi Agranius	–	–	11 158	7 648	4 922
Martin Althén	–	–	47 050	31 535	16 709
Greg Anderson	–	–	77 248	49 459	31 707
Helena Andreas	–	–	21 607	11 314	12 154
Tony Byerly	–	–	53 220	37 513	22 828
José Castejon	–	–	34 733	20 943	20 292
Jorge Couto	–	–	41 961	25 520	18 529
Andreas Lindback	–	–	29 765	19 910	8 354
Jan Lindström[4]	–	–	–	37 734	–
Brian Riis Nielsen	–	–	17 225	14 270	9 301
Frida Rosenholm	–	–	26 814	16 102	11 964
Axel Sundén	–	–	11 469	4 712	–
Henrik Zetterberg	–	–	39 769	31 787	18 988
Total holdings	**7 071 428**	**7 071 428**	**22 960 567**	**19 512 197**	**269 738**

1 Information refers to shareholdings as of December 31, 2023 and 2022.
2 Was elected to the Board at the AGM May 4, 2023, why earlier holdings is not applicable.
3 Through family and Melker Schörling AB.
4 Has left the Group Management during 2023, why actual holdings is not applicable.
5 Holdings as of December 31 excluding potential allocation of shares according to Securitas' share-based incentive schemes LTI 2021/2023, LTI 2022/2024 and LTI 2023/2025.
6 Allocation of shares in 2024 according to Securitas' share-based incentive scheme LTI 2021/2023, including estimated shares corresponding to dividend related to potential allocation of shares during 2023. 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 2024 are not included.

Note 10
Segment reporting

Segment structure

The Group's operations are divided into three reportable segments: Securitas North America, Securitas Europe and Securitas Ibero-America. Security solutions based on client-specific needs are built through different combinations of on-site, mobile and remote guarding, technology and solutions, 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 and also in note 17.

Securitas North America

Securitas North America provides protective services in the US, Canada and Mexico. The operations in the US are organized in three specialized units – Guarding, Technology and Pinkerton Corporate Risk Management. In total, the operations have 99 000 employees. The Securitas Critical Infrastructure Services business unit was moved from Securitas North America into Other in the third quarter 2023. The comparatives have been restated.

Securitas Europe

Securitas Europe provides protective services in 21 countries. In total, the operations have 123 000 employees.

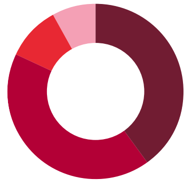
Securitas Ibero-America

Securitas Ibero-America provides protective services in six Latin American countries as well as in Portugal and Spain in Europe. In total, the operations have 50 000 employees.

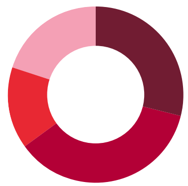
Other

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, Australia and the Securitas Critical Infrastructure Services in North America. Number of employees: 69 000.

SALES PER SEGMENT



EMPLOYEES PER SEGMENT



January – December 2023

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Total segments	Eliminations	Group
Income							
Sales, external	62 353	66 604	15 449	12 843	157 249	–	157 249
Sales, intra-group	208	1	0	2	211	-211	0
Total sales	**62 561**	**66 605**	**15 449**	**12 845**	**157 460**	**-211**	**157 249**
Organic sales growth, %	*6*	*12*	*15*	–	–	–	*9*
Operating income before amortization[1]	**5 625**	**4 095**	**991**	**-464**	**10 247**	–	**10 247**
of which share in income of associated companies	–	*0*	–	*61*	*61*	–	*61*
Operating margin, %	*9.0*	*6.1*	*6.4*	–	*6.5*	–	*6.5*
Amortization of acquisition-related intangible assets	-293	-281	-6	-40	-620	–	-620
Acquisition-related costs	–	-10	–	0	-10	–	-10
Items affecting comparability	-345	-863	-3 389	-72	-4 669	–	-4 669
Operating income after amortization	**4 987**	**2 941**	**-2 404**	**-576**	**4 948**	–	**4 948**
Financial income and expenses	–	–	–	–	–	–	-2 115
Income before taxes	–	–	–	–	–	–	**2 833**
Taxes	–	–	–	–	–	–	-1 536
Net income for the year	–	–	–	–	–	–	**1 297**
Operating cash flow							
Operating income before amortization	**5 625**	**4 095**	**991**	**-464**	**10 247**	–	**10 247**
Investments in non-current tangible and intangible assets	-1 047	-2 214	-501	-352	-4 114	–	-4 114
Reversal of depreciation[1]	918	1 922	390	326	3 556	–	3 556
Change in operating capital employed	-1 643	-77	-135	351	-1 504	–	-1 504
Cash flow from operating activities	**3 853**	**3 726**	**745**	**-139**	**8 185**	–	**8 185**
Cash flow from operating activities, %	*68*	*91*	*75*	–	–	–	*80*

December 31, 2023

MSEK	Securitas North America	Securitas Europe	Securitas Ibero-America	Other	Total segments	Eliminations	Group
Capital employed and financing							
Operating non-current assets	3 686	7 452	1 109	1 364	13 611	–	13 611
Accounts receivable	8 710	8 282	2 607	1 549	21 148	-415	20 733
Other assets	6 596	3 836	472	3 772	14 676	-10	14 666
Other liabilities	-9 303	-14 658	-2 326	-6 530	-32 817	425	-32 392
Total operating capital employed	**9 689**	**4 912**	**1 862**	**155**	**16 618**	–	**16 618**
Operating capital employed as % of sales	*15*	*7*	*12*	–	–	–	*11*
Goodwill	27 756	20 503	1 376	1 281	50 916	–	50 916
Acquisition-related intangible assets	3 199	2 901	29	211	6 340	–	6 340
Shares in associated companies	–	39	–	315	354	–	354
Total capital employed	**40 644**	**28 355**	**3 267**	**1 962**	**74 228**	–	**74 228**
Return on capital employed, %	*13*	*11*	*-73*	–	–	–	*8*
Net debt	–	–	–	–	–	–	37 530
Shareholders' equity	–	–	–	–	–	–	36 698
Total financing	–	–	–	–	–	–	**74 228**
Net debt equity ratio, multiple	–	–	–	–	–	–	*1.02*
Assets and liabilities							
Non-interest-bearing assets	49 947	43 013	5 593	5 924	104 477	-425	104 052
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	2 568
Unallocated interest-bearing assets	–	–	–	–	–	–	9 772
Total assets	–	–	–	–	–	–	**116 392**
Shareholders' equity	–	–	–	–	–	–	**36 698**
Non-interest-bearing liabilities	9 303	14 658	2 326	2 591	28 878	-425	28 453
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	3 939
Unallocated interest-bearing liabilities	–	–	–	–	–	–	47 302
Total liabilities	–	–	–	–	–	–	**79 694**
Total shareholders' equity and liabilities	–	–	–	–	–	–	**116 392**

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 2022

MSEK	Securitas North America[1]	Securitas Europe	Securitas Ibero-America	Other[1]	Total segments	Eliminations[1]	Group
Income							
Sales, external	51 820	54 408	14 603	12 406	133 237	–	133 237
Sales, intra-group	123	1	1	6	131	-131	–
Total sales	**51 943**	**54 409**	**14 604**	**12 412**	**133 368**	**-131**	**133 237**
Organic sales growth, %	*1*	*9*	*16*	–	–	–	*7*
Operating income before amortization[2]	**4 286**	**3 201**	**881**	**-335**	**8 033**	**–**	**8 033**
of which share in income of associated companies	–	*1*	–	*49*	*50*	–	*50*
Operating margin, %	*8.3*	*5.9*	*6.0*	–	*6.0*	–	*6.0*
Amortization of acquisition-related intangible assets	-185	-182	-7	-40	-414	–	-414
Acquisition-related costs	-32	-17	–	0	-49	–	-49
Items affecting comparability	-332	-675	-58	-21	-1 086	–	-1 086
Operating income after amortization	**3 737**	**2 327**	**816**	**-396**	**6 484**	**–**	**6 484**
Financial income and expenses	–	–	–	–	–	–	-758
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**5 726**
Taxes	–	–	–	–	–	–	-1 410
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**4 316**

MSEK	Securitas North America[1]	Securitas Europe	Securitas Ibero-America	Other[1]	Total segments	Eliminations[1]	Group
Operating cash flow							
Operating income before amortization	**4 286**	**3 201**	**881**	**-335**	**8 033**	**–**	**8 033**
Investments in non-current tangible and intangible assets	-753	-2 006	-413	-395	-3 567	–	-3 567
Reversal of depreciation[2]	782	1 678	361	299	3 120	–	3 120
Change in operating capital employed	-1 166	-613	-152	65	-1 866	–	-1 866
Cash flow from operating activities	**3 149**	**2 260**	**677**	**-366**	**5 720**	**–**	**5 720**
Cash flow from operating activities, %	*73*	*71*	*77*	–	–	–	*71*

December 31, 2022

MSEK	Securitas North America[1]	Securitas Europe	Securitas Ibero-America	Other[1]	Total segments	Eliminations[1]	Group
Capital employed and financing							
Operating non-current assets	4 116	7 606	1 067	1 296	14 085	–	14 085
Accounts receivable	8 920	7 767	2 901	1 672	21 260	-377	20 883
Other assets	6 205	3 898	554	3 626	14 283	-125	14 158
Other liabilities	-9 031	-13 537	-2 693	-5 990	-31 251	502	-30 749
Total operating capital employed	**10 210**	**5 734**	**1 829**	**604**	**18 377**	**–**	**18 377**
Operating capital employed as % of sales	*15*	*10*	*13*	–	–	–	*13*
Goodwill	27 705	20 141	1 823	1 352	51 021	–	51 021
Acquisition-related intangible assets	3 659	3 226	36	259	7 180	–	7 180
Shares in associated companies	-	41	–	353	394	–	394
Total capital employed	**41 574**	**29 142**	**3 688**	**2 568**	**76 972**	**–**	**76 972**
Return on capital employed, %	*10*	*9*	*22*	–	–	–	*9*
Net debt	–	–	–	–	–	–	40 534
Shareholders' equity	–	–	–	–	–	–	36 438
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**76 972**
Net debt equity ratio, multiple	–	–	–	–	–	–	*1.11*

MSEK	Securitas North America[1]	Securitas Europe	Securitas Ibero-America	Other[1]	Total segments	Eliminations[1]	Group
Assets and liabilities							
Non-interest-bearing assets	50 605	42 679	6 381	6 132	105 797	-502	105 295
Unallocated non-interest-bearing assets[3]	–	–	–	–	–	–	2 426
Unallocated interest-bearing assets	–	–	–	–	–	–	7 785
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**115 506**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**36 438**
Non-interest-bearing liabilities	9 031	13 537	2 693	2 428	27 689	-502	27 187
Unallocated non-interest-bearing liabilities[3]	–	–	–	–	–	–	3 562
Unallocated interest-bearing liabilities	–	–	–	–	–	–	48 319
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**79 068**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**115 506**

1 As of the third quarter 2023, the Securitas Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.
2 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.
3 Included in Other in the table Capital employed and financing.

Geographical information[1]

	Total sales from external clients[2]		Non-current assets[3]	
MSEK	2023	2022	2023	2022
The US	64 709	55 129	32 525	33 820
France[1]	–	–	7 299	7 301
Sweden[1]	7 791	6 510	4 807	4 557
All other countries[4]	84 749	71 598	26 488	26 972
Total countries	**157 249**	**133 237**	**71 119**	**72 650**
Non-current assets not listed by country[3]	–	–	3 583	2 985
Total non-current assets	**–**	**–**	**74 702**	**75 635**

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	2023	2022
Total sales	**157 249**	**133 237**
Other operating income	64	52
Salaries (note 12)	-93 831	-82 355
Social benefits (note 12)	-20 557	-17 645
Depreciation and amortization (notes 13, 19, 20, 21, 22)	-4 176	-3 534
Bad debt losses (note 27)	-315	-86
Other operating expenses	-33 486	-23 185
Total operating expenses	**-152 365**	**-126 805**
Operating income	**4 948**	**6 484**

Exchange rate differences

Exchange rate differences included in operating income amounted to MSEK -27 (-4).

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 has 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. After a final repayment of close to MSEK 700 in 2022 of the previously postponed corona-related payroll tax balances in North America, no 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 2022 and 2023 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 12 (63). 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.

The table below specifies how government grants have been accounted for in the statement of income.

Government grants allocated per function

MSEK	2023	2022
Reduction of production expenses	171	213
Reduction of selling and administrative expenses	19	32
Total government grants allocated per function	**190**	**245**

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	2023	2022
Restructuring and integration costs	-6	-43
Transaction costs	–	-1
Revaluation of deferred considerations	-4	-5
Total acquisition-related costs	**-10**	**-49**

Acquisition-related costs allocated per function

MSEK	2023	2022
Production expenses	–	–
Selling and administrative expenses[1]	-10	-49
Total acquisition-related costs allocated per function	**-10**	**-49**

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	2023	2022
Securitas North America	–	-32
Securitas Europe	-10	-17
Securitas Ibero-America	–	–
Other	0	0
Total acquisition-related costs allocated per segment	**-10**	**-49**

Cash flow impact from acquisition-related costs

MSEK	2023	2022
Acquisition-related costs according to the statement of income	-10	-49
Cash flow	-9	-63
Adjustment for effect on cash flow from acquisition-related costs	**1**	**-14**

Items affecting comparability

Items affecting comparability consists of two major parts. The first part is related to the transformation programs in Securitas Europe and Securitas Ibero-America for the further digitization of the company. Costs for these programs relate primarily to the impairment of assets, organizational restructuring charges and other non-recurring items.

The previous transformation programs related to global IS/IT foundation throughout the Group, while the other program was driving business transformation of Securitas North America, were finalized during 2021, but the programs has impacted cash flow both years.

The second part is related to acquisition-related costs such as transaction cost, restructuring- and integration cost regarding the acquisition of STANLEY Security.

In addition, in 2023 items affecting comparability also included a capital loss from the divestiture of Securitas Argentina.

Previous cost savings programs in Group and Securitas Europe are both finalized in previous years and no additional costs have been recognized in the statement of income, but the programs have impacted cash flow both years.

Items affecting comparability

MSEK	2023	2022
Transformation programs, Group	-686	-632
Acquisition of STANLEY Security	-662	-454
Divestiture of Securitas Argentina	-3 321	–
Total items affecting comparability	**-4 669**	**-1 086**

Items affecting comparability allocated per function

MSEK	2023	2022
Production expenses	-9	-13
Selling and administrative expenses	-4 660	-1 073
Total items affecting comparability allocated per function	**-4 669**	**-1 086**

Items affecting comparability allocated per segment

MSEK	2023	2022
Securitas North America	-345	-332
Securitas Europe	-863	-675
Securitas Ibero-America	-3 389	-58
Other	-72	-21
Total items affecting comparability allocated per segment	**-4 669**	**-1 086**

Cash flow impact from items affecting comparability

MSEK	2023	2022
Transformation programs, Group	-624	-744
Cost-savings program, Group	-15	-48
Cost-savings program, Securitas Europe	0	-1
Acquisition of STANLEY Security	-761	-378
Divestiture of Securitas Argentina	-3	–
Cash flow from items affecting comparability	**-1 403**	**-1 171**
Items affecting comparability according to the statement of income as per the table above	-4 669	-1 086
Adjustment for effect on cash flow from items affecting comparability	**3 266**	**-85**

Audit fees and reimbursements

The table below specifies what audit fees and reimbursements are related to.

MSEK	2023	2022
EY		
Audit assignments	81	81
Additional audit assignments	5	2
Tax assignments	1	2
Other assignments	4	8
Total EY	**91**	**93**
Other auditors		
Audit assignments	5	7
Total Other auditors	**5**	**7**
Total audit fees and reimbursements	**96**	**100**

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 audit-related services in connection with prospectuses (2022), process reviews and business acquisitions.

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 12
Personnel

Average number of yearly employees: Distribution between women and men[1]

	Women		Men		Total	
	2023	2022	2023	2022	2023	2022
Securitas North America[2]	30 028	30 477	62 213	63 017	92 241	93 494
Securitas Europe	23 025	21 524	86 831	86 523	109 856	108 047
Securitas Ibero-America	10 923	10 515	42 603	48 310	53 526	58 825
Other[2]	4 960	5 125	18 896	21 349	23 856	26 474
Total	**68 936**	**67 641**	**210 543**	**219 199**	**279 479**	**286 840**

In 2023, the number of Board members and Presidents was 85 (93), of whom 16 (11) were women.

Staff costs for Board of Directors and Presidents

	2023			2022			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2023	2022
Securitas North America[2]	165	37	(18)	153	32	(14)	76	67
Securitas Europe	134	34	(11)	117	37	(13)	59	50
Securitas Ibero-America	65	8	(0)	59	7	(0)	31	29
Other[2]	150	49	(16)	177	58	(18)	47	76
Total	**514**	**128**	**(45)**	**506**	**134**	**(45)**	**213**	**222**

Staff costs for other employees

	2023			2022		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Securitas North America[2]	37 189	6 033	(260)	32 606	5 087	(204)
Securitas Europe	37 528	10 160	(1 121)	31 638	8 318	(947)
Securitas Ibero-America	9 371	2 397	(56)	8 812	2 284	(45)
Other[2]	9 229	1 839	(508)	8 793	1 822	(522)
Total	**93 317**	**20 429**	**(1 945)**	**81 849**	**17 511**	**(1 718)**

Total staff costs: Board of Directors, Presidents and other employees

	2023			2022		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Securitas North America[2]	37 354	6 070	(278)	32 759	5 119	(218)
Securitas Europe	37 662	10 194	(1 132)	31 755	8 355	(960)
Securitas Ibero-America	9 436	2 405	(56)	8 871	2 291	(45)
Other[2]	9 379	1 888	(524)	8 970	1 880	(540)
Total	**93 831**	**20 557**	**(1 990)**	**82 355**	**17 645**	**(1 763)**

1 Average number of yearly employees excludes 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.
2 As of the third quarter 2023, the Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.

Securitas' short-term share-based incentive scheme

The short-term share-based incentive scheme was discontinued after the financial year 2021. No further variable compensation has thus been earned during the financial years 2022 and 2023 for this scheme.

The incentive scheme included approximately 1 300 participants that were entitled to receive the share part (one third of the total bonus potential for each participant) according to the scheme. The shares for the financial year 2021 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 at a value of MSEK 134. The number of hedged shares were reduced to take account of taxation and leavers and the remaining shares were allotted to the participants during 2023.

Securitas' long-term share-based incentive scheme

Securitas' Annual General Meeting 2023 resolved on a new share-based bonus scheme, LTI 2023/2025 similar to the LTI 2022/2024 and LTI 2021/2023 that the Annual General Meetings in 2022 and 2021 resolved on. The schemes are intended for the CEO, other members of Group Management and certain key employees, including around 70 participants. To participate in the schemes, which run over the period 2023 to 2025, 2022 to 2024 and 2021 to 2023, respectively, participants have to invest in Securitas series B shares at market price or nominate already vested or currently vesting shares. 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 for LTI 2023/2025 is linked to the full year 2025 operating margin being operating income before amortization as a percentage of total sales (if applicable excluding items affecting comparability). The performance condition for LTI 2022/2024 and LTI 2021/2023 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 (2022 and 2021, respectively), one third against the second year (2023 and 2022, respectively) and one third against the third year (2024 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 2026, 2025 and

2024, 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 86.00 per share for LTI 2023/2025, SEK 84.57 per share for LTI 2022/2024 and SEK 113.26 per share for LTI 2021/2023. The fair value on the grant date has been recalculated to consider the effects of the rights issue completed on October 18, 2022. The recalculation has not resulted in any change in the projected cost for the program as the number of shares awarded has been adjusted correspondingly.

During 2023 the performance cost for the LTI schemes was MSEK 52 (48), net after adjusting for leavers which have reduced the cost by MSEK 3 (5) but excluding costs for social benefits. Costs for social benefits amount to MSEK 13 (12). During 2023 LTI 2020/2022 vested and consequently this program is now closed.

The share purchase in Securitas may be handled by a swap agreement with a third party.

Costs for share-based incentive schemes: Presidents and other employees

MSEK	2023	2022
Bonus costs for share-based incentive schemes	52	48
Social benefits for share-based incentive schemes[1]	13	12
Total	**65**	**60**

1 Liability for social benefits related to share-based incentive schemes amounted to MSEK 29 (48).

Note 13 Depreciation and amortization

MSEK	2023	2022
Software licenses	349	315
Other intangible assets	178	158
Right-of-use assets	1 574	1 311
Buildings	16	14
Machinery and equipment	1 439	1 322
Total depreciation and amortization	**3 556**	**3 120**

Depreciation and amortization for the year is distributed in the statement of income as below

MSEK	2023	2022
Amortization of intangible assets		
Production expenses	39	65
Selling and administrative expenses	488	408
Total amortization of intangible assets	**527**	**473**
Depreciation of right-of-use assets		
Production expenses	521	415
Selling and administrative expenses	1 053	896
Total depreciation of right-of-use assets	**1 574**	**1 311**
Depreciation of tangible non-current assets		
Production expenses	1 027	971
Selling and administrative expenses	428	365
Total depreciation of tangible non-current assets	**1 455**	**1 336**
Total depreciation and amortization	**3 556**	**3 120**

Note 14 Remeasurement for hyperinflation

Currently, Securitas' operation in Türkiye, as of second quarter 2022, is accounted for according to IAS 29, Financial reporting in Hyperinflationary economies. IAS 29 was applied also on the operation in Argentina up to second quarter 2023, but was on July, 25 2023 divested and are no longer consonsolidated in Securitas Group from this date. The impact on the consolidated statement of income and other comprehensive income from the remeasurement according to 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 for Argentina and 2005 for Türkiye.

Exchange rates and index

	2023	2022
Exchange rate, Argentina, SEK/ARS	–	0.06
Index, Argentina	–	68.66
Exchange rate, Türkiye, SEK/TRY	0.34	0.56
Index, Türkiye	16.24	9.86

Net monetary gain recognized in the consolidated statement of income

MSEK	2023	2022
Net monetary gain, Argentina	48	56
Net monetary gain, Türkiye	138	78
Total financial income and expenses	**186**	**134**

Remeasurement impact recognized in Other comprehensive income

MSEK	2023	2022
Remeasurement, Argentina	141	210
Remeasurement, Türkiye	296	627
Total remeasurement impact recognized in other comprehensive income	**437**	**837**

Note 15 Net financial items

MSEK	2023	2022
Interest income from financial assets at fair value through profit or loss	18	11
Interest income from loans and receivables at amortized cost	188	57
Total interest income	**206**	**68**
Net monetary gain on remeasurement for hyperinflation	186	134
Revaluation of financial instruments	2	–
Other financial income	3	1
Exchange rate differences, net[1]	116	40
Total financial income	**513**	**243**
Interest expenses from financial liabilities at fair value through profit or loss	-161	-442
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-319	-43
Interest expenses from derivatives designated for hedging	-330	-45
Interest expenses from lease liabilities	-194	-143
Interest expenses from other financial liabilities at amortized cost	-1 495	-256
Total interest expenses	**-2 499**	**-929**
Revaluation of financial instruments	–	-2
Other financial expenses	-129	-70
Total financial expenses	**-2 628**	**-1 001**
Net financial items	**-2 115**	**-758**

1 Exchange rate differences included in operating income are reported in note 11.

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 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 16
Taxes

Statement of income

Tax expense

MSEK	2023	%	2022	%
Tax on income before taxes				
Current taxes	-1 552	-54.8	-1 298	-22.7
Deferred taxes	16	0.6	-112	-1.9
Total tax expense	**-1 536**	**-54.2**	**-1 410**	**-24.6**

The Swedish corporate tax rate was 20.6 percent (20.6). The Group's tax rate was 54.2 percent (24.6). The full year tax rate increase was mainly negatively affected by the non-deductible capital loss from the divesture of Securitas Argentina and positively affected by the reversal of tax provisions related to Spanish tax cases after a judgement from the Audiencia Nacional in Spain in favor of Securitas. The tax rate adjusted for tax on items affecting comparability was 26.6 percent (26.6).

Difference between statutory Swedish tax rate and actual tax expense for the Group

MSEK	2023	%	2022	%
Income before taxes according to the statement of income	**2 833**		**5 726**	
Tax based on Swedish tax rate	-584	-20.6	-1 180	-20.6
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	27	1.0	-108	-1.9
Tax related to previous years	-34	-1.2	-15	-0.3
Recognition of previously unvalued tax losses	27	1.0	29	0.5
Revaluation of deferred tax following a change in tax rate	-1	0.0	-9	-0.1
Other non-deductible items	-1 071	-37.9	-158	-2.7
Other tax exempt items	100	3.5	31	0.5
Actual tax expense	**-1 536**	**-54.2**	**-1 410**	**-24.6**

Tax on items affecting comparability amounted to MSEK 460 (422) including a reversal of tax provision of MSEK 118 (151) related to Spanish tax cases.

Tax expense that may arise from dividends out of the distributable earnings has not been provided for. If distributed the tax expense arising would amount to MSEK 76 (76).

Changes in deferred taxes between 2022 and 2023 are mainly explained by provisions for pensions, tax loss carry forwards, acquisition-related intangible assets and other temporary differences. There are no unrecognized temporary differences related to subsidiaries or associated companies.

Write-down of deferred tax on taxable reversal of negative interest net has been recognized as they are deemed less likely to be utilized within the timeframe.

Global Minimum Tax (Pillar Two)

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions the Group operates. The legislation will be effective for the Group's financial year beginning January 1, 2024. The Group is in the process of assessing the potential exposure arising from Pillar Two legislation. The assessment that is being carried out is based on the latest available tax filings and country-by-country reporting for 2022, and the latest financial information for 2023. In certain jurisdictions, information required for the assessment is still being gathered and, therefore, the assessment is not complete. Based on the assessment carried out so far, the Group has identified potential exposure to Pillar Two income taxes on profits earned in Ireland, Israel and United Arab Emirates where the expected Pillar Two effective tax rate is likely to be lower than 15 percent. The potential exposure is expected to come from the constituent entities (mainly operating subsidiaries) in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is ongoing.

Quantitative information to indicate potential exposure to Pillar Two income taxes is currently not known or reasonably estimable. The Group continues the assessment and expects to complete the assessment in the first half of the financial year 2024.

Other comprehensive income

Tax on other comprehensive income

MSEK	2023	2022
Deferred tax on remeasurements of defined benefit pension plans	-21	-21
Deferred tax on remeasurement for hyperinflation	-8	-14
Deferred tax on cash flow hedges	-1	8
Deferred tax on cost of hedging	0	2
Deferred tax on net investment hedges	-101	253
Deferred tax on net investment hedges included in translation differences	114	-235
Deferred tax on other comprehensive income	**-17**	**-7**

Balance sheet

Current tax assets/liabilities

MSEK	2023	2022
Current tax assets	595	757
Current tax liabilities	1 312	1 293
Current tax assets/liabilities, net	**-717**	**-536**

Deferred tax assets were attributable to

MSEK	2023	2022
Pension provisions and employee-related liabilities	668	737
Lease liabilities	1 075	924
Tax loss carryforwards	209	253
Acquisition-related intangible assets	334	380
Machinery and equipment	144	143
Other temporary differences	1 376	1 052
Total deferred tax assets	**3 806**	**3 489**
Whereof deferred tax assets expected to be used within 12 months	*2 082*	*1 292*
Net accounting[1]	-1 838	-1 819
Total deferred tax assets according to the balance sheet	**1 968**	**1 670**

Deferred tax liabilities were attributable to

MSEK	2023	2022
Pension provisions and employee-related liabilities	76	78
Acquisition-related intangible assets	2 186	2 239
Right-of-use assets	1 031	886
Machinery and equipment	174	198
Other temporary differences	405	352
Total deferred tax liabilities	**3 872**	**3 753**
Whereof deferred tax liabilities expected to be used within 12 months	*365*	*383*
Net accounting[1]	-1 838	-1 819
Total deferred tax liabilities according to the balance sheet	**2 034**	**1 934**
Deferred tax assets/liabilities, net	**-66**	**-264**

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	2023	2022
Opening balance deferred tax assets	3 489	2 444
Change due to:		
Deferred tax recognized in the statement of income	243	5
Changed tax rate	2	-1
Acquisitions	92	954
Divestitures	50	-7
Recognized in other comprehensive income	17	-2
Translation differences	-87	96
Closing balance deferred tax assets	**3 806**	**3 489**
Change during the year	**317**	**1 045**

Deferred tax liabilities change analysis

MSEK	2023	2022
Opening balance deferred tax liabilities	3 753	2 037
Change due to:		
Deferred tax recognized in the statement of income	273	102
Changed tax rate	–	–
Acquisitions	–	1524
Divestitures	-53	1
Recognized in other comprehensive income	18	12
Translation differences	-119	77
Closing balance deferred tax liabilities	**3 872**	**3 753**
Change during the year	**119**	**1 716**

Deferred tax assets change analysis per category in 2023

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Divestitures	Recognized in other compre-hensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	737	-22	1	5	-4	9	-58	668
Lease liabilities	924	151	–	–	–	–	–	1 075
Tax loss carryforwards	253	-90	–	6	46	–	-6	209
Acquisition-related intangible assets	380	-21	–	-6	–	–	-19	334
Machinery and equipment	143	4	–	-12	–	–	9	144
Other temporary differences	1 052	221	1	99	8	8	-13	1 376
Total deferred tax assets	**3 489**							**3 806**
Change during the year		**243**	**2**	**92**	**50**	**17**	**-87**	**317**

Deferred tax liabilities change analysis per category in 2023

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Divestitures	Recognized in other compre-hensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	78	3	–	–	–	1	-6	76
Acquisition-related intangible assets	2 239	22	–	–	3	–	-78	2 186
Right-of-use assets	886	145	–	–	–	–	–	1 031
Machinery and equipment	198	-36	–	–	–	–	12	174
Other temporary differences	352	139	–	–	-56	17	-47	430
Total deferred tax liabilities	**3 753**							**3 872**
Change during the year		**273**	**–**	**–**	**-53**	**18**	**-119**	**119**

Tax loss carryforwards

Tax loss carryforwards relate primarily to subsidiaries in Spain, Germany, Portugal and Sweden. The Group's total tax loss carryforwards on December 31, 2023, amounted to MSEK 1 661 (1 751). These tax loss carryforwards expire as follows:

Tax loss carryforwards

2024	48
2025	81
2026	93
2027-	260
Unlimited duration	1 179
Total tax loss carryforwards	**1 661**

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, 2023, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 786 (1 051) and deferred tax assets related to the tax losses amounted to MSEK 209 (253). Tax losses can be used to reduce future taxable income and tax payments.

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 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 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
STANLEY Security (adjustments)	–	–	–	2 139	–	-2 139	–	–	–
Securitas Argentina (divestiture)	0	-120	-120	-527	–	-4	-531	651[4]	120
Other acquisitions and divestitures, and adjustments[1,2,3]	-41	–	-41	6	1	30	37	4[5]	41
Total acquisitions and divestitures	**-41**	**-120**	**-161**	**1 618**	**1**	**-2 113**	**-494**	**655**	**161**
Liquid funds according to acquisition/divestiture analyses	-120	–	–	–	–	–	–	–	–
Total effect on Group's liquid funds	**-161**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

1 Related to other acquisitions and divestitures for the period: Bewachungen ALWA (contract portfolio), Austria.
2 Related to updated previous year acquisition calculations for the following entities: Draht+Schutz, Germany, DAK and Securitas Technology Turkey, Türkiye, Complete Security Integration, Australia and Securitas Egypt (divestiture). As well as to deferred considerations paid in the US, Germany, Austria, Türkiye, Spain and Australia.
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 -30. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 104.
4 Related to capital loss of MSEK 3 318 and MSEK -2 667 recycling of accumulated translation differences to net income upon divestiture.
5 Related to revaluation of deferred consideration of MSEK 4 over income statement.
6 No equity instruments have been issued in connection with the acquisitions.

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, 2023.

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, 2023.

Contribution to net income: What the acquisition has contributed to net income for the year.

Acquisition of the business in STANLEY Security

Consolidation

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

Purchase price allocation

The purchase price paid on July 22, 2022, amounted to MSEK 32 783 and the purchase price allocation includes goodwill of MSEK 25 868. The final purchase price will depend on the final outcome of net working capital reconciliation and adjustments for net debt. Any further adjustments will hence be recognized in the statement of income.

The purchase price allocation was completed on July, 22, 2023. Identifiable assets and liabilities are valued at fair value. Acquisition-related intangible assets have been allocated to client-related, brand-related and technology-related intangible assets. Brand-related intangible assets are deemed to have an indefinite useful life and is not subject to amortization but will be tested yearly for impairment or when indication that the carrying amount may not be recoverable. Brand-related intangible assets amount to MSEK 417 out of a total of acquisition-related intangible assets of MSEK 5 450. The valuation of acquisition-related intangible assets has not been changed. Acquisition-related intangibles that are subject to amortization have a useful life estimated from eight to 15 years. Amortization amounted to MSEK –365 (–163).

Deferred taxes have been considered where applicable and where identified tax losses carried forward have been valued when it is judged that there will be taxable future income for which the tax losses can be utilized.

The difference between the purchase price and the acquired net assets including acquisition-related intangible assets is accounted for as goodwill. Goodwill is not subject to amortization but will be tested yearly for impairment and when indication that the carrying amount may not be recoverable. Goodwill is made up of a number of components such as synergies (commercial and cost synergies), trained workforce and the increased geographical footprint.

The purchase price allocation has been based on available information and has been subject to adjustments both in relation to the final purchase price that will be adjusted for net debt and net working capital but also as further information regarding facts and circumstances in existence as of July 22, 2022, relating to the acquired entities became known during the year following the completion of the transaction. Adjustments have been made both in relation to acquired net assets and consequently goodwill. The adjustments made during 2023 are mainly related to contract assets such as accounts receivables and accrued sales income, installations projects and to inventory balances.

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

Transaction costs

Total transaction costs incurred from 2021 to December 31, 2023, amounted to MSEK –256, whereof MSEK –14 (–180) for the full year 2023. Transaction costs are included in items affecting comparability.

Summary balance sheet as of acquisition date July 22, 2022, including adjustments 2023

MSEK	Fair value acquisition balance 2022	Adjustments 2023	Fair value acquisition balance 2023
Operating non-current assets	3 352	-400	2 952
Accounts receivable	2 113	-463	1 650
Other assets	4 635	-473	4 162
Other liabilities	-7 021	-803	-7 824
Total operating capital employed	**3 079**	**-2 139**	**940**
Goodwill from the acquisition	23 729	2 139	25 868
Acquisition-related intangible assets	5 450	–	5 450
Total capital employed	**32 258**	**–**	**32 258**
Net debt	525	–	525
Total acquired net assets	**32 783**	**–**	**32 783**
Purchase price paid	-32 783	–	-32 783
Liquid funds in accordance with acquisition analysis	525	–	525
Total impact on the Group's liquid funds	**-32 258**	**–**	**-32 258**

Other disclosures STANLEY Security

Provision for bad debt included in accounts receivable, MSEK	-647	-404	-1 051
Transaction costs (2021–2023), MSEK	242	14	256

Divestiture of the business in Securitas Argentina

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas exited the country due to the weak macroeconomic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability. Last 12 months' sales based on June 2023 of Securitas Argentina was BSEK 2.5, with an operating margin of below average in Securitas Ibero-America. The divestment resulted in a capital loss of MSEK 3 321, which was recognized as an item affecting comparability in the third quarter of 2023. The capital loss mainly comprised accumulated foreign currency losses. This impact was net neutral in Group equity. The divestiture had limited cash flow impact of MSEK –123, whereof MSEK –120 is reported as cash flow from investing activities and MSEK –3 is reported as cash flow from items affecting comparability.

Summary balance sheet as of divestiture date July 25, 2023

MSEK	Fair value acquisition balance
Operating non-current assets	-61
Accounts receivable	-527
Other assets	-53
Other liabilities	637
Total operating capital employed	**-4**
Goodwill from divestiture	-527
Acquisition-related intangible assets	–
Total capital employed	**-531**
Net debt	-120
Total divested net assets[3]	**-651**
Purchase price paid/received[3]	0
Liquid funds in accordance with divestiture analysis	-120
Total impact on the Group's liquid funds	**-120**

Other disclosures Securitas Argentina

Divested share, %	100
Full year sales, MSEK[1]	2 564
Contribution to total sales, MSEK	1 282
Full year net income, MSEK[2]	70
Contribution to net income, MSEK	22
Provision for bad debt included in accounts receivable, MSEK	2
Transaction costs, MSEK	3

1 Full year Sales are based on the actual sales January 1 to June 30, 2023, plus sales July 1 to December 31, 2022.
2 Full year net income is based on the actual contribution January 1 to June 30, 2023, plus net income July 1 to December 31, 2022. The applied tax rate is 30.0 percent.
3 Purchase price paid/received differs from total divested net assets due to capital loss of MSEK 3 318 (excluding transaction cost of MSEK 3) and MSEK -2 667 recycling of accumulated translation differences to net income upon divestiture.

Other acquisitions and divestitures, and adjustments

Summary balance sheet

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	–
Other assets	0
Other liabilities	–
Deferred considerations[1]	30
Total operating capital employed	**30**
Goodwill from acquisitions/divestitures[2]	6
Acquisition-related intangible assets[3]	1
Total capital employed	**37**
Net debt	–
Total acquired/divested net assets[4]	**37**
Purchase price paid/received[4]	-41
Liquid funds in accordance with acquisition/divestiture analyses	–
Total impact on the Group's liquid funds	**-41**

1 Deferred considerations for acquisitions made during 2023 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 adjustment of acquisitions of Complete Security Integration, Australia and DAK, Türkiye.
3 Related to acquisitions of Bewachungen ALWA (contract portfolio), Austria.
4 Purchase price paid/received differs from total acquired/divested net assets due to revaluation of deferred consideration of MSEK 4.

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
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 18
Goodwill and impairment testing

MSEK	2023	2022
Opening balance	51 444	23 762
Acquisitions and divestitures	1 618	23 633
Translation differences and remeasurement for hyperinflation	-1 727	4 049
Closing accumulated balance	**51 335**	**51 444**
Opening impairment losses	-423	-389
Translation differences	4	-34
Closing accumulated impairment losses	**-419**	**-423**
Closing residual value	**50 916**	**51 021**

Goodwill allocated per segment

MSEK	2023	2022
Securitas North America[1]	27 756	27 705
Securitas Europe	20 503	20 141
Securitas Ibero-America	1 376	1 823
Other[1]	1 281	1 352
Total goodwill	**50 916**	**51 021**

1 As of the third quarter 2023, the Securitas Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.

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. The value of these assets are MSEK 16 (16) and relate to the consideration paid for the brand Securitas in one of the Group's countries of operations and also product brandnames of MSEK 403 (426), which arose in connection with the acquisition of STANLEY Security and related to Securitas North America.

The annual impairment test of all Cash Generating Units (CGUs), which is required under IFRS, took place during the third quarter of 2023 in conjunction with the business plan process for 2024. During this year's assessment a total number of five CGUs were tested for impairment of goodwill. The five CGUs are Securitas North America, Securitas Europe, Securitas Ibero-America, Africa, the Middle East, Asia and Australia (AMEA) and Securitas Critical Infrastructure Services.

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 2021 to 2031. 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 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, %
2023			
Securitas North America	2.0	7.7	9.9
Securitas Europe	2.1	7.7	9.6
Securitas Ibero-America	2.4	8.3	10.4
Other[1]	2.4	8.4	10.4
2022			
Securitas North America	2.0	7.4	9.5
Securitas Europe	2.2	7.4	9.0
Securitas Ibero-America	2.7	13.1	17.2
Other[1,2]	2.4	8.2	10.0

1 The operations in Africa, the Middle East, Asia, Australia and the Securitas Critical Infrastructure Services in North America are included in Other.
2 As of the third quarter 2023, the Securitas Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated.

Impairment testing of goodwill and intangible assets with indefinite useful life

The 2023 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 2023. No impairment losses of goodwill or other acquisition-related intangible assets were recognized in 2022 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	2023	2022
Opening balance	9 734	4 030
Acquisitions and divestitures	1	5 481
Derecognition of fully amortized assets[2]	-134	-342
Translation differences and remeasurement for hyperinflation	-331	565
Closing accumulated balance	**9 270**	**9 734**
Opening amortization	-2 554	-2 298
Reversal of amortization on derecognized assets[2]	134	342
Amortization for the year	-620	-414
Translation differences and remeasurement for hyperinflation	110	-184
Closing accumulated amortization	**-2 930**	**-2 554**
Closing residual value	**6 340**	**7 180**

1 The balance consists mainly of contract portfolios and related client relations. Furthermore product brand names that arose in connection with the acquisition of STANLEY Security are included with MSEK 403 (426).
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 20
Other intangible assets

	Software licenses and similar assets		Other intangible assets[1,2]	
MSEK	2023	2022	2023	2022
Opening balance	4 980	3 053	1 579	1 367
Acquisitions and divestitures	-528	1 241	-11	0
Capital expenditures	538	443	286	223
Disposals/write-offs	-212	-64	-47	-16
Reclassification	-1	3	106	-9
Translation differences and remeasurement for hyperinflation	-140	304	9	14
Closing accumulated balance	**4 637**	**4 980**	**1 922**	**1 579**
Opening amortization	-3 183	-1 916	-820	-670
Acquisitions and divestitures	295	-794	3	0
Disposals/write-offs	173	41	36	13
Reclassification	3	-1	0	5
Amortization for the year	-349	-315	-178	-158
Translation differences and remeasurement for hyperinflation	96	-198	2	-10
Closing accumulated amortization	**-2 965**	**-3 183**	**-957**	**-820**
Closing residual value	**1 672**	**1 797**	**965**	**759**

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 45 (43).

Note 21
Right-of-use assets

MSEK	Buildings	Vehicles	Other right-of-use assets	Total right-of-use assets
2023				
Opening balance	4 021	858	24	**4 903**
New contracts	478	761	13	**1 252**
Terminated/changed lease contracts	124	-28	-3	**93**
Depreciation	-991	-569	-14	**-1 574**
Translation differences	-163	-16	0	**-179**
Closing balance	**3 469**	**1 006**	**20**	**4 495**
2022				
Opening balance	2 728	603	17	**3348**
New contracts[1]	1 604	645	21	**2 270**
Terminated/changed lease contracts	267	-10	-1	**256**
Depreciation	-853	-443	-15	**-1 311**
Translation differences	275	63	2	**340**
Closing balance	**4 021**	**858**	**24**	**4 903**

1 Includes also contracts from the acquisition of STANLEY Security.

MSEK	2023	2022
Total cash flow for leases	-1 919	-1 617
Amounts recognized in the income statement		
Expenses for short-term lease contracts	360	318
Expenses for lease contracts of low value	8	8
Interest expenses	194	143
Depreciation	1 574	1 311
Total cost	**2 136**	**1 780**

References to other notes

For further information regarding right-of-use assets, refer to:

Note 2 Accounting principles

Note 4 Significant 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	2023	2022	2023	2022
Opening balance	826	598	17 018	13 995
Acquisitions and divestitures	-53	161	-477	932
Capital expenditures	3	9	1 700	1 587
Disposals/write-offs	-7	-11	-782	-759
Reclassification	-18	11	2	-25
Translation differences and remeasurement for hyperinflation	-7	58	-358	1 288
Closing accumulated balance	**744**	**826**	**17 103**	**17 018**
Opening depreciation	-473	-358	-13 189	-10 733
Acquisitions and divestitures	-5	-63	451	-752
Disposals/write-offs	3	2	654	643
Reclassification	-2	-8	8	8
Depreciation for the year	-16	-14	-1 439	-1 322
Translation differences and remeasurement for hyperinflation	6	-32	325	-1 033
Closing accumulated depreciation	**-487**	**-473**	**-13 190**	**-13 189**
Opening impairment losses	-22	-20	–	–
Translation differences	0	-2	–	–
Closing accumulated impairment losses	**-22**	**-22**	**–**	**–**
Closing residual value	**235**	**331**	**3 913**	**3 829**

1 The closing residual value of land included in the buildings and land above was MSEK 61 (81).

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	2023	2022
Opening balance	394	338
Share in income of associated companies	61	50
Dividend	-87	-16
Translation differences	-14	22
Closing balance[2]	**354**	**394**

1 A complete specification of associated companies can be obtained from the Parent Company.
2 Of which goodwill MSEK 140 (146).

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 for the companies.

The Group's share of capital in associated companies amounts to 17–49 percent.

In the company where the Group's share of capital is 17 percent it is considered an associated company due to shareholders agreement.

MSEK	2023	2022
Sales	1 943	1 842
Net income	123	104
Assets	766	829
Liabilities	334	322

Note 24
Interest-bearing financial non-current assets[1]

MSEK	2023	2022
Derivatives with positive fair value, long-term		
Derivatives designated for hedging[2]	192	–
Derivatives in fair value hedges	195	–
Total derivatives with positive fair value, long-term	**387**	**–**
Collateral paid	907	1 059
Other items[3]	219	226
Total interest-bearing financial non-current assets	**1 513**	**1 285**

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 -298 (0), is accounted for under cash flow hedge accounting. The SEK/USD element, amounting to MSEK 490 (0), is accounted for under net investment hedge accounting.
3 Related to loans and receivables.

Note 25
Other long-term receivables

MSEK	2023	2022
Pension balances, defined contribution plans[1]	234	190
Pension balances, defined benefit plans[2]	103	30
Reimbursement rights[3]	139	140
Other long-term receivables[4]	1 855	2 106
Total other long-term receivables	**2 331**	**2 466**

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.
4 Including long-term finance lease receivables.

Note 26
Inventories

MSEK	2023	2022
Material and consumables	1 443	1 625
Advance payments to suppliers	35	45
Total inventories	**1 478**	**1 670**

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 27
Accounts receivable

MSEK	2023	%	2022	%
Accounts receivable before deduction of provisions for bad debt losses	22 664	100	22 361	100
Provisions for bad debt losses	-1 931	-9	-1 478	-7
Total accounts receivable	**20 733**	**91**	**20 883**	**93**
Opening balance provision for bad debt losses	-1 478		-843	
Provision for expected losses	-654		-315	
Reversed provisions	339		229	
Actual losses	193		180	
Acquisitions and divestitures	-402		-637	
Translation differences	71		-92	
Closing balance provision for bad debt losses[1]	**-1 931**		**-1 478**	

1 Expenses for bad debt losses amounted to MSEK 315 (86).

Ageing of accounts receivable before deduction of provision for bad debt losses

MSEK	2023	%	2022	%
Overdue 1–30 days	4 834	21	4 214	19
Overdue 31–60 days	1 405	6	1 359	6
Overdue 61–90 days	729	3	667	3
Overdue 91–180 days	838	4	870	4
Overdue 181–365 days	905	4	326	1
Overdue >365 days	617	3	554	3
Total overdue	**9 328**	**41**	**7 990**	**36**

Specification of provision for bad debt as of December 31, 2023 and 2022

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, 2023				
Current	0.15%	13 336	20	**13 316**
Up to 30 days past due	0.15%	4 834	7	**4 827**
More than 30 days past due	2.5%	1 405	35	**1 370**
More than 60 days past due	5.0%	729	36	**693**
More than 90 days past due	64.0%	838	537	**301**
More than 180 days past due	75.0%	905	679	**226**
More than 365 days past due	100.0%	617	617	**0**
Total		**22 664**	**1 931**	**20 733**
December 31, 2022				
Current	0.15%	14 371	21	**14 350**
Up to 30 days past due	0.15%	4 214	7	**4 207**
More than 30 days past due	5.0%	1 359	68	**1 291**
More than 60 days past due	12.5%	667	83	**584**
More than 90 days past due	57.5%	870	500	**370**
More than 180 days past due	75.0%	326	245	**81**
More than 365 days past due	100.0%	554	554	**0**
Total		**22 361**	**1 478**	**20 883**

Note 28
Other current receivables

MSEK	2023	2022
Accrued sales income	6 300	5 529
Prepaid expenses	2 622	2 884
Other accrued income	179	192
Insurance-related receivables	27	24
Value added tax	298	253
Other items[1]	1 199	1 179
Total other current receivables	**10 625**	**10 061**

1 Including short-term finance lease receivables.

Note 29
Other interest-bearing current assets[1]

MSEK	2023	2022
Derivatives with positive fair value, short-term		
Derivatives in net investment hedges	94	22
Other derivatives[2]	69	20
Total derivatives with positive fair value, short-term	**163**	**42**
Other interest-bearing current assets	154	135
Total other interest-bearing current assets	**317**	**177**

1 Further information regarding financial instruments is provided in note 7.
2 Related to financial assets at fair value through profit or loss with positive fair value.

Note 30
Liquid funds[1]

MSEK	2023	2022
Short-term investments[2]	5 081	3 536
Cash and bank deposits[3]	2 861	2 787
Total liquid funds	**7 942**	**6 323**

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, 2023

	Number of shares	Share capital, MSEK
Series A	26 938 371	27
Series B	546 454 181	546
Number of shares/total share capital	**573 392 552**	**573**
Less: Treasury shares	-475 000	–
Number of shares outstanding[1]	**572 917 552**	**–**

1 The quota value is SEK 1.00 per share.

The number of Series A and B shares is unchanged in relation to December 31, 2022. As of December 31, 2023, 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 5.0 percent of the capital and 11.3 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.80 per share, or a total of MSEK 2 177. The dividend to the shareholders for the financial year 2022, which was paid in 2023, was SEK 3.45 per share, or a total of MSEK 1 977.

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 was an increase due to the rights issue by MSEK 208 in the share capital in 2022.

In other capital contributed, the total amount of all transactions Securitas AB has had with its shareholders is included except for share capital. 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 transaction costs) in excess of par value of issued capital. The Other capital contributed increased due to the rights issue by MSEK 9 304 in 2022 after the deduction of costs associated with the rights issue of MSEK -71.

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 coming six years.

Retained earnings correspond 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	2023	2022
Swap agreement[1]	–	-134
Non-vested shares	2	-3
Total short-term incentive schemes	**2**	**-137**
Share-based remuneration to employees[2]	19	33
Total long-term incentive schemes	**19**	**33**
Repurchase of shares	–	–
Total impact on retained earnings	**21**	**-104**

1 The short-term share-based incentive scheme was discontinued after the financial year 2021. No further variable compensation has thus been earned during the financial year 2022 for this scheme. The number of shares that have been hedged in this swap agreement amounts to 1 201 467 for 2022 and have been allotted to the participants during 2023. For further information see note 12.
2 Refers to share-based remuneration for the Group's participants in the long-term share-based incentive schemes for 2023 of MSEK 55 and also adjusted for actual leavers of MSEK –3, and also to shares awarded under Securitas' long-term share-based incentive scheme 2020/2022 of MSEK –33.

Non-controlling interests

The table below specifies the Group's non-controlling interests:

MSEK	2023	2022
Opening balance	14	8
Disposals/liquidations	–	-1
Dividend	-21	-1
Total transactions with non-controlling interests	**-21**	**-2**
Share in net income	12	6
Share in other comprehensive income, translation differences	-2	2
Total comprehensive income for the year	**10**	**8**
Closing balance	**3**	**14**

Note 32
Long-term liabilities excluding provisions[1]

MSEK	2023	2022
Long-term lease liabilities	3 336	3 558
Total long-term lease liabilities	**3 336**	**3 558**
EMTN Nom MEUR 350, 2017/2024, Annual 1.125%[2]	–	3 835
EMTN Nom MUSD 50, 2019/2024, Fixed Rate Note[2]	–	524
EMTN Nom MUSD 105, 2019/2024, Fixed Rate Note[2]	–	1 101
EMTN Nom MSEK 2 000, 2022/2024, Floating Rate Note[2]	–	2 000
EMTN Nom MSEK 1 500, 2022/2024, Floating Rate Note[2]	–	1 500
EMTN Nom MEUR 300, 2018/2025, Annual 1.25%[2]	3 279	3 283
EMTN Nom MUSD 40, 2021/2027, Fixed Rate Note[2]	397	419
EMTN Nom MUSD 60, 2022/2027, Fixed Rate Note[2]	595	628
EMTN Nom MEUR 350, 2021/2028, Annual 0.25%[2]	3 432	3 228
EMTN Nom MEUR 600, 2023/2027, Annual 4.25%[3]	6 719	–
EMTN Nom MEUR 600, 2023/2029, Annual 4.375%[3]	6 673	–
EMTN Nom MUSD 75, 2023/2029, Floating Rate Note[2]	744	–
Term facilities	9 131	24 179
Collateral received	109	–
Other long-term loans	5	60
Derivatives in fair value hedges	430	751
Derivatives designated for hedging[4]	173	276
Total other long-term loan liabilities	**31 687**	**41 784**
Pensions balances, defined contribution plans[5]	234	190
Deferred considerations[6]	43	108
Other long-term liabilities	26	23
Total other long-term liabilities	**303**	**321**
Total long-term liabilities	**35 326**	**45 663**

1 For further information regarding financial instruments, refer to note 7.
2 Issued by the Parent Company.
3 Issued by Securitas Treasury Ireland DAC and guranteed by the Parent company.
4 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 -129 (-136), is accounted for under cash flow hedge accounting. The SEK/USD element, amounting to MSEK 301 (417), is accounted for under net investment hedge accounting.
5 Refers to liability for insured pension plan excluding social costs.
6 Recognized at fair value.

Long-term liabilities fall due for payment as follows

MSEK	2023	2022
Maturity < 5 years	27 079	40 891
Maturity > 5 years	8 247	4 772
Total long-term liabilities	**35 326**	**45 663**

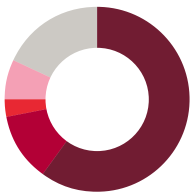
Note 33
Provisions for pensions and similar commitments

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.

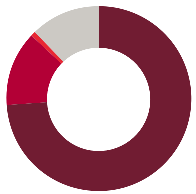
Defined benefit obligations



- Switzerland MSEK 2 223, 60%
- Canada MSEK 455, 12%
- The US MSEK 99, 3%
- France MSEK 264, 7%
- Other countries[1] MSEK 664, 18%

Total MSEK 3 705

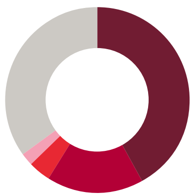
Plan assets



- Switzerland MSEK 2 223, 74%
- Canada MSEK 393, 13%
- The US MSEK 19, 1%
- Other countries[1] MSEK 352, 12%

Total MSEK 2 987

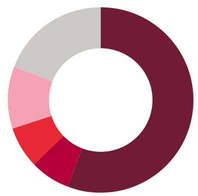
Pension costs



- Switzerland MSEK 77, 42%
- Canada MSEK 30, 17%
- The US MSEK 7, 4%
- France MSEK 4, 2%
- Other countries[1] MSEK 63, 35%

Total MSEK 181

Employer contributions



- Switzerland MSEK 104, 57%
- Canada MSEK 12, 7%
- The US MSEK 13, 7%
- France MSEK 19, 11%
- Other countries[1] MSEK 33, 18%

Total MSEK 181

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, 2023

	Switzerland	Canada	The US	France
Active members	2 774	147	–	16 405
Deferred members	–	26	3	–
Pensioner members	255	240	30	–
Total number of members	**3 029**	**413**	**33**	**16 405**
Duration of plans (years)	11	15	6	8
Number of years current pensioners are expected to live beyond age 65:				
Men	23	21	23	–
Women	25	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'

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

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, 2022 and resulted in a funding ratio of 108 percent based on a defined benefit obligation for funding purposes of MCHF 162 and plan assets for funding purposes of MCHF 174.

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 136 percent based on a defined benefit obligation of MCAD 42 and plan assets of MCAD 57. The effect of the asset ceiling amounted to MCAD 5. 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 19 as per December 31, 2023, 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 19.

The US

The Group's US operations participated in one defined benefit pension plan as the named plan sponsor in 2023. 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 9 as of December 31, 2023.

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) plan. 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 16 400 active members including the acquired STANLEY operations. The STANLEY plans are in all material aspects the same retirement indemnity plans as in our legacy operations in France.

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. In 2023 legislation was enacted, increasing the pension age in France from 62 to 64 years. This has resulted in a past service cost credit of MEUR 2.1 in 2023. Under IAS 19 the defined benefit obligation was MEUR 24 as of December 31, 2023.

Other countries

There are also less significant defined benefit arrangements in countries other than those accounted for above. These plans are in Belgium (funded plans with plan assets held by insurance companies providing pension and death in-service benefits), 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

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

(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 12 other countries.

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 2023 amounted to MEUR 9 (9). The contribution for the next annual reporting period is expected to be in line with the pension premiums in 2023. Securitas' share of total premiums to the plan is approximately 16 percent. This plan covers around 3 800 active employees for Securitas and a total of 20 500 active employees in the security industry. 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 130 percent (129) as of December 31, 2023.

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 2023 amounts to MSEK 23 (28). 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 158 percent (172) as of December 31, 2023.

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 2023 amounted to MNOK 26 (23). 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 66 percent (75) as of December 31, 2022.

Consolidated statement of income

The table below shows expense (+) and income (-) from the Group's defined benefit and defined contribution plans.

MSEK	2023	2022
Current service cost	165	176
Administration cost	6	6
Interest income or expense[1]	22	12
Remeasurements of other long-term employee benefits	0	-4
Past service cost and gains and losses arising from settlements	-12	-4
Total pension costs for defined benefit plans	**181**	**186**
Pension costs for defined contribution plans	1 809	1 577
Total pension costs	**1 990**	**1 763**

1 Whereof MSEK 6 (3) is related to interest on the effect of the asset ceiling.

The table below shows costs for defined benefit plans allocated per function.

MSEK	2023	2022
Production expenses	167	150
Selling and administrative expenses	14	36
Total pension costs for defined benefit plans	**181**	**186**

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	2023	2022
Present value of the defined benefit obligations	3 705	3 079
Fair value of plan assets[1]	-2 987	-2 262
Defined benefit obligations, net[2]	**718**	**817**
Reimbursement rights (note 25)	139	140

1 Includes effect of the asset ceiling amounting to MSEK 76 (340). The effect is related to Canada, the UK and Switzerland.
2 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 821 (847), and plans reported under other long-term receivables (note 25), MSEK -103 (-30).

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	2023	2022
Remeasurements of provisions for pensions and similar commitments before taxes	-67	-152
Remeasurements of reimbursement rights before taxes	1	61
Taxes	21	21
Total remeasurements recognized in other comprehensive income	**-45**	**-70**

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

Movement in provisions for pensions and similar commitments

			2023			2022
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	3 079	-2 262	**817**	3 370	-2 546	**824**
Current service cost	165	–	**165**	176	–	**176**
Administration cost	6	–	**6**	6	–	**6**
Interest income (-) or expense (+)[1]	91	-69	**22**	34	-22	**12**
Remeasurements of other long-term employee benefits	0	–	**0**	-4	–	**-4**
Past service cost and gains and losses arising from settlements	-12	–	**-12**	-4	–	**-4**
Total pension costs included in the consolidated statement of income	**250**	**-69**	**181**	**208**	**-22**	**186**
Remeasurements of post-employment benefits:						
Return on plan assets, excluding amount included in interest income or expense	–	-55	**-55**	–	423	**423**
Changes in the effect of the asset ceiling, excluding amount included in interest income or expense[2]	–	-278	**-278**	–	229	**229**
Actuarial gains (-) and losses (+) from changes in demographic assumptions	-7	–	**-7**	11	–	**11**
Actuarial gains (-) and losses (+) from changes in financial assumptions	257	–	**257**	-920	–	**-920**
Actuarial gains (-) and losses (+) due to experience	16	–	**16**	105	–	**105**
Total remeasurements of post-employment benefits[3]	**266**	**-333**	**-67**	**-804**	**652**	**-152**
Contributions by employers[4]	–	-181	**-181**	–	-171	**-171**
Contributions by plan participants	104	-104	**–**	94	-94	**–**
Benefits paid to plan participants	-252	252	**–**	-244	244	**–**
Administration costs paid	-6	6	**–**	-6	6	**–**
Acquisitions/divestitures/reclassifications	221	-221	**0**	49	0	**49**
Translation difference	43	-75	**-32**	412	-331	**81**
Closing balance	**3 705**	**-2 987**	**718[5]**	**3 079**	**-2 262**	**817[5]**

1 Whereof MSEK 6 (3) is related to interest on the effect of the asset ceiling.
2 Related to Canada, the UK and Switzerland.
3 Included net of taxes in other comprehensive income.
4 Contributions by employers are estimated to be on approximately the same level in 2024 as in 2023.
5 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 821 (847), and plans reported under other long-term receivables (note 25), MSEK -103 (-30).

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	2023	%	2022	%
Equity instruments				
Switzerland	356		324	
The US	368		295	
Canada	57		55	
Other countries	176		178	
Total equity instruments	**957**	**32**	**852**	**38**
Debt instruments				
Government bonds	373		366	
Corporate bonds, investment grade (AAA to BBB-)	750		622	
Corporate bonds, non-investment grade (below BBB-)	–		–	
Total debt instruments	**1 123**	**38**	**988**	**44**
Property	565	19	542	24
Qualifying insurance policies	314	11	100	4
Cash and cash equivalents	104	3	120	5
Effect of the asset ceiling	-76	-3	-340	-15
Total plan assets	**2 987**	**100**	**2 262**	**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
2023					
Switzerland	1.50	1.25	1.25	0.00	LPP 2020
Canada	4.60	2.50[1]	2.00	n/a	CPM-RPP 2014 Private Sector Table, CPM-B scale 110% males, 100% females
The US	4.60	n/a	n/a	n/a	Pri-2012 white collar with MP-2021 improvements
France	3.00–3.10[2]	3.25–3.75[3]	2.00	n/a	INSEE 2019-2021
Other countries in the Eurozone	3.10–4.10	3.00–3.90	2.50	1.25–2.50	–
The UK	4.50	3.00	2.90-3.35	2.90-3.35	SAPS (S3NA), CMI 2021 with a smoothing factor of 7.0, an initial adjustment of 0.50% p.a., a long-term rate of improvement of 1.00% p.a. and w2020 and w2021 parameters of 0%
2022					
Switzerland	2.30	1.00	1.00	0.00	LPP 2020
Canada	5.10	2.50	2.00	n/a	CPM-RPP 2014 Private Sector Table, CPM-B scale 110% males, 100% females
The US	4.75	n/a	n/a	n/a	Pri-2012 white collar with MP-2021 improvements
France	3.70–3.80	3.25–3.75	2.00	n/a	INSEE 2018-2020
Other countries in the Eurozone	3.60–3.70	3.00–3.90	2.00–2.25	1.25–2.00	–
The UK	4.90	3.00	3.00-3.45	3.00-3.45	SAPS (S3NA), CMI 2021 with a smoothing factor of 7.0, an initial adjustment of 0.50% p.a., a long-term rate of improvement of 1.00% p.a. and w2020 and w2021 parameters of 0%

1 Salary increases are 0.00% p.a. in 2023, and 2.50% p.a. thereafter.
2 The discount rate is 3.00% p.a. for the Services plan and 3.10% p.a. for the STANLEY plan.
3 Salary increases are 3.25% p.a. for the Services plan and 3.75% p.a. for the STANLEY plan.

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 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 FTSE Pension yield curve	n /a	n /a	n /a	Latest tables available
France	Based on iBoxx € AA 5-7 year index (Services plan) and iBoxx € AA 7-10 year index (STANLEY plan) 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	-34
	decrease of 0.1 percentage points	34
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	7
	decrease of 0.1 percentage points	-7
Life expectancy – pension plans	one year increase	65

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.

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, 2023

MSEK	Claims reserves	Other provisions	Total
Opening balance	489	405	**894**
Reclassification	-13	0	**-13**
New/increased provisions	79	51	**130**
Utilized provisions	–	-65	**-65**
Reversal of unutilized provisions	-19	-11	**-30**
Translation differences	-26	-11	**-37**
Closing balance	**510**	**369**	**879**

December 31, 2022

MSEK	Claims reserves	Other provisions	Total
Opening balance	455	266	**721**
Acquisitions and divestitures	0	88	**88**
Reclassification	-88	–	**-88**
New/increased provisions	57	87	**144**
Utilized provisions	0	-40	**-40**
Reversal of unutilized provisions	-7	-24	**-31**
Translation differences	72	28	**100**
Closing balance	**489**	**405**	**894**

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	2023	2022
Current lease liabilities	1 333	1 496
Total current lease liabilities	**1 333**	**1 496**
EMTN Nom MEUR 50, 2022/2023, Fixed Rate Note[2]	–	557
EMTN Nom MUSD 50, 2019/2024, Fixed Rate Note[2]	496	–
EMTN Nom MUSD 105, 2019/2024, Fixed Rate Note[2]	1 042	–
EMTN Nom MEUR 350, 2017/2024, Annual 1.125%[2]	3 853	–
EMTN Nom MSEK 2 000, 2022/2024, Floating Rate Note[2]	2 000	–
EMTN Nom MSEK 1 500, 2022/2024, Floating Rate Note[2]	1 500	–
Multicurrency Term facilities	–	836
Commercial paper issued[3]	1 894	–
Other short-term loans	11	17
Derivatives in net investment hedges[4]	28	33
Derivatives in Fair Value hedges[4]	10	–
Other derivatives[5]	112	38
Total other short-term loan liabilities	**10 946**	**1 481**
Total short-term loan liabilities	**12 279**	**2 977**

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	2023	2022
Employee-related items[1]	11 231	11 225
Deferred sales revenue	1 665	1 680
Other prepaid income	107	42
Accrued interest expenses	593	336
Other accrued expenses	3 205	2 625
Value-added tax	2 152	1 884
Deferred considerations	61	20
Other items	975	911
Total other current liabilities	**19 989**	**18 723**

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, 2023

MSEK	Claims reserves	Other provisions	Total
Opening balance	899	1 018	**1 917**
Acquisitions and divestitures	–	39	**39**
Reclassification	12	21	**33**
New increased provisions	469	433	**902**
Utilized provisions	-385	-445	**-830**
Reversal of unutilized provisions	-4	-74	**-78**
Translation differences	-44	-12	**-56**
Closing balance	**947**	**980**	**1 927**

December 31, 2022

MSEK	Claims reserves	Other provisions	Total
Opening balance	719	1 205	**1 924**
Acquisitions and divestitures	–	213	**213**
Reclassification	88	-42	**46**
New increased provisions	424	574	**998**
Utilized provisions	-435	-776	**-1 211**
Reversal of unutilized provisions	-6	-198	**-204**
Translation differences	109	42	**151**
Closing balance	**899**	**1 018**	**1 917**

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	2023	2022
Pension balances, defined contribution plans short-term	–	39
Pension balances, defined contribution plans long-term	234	190
Total pledged assets	**234**	**229**

1 Related to assets relating to insured pension plans excluding social benefits.

Note 39
Contingent liabilities

MSEK	2023	2022
Guarantees[1]	–	–
Guarantees related to discontinued operations	16	16
Total contingent liabilities	**16**	**16**

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. In July 2023, the Group exited the country by the divestment of Securitas Argentina to local management.

Belgium – Competition authority investigation

As communicated in the annual report for 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 to be 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, 2023, was equivalent to MSEK 642 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 retrial has since moved slowly through the Brazilian legal system and after further delays due to corona pandemic, a final judgment in the first instance court is expected during the first-half year 2024. Securitas has maintained 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 – Portuguese competition authority

The Portuguese competition authority has completed the previously communicated investigation regarding alleged violations by several Portuguese security companies, among them Securitas – Servicos E Tecnologia de Seguranca SA, of anti-trust regulations for public tenders in Portugal. The Portuguese competition authority has fined Securitas – Servicos E Tecnologia de Seguranca SA MEUR 10. Securitas has carefully assessed the information and appealed the decision, and we do not expect any material impact on the result or the financial position of the Group.

Spain – Tax audit

The Spanish tax authority had, in connection with an audit of Securitas Spain in 2014, challenged certain interest payments and decided to reject interest deductions made for the financial years 2008–2009.

The Spanish National Court, Audiencia Nacional, issued their judgment in October 2023 regarding the years 2008-2010, implying that all challenged interest deductions for the years 2008-2009 were allowed. The resolution has gained legal force and the exposure has ceased.

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.

The Spanish National Court, Audiencia Nacional, issued their resolution in October 2023 that was negative. Securitas has requested a leave for appeal and is waiting for that to be able to appeal the case to the Spanish Supreme Court.

If finally upheld by the Supreme Court, the resolution by the Spanish tax authority regarding the liquidation loss would result in a tax of MEUR 20.3, equivalent to MSEK 224, including interest up to December 31, 2023 (as of December 31, 2022, this exposure was estimated to MEUR 19.8, equivalent at the time to MSEK 220).

Securitas believes it has acted in accordance with applicable law and will defend its position in the Supreme Court. However, the tax resolution causes some uncertainty, and it may take several years until a final judgment has 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.

The US – Government investigation

As communicated in the full-year report January-December 2023, Securitas is aware that the U.S. Government is conducting an investigation into Paragon Systems, Inc., a Securitas' subsidiary within the business unit Securitas Critical Infrastructure Services, related to its relationship with various small business entities which were a direct or indirect party to contracts with the U.S. Government. The investigation relates to alleged misconduct by certain former Paragon employees. Paragon is cooperating fully with the investigation. Based on the information currently available, the Group assesses that neither the result nor the financial position of the Group will be materially affected by the investigation.

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 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 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

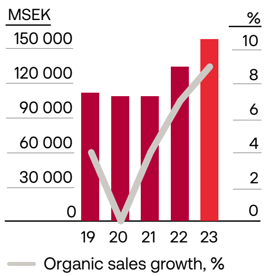
Note 40
Financial five year overview[1]

MSEK	2019[2]	2020	2021	2022	2023
INCOME					
• **Total sales**	**110 899**	**107 954**	**107 700**	**133 237**	**157 249**
of which acquired business	1 339	1 312	1 162	8 293	9 437
• *Acquired sales growth, %*	*1*	*1*	*1*	*8*	*7*
• *Organic sales growth, %*	*4*	*0*	*4*	*7*	*9*
• *Real sales growth, %*	*6*	*1*	*5*	*14*	*15*
Operating income before amortization	**5 738**	**4 892**	**5 978**	**8 033**	**10 247**
• *Operating margin, %*	*5.2*	*4.5*	*5.6*	*6.0*	*6.5*
Amortization and impairment of acquisition-related intangible assets	-271	-286	-290	-414	-620
Acquisition-related costs	-62	-137	-122	-49	-10
Items affecting comparability	-209	-640	-871	-1 086	-4 669
Financial income and expenses	-578	-500	-364	-758	-2 115
• **Income before taxes**	**4 618**	**3 329**	**4 331**	**5 726**	**2 833**
Taxes	-1 256	-913	-1 197	-1 410	-1 536
Net income for the year	**3 362**	**2 416**	**3 134**	**4 316**	**1 297**
of which attributable to non-controlling interests	5	-3	1	6	12
Average number of shares after dilution ('000)[3]	438 934	438 863	438 627	468 284	572 918
• Earnings per share after dilution (SEK)[3]	7.65	5.51	7.14	9.20	2.24
CASH FLOW					
Operating income before amortization	**5 738**	**4 892**	**5 978**	**8 033**	**10 247**
Investments in non-current tangible and intangible assets	-3 010	-2 787	-2 824	-3 567	-4 114
Reversal of depreciation	2 690	2 690	2 704	3 120	3 556
Change in accounts receivable	-239	123	117	-1 943	-1 921
Changes in other operating capital employed	-277	2 289	-399	77	417
Cash flow from operating activities	**4 902**	**7 207**	**5 576**	**5 720**	**8 185**
• *as % of operating income before amortization*	*85*	*147*	*93*	*71*	*80*
Financial income and expenses paid	-443	-401	-312	-657	-1 899
Current taxes paid	-1 191	-862	-1 265	-1 641	-1 348
• **Free cash flow**	**3 268**	**5 944**	**3 999**	**3 422**	**4 938**
as % of adjusted income	*83*	*178*	*95*	*57*	*75*
Free cash flow per share[3]	7.4	13.5	9.1	7.3	8.6
Cash flow from investing activities, acquisitions and divestitures	-574	-1 801	-1 366	-32 274	-170
Cash flow from items affecting comparability	-303	-405	-602	-1 171	-1 403
Cash flow from financing activities	-1 699	-2 762	-1 935	31 393	-1 592
Cash flow for the year	**692**	**976**	**96**	**1 370**	**1 773**
Interest-bearing net debt at beginning of year	-14 513	-17 541	-14 335	-14 551	-40 534
Change in lease liabilities	-3 332	-139	107	-1 274	291
Change in loans	93	1 010	475	-23 485	-385
Revaluation of financial instruments	60	17	-56	-50	2
Translation differences on interest-bearing net debt	-541	1 342	-838	-2 544	1 323
Interest-bearing net debt at year-end	**-17 541**	**-14 335**	**-14 551**	**-40 534**	**-37 530**

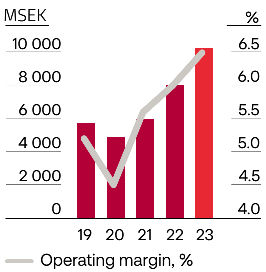
MSEK	2019[2]	2020	2021	2022	2023
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition-related items	9 729	9 138	9 489	14 085	13 611
Accounts receivable	16 120	14 695	15 246	20 883	20 733
Other operating capital employed	-12 749	-14 940	-14 827	-16 591	-17 726
Operating capital employed	**13 100**	**8 893**	**9 908**	**18 377**	**16 618**
● *as % of total sales*	*12*	*8*	*9*	*13*	*11*
Goodwill	22 157	21 414	23 373	51 021	50 916
Acquisition-related intangible assets	1 563	1 424	1 732	7 180	6 340
Shares in associated companies	320	311	338	394	354
Capital employed	**37 140**	**32 042**	**35 351**	**76 972**	**74 228**
● *Return on capital employed, %*	*15*	*13*	*14*	*9*	*8*
Net debt	**-17 541**	**-14 335**	**-14 551**	**-40 534**	**-37 530**
Net debt equity ratio, multiple	0.89	0.81	0.70	1.11	1.02
Net debt to EBITDA ratio	2.2	2.1	1.9	4.0	4.1
Interest coverage ratio, multiple	9.4	9.1	13.8	8.7	4.2
● Free cash flow in relation to net debt	0.19	0.41	0.27	0.08	0.13
Shareholders' equity attributable to equity holders of the Parent Company	**19 569**	**17 697**	**20 792**	**36 424**	**36 695**
Non-controlling interests	**30**	**10**	**8**	**14**	**3**
Equity per share[3]	45	40	47	78	64
Return on equity, %	*18*	*13*	*16*	*15*	*4*
Equity ratio, %	*32*	*30*	*33*	*32*	*32*
Financing of capital employed	**37 140**	**32 042**	**35 351**	**76 972**	**74 228**

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.
3 Number of shares outstanding have been adjusted for the right issue completed on October 11, 2022.
● Group key ratios according to Securitas' financial model. Refer to pages 47–48.

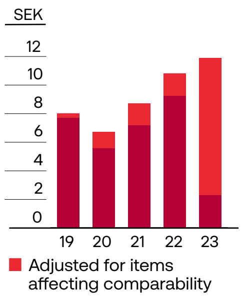
Total sales and organic sales growth



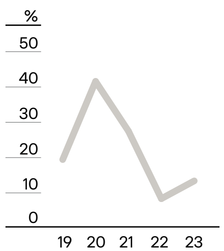
Operating income before amortization and operating margin



Earnings per share



Free cash flow in relation to net 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

Parent Company statement of income

MSEK	Note	2023	2022
License fees and other income	43	2 667	1 975
Gross income		**2 667**	**1 975**
Administrative expenses	45, 46	-1 589	-1 222
Other operating income	45	56	49
Operating income		**1 134**	**802**
Result of financial investments			
Dividend	43	10 374	11 116
Interest income	43	849	314
Interest expenses	43	-1 181	-512
Other financial income and expenses, net	47	-313	-626
Total financial income and expenses		**9 729**	**10 292**
Income after financial items		**10 863**	**11 094**
Appropriations			
Group contributions from subsidiaries	43	409	423
Group contributions to subsidiaries	43	-889	-851
Depreciation and amortization in excess of plan	56	0	-1
Transfer to tax allocation reserve	56	–	228
Total appropriations		**-480**	**-201**
Income before taxes		**10 383**	**10 893**
Current taxes	48	-111	-4
Deferred taxes	48	-78	19
Net income for the year		**10 194**	**10 908**

Parent Company statement of comprehensive income

MSEK	Note	2023	2022
Net income for the year		**10 194**	**10 908**
Other comprehensive income			
Items that subsequently may be reclassified to the statement of income			
Cash flow hedges net of tax	44	7	-32
Cost of hedging net of tax	44	1	-6
Total items that subsequently may be reclassified to the statement of income		**8**	**-38**
Other comprehensive income	**48**	**8**	**-38**
Total comprehensive income for the year		**10 202**	**10 870**

Parent Company statement of cash flow

MSEK	Note	2023	2022
Operations			
Operating income		1 134	802
Reversal of depreciation	49, 50	4	5
Financial items received		1 618	6 842
Financial items paid		-1 034	-587
Current taxes paid/received		40	-85
Change in other operating capital employed		-815	-784
Cash flow from operations		**947**	**6 193**
Investing activities			
Investments in and disposals of non-current tangible and intangible assets	49, 50	0	-41
Shares in subsidiaries	51	-84	-14 305
Cash flow from investing activities		**-84**	**-14 346**
Financing activities			
Dividend paid		-1 977	-1 604
Rights issue, net		–	9 512
Proceeds from bond loans		786	5 526
Redemption of bond loans		-553	-4 682
Proceeds from commercial paper		6 335	2 565
Redemption of commercial paper		-4 442	-3 265
Change in other interest-bearing net debt excluding liquid funds		-1 270	1 407
Cash flow from financing activities		**-1 121**	**9 459**
Cash flow for the year		**-258**	**1 306**
Liquid funds at beginning of year		2 376	1 070
Liquid funds at year-end	**54**	**2 118**	**2 376**

Parent Company balance sheet

MSEK	Note	2023	2022
ASSETS			
Non-current assets			
Intangible assets	49	16	17
Machinery and equipment	50	33	37
Shares in subsidiaries	51	63 933	64 040
Shares in associated companies	52	112	112
Interest-bearing long-term receivables from subsidiaries	44	534	562
Other interest-bearing financial non-current assets	44	1 079	1 232
Deferred tax assets	48	47	128
Other long-term receivables		235	226
Total non-current assets		**65 989**	**66 354**
Current assets			
Current receivables from subsidiaries		10 807	834
Interest-bearing current receivables from subsidiaries	44	10 666	8 398
Other current receivables		61	32
Current tax assets		–	140
Prepaid expenses and accrued income	53	61	9
Other interest-bearing current assets	44	65	24
Cash and bank deposits	54	2 118	2 376
Total current assets		**23 778**	**11 813**
TOTAL ASSETS		**89 767**	**78 167**

MSEK	Note	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		573	573
Legal reserve		7 363	7 363
Development expenditure reserve		–	–
Total restricted equity		**7 936**	**7 936**
Non-restricted equity			
Hedging reserve		1	-7
Share premium reserve		9 304	9 304
Retained earnings		29 225	20 141
Net income for the year		10 194	10 908
Total non-restricted equity		**48 724**	**40 346**
Total shareholders' equity	**55**	**56 660**	**48 282**
Untaxed reserves	**56**	**571**	**571**
Long-term liabilities			
Long-term loan liabilities	44	9 042	17 527
Other long-term liabilities		230	221
Total long-term liabilities	**57**	**9 272**	**17 748**
Current liabilities			
Current liabilities to subsidiaries		1 477	1 404
Interest-bearing current liabilities to subsidiaries	44	10 429	9 194
Group account bank overdraft		–	0
Other short-term loan liabilities	44	10 832	596
Accounts payable		64	55
Accrued expenses and prepaid income	58	447	309
Current tax liabilities		2	–
Other current liabilities		13	8
Total current liabilities		**23 264**	**11 566**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**89 767**	**78 167**

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Development expenditure reserve	Hedging reserve	Share premium reserve	Retained earnings and net income for the year	Total shareholders' equity
Opening balance 2022	**365**	**7 363**	**1**	**31**	**–**	**21 688**	**29 448**
Net income for the year	**–**	**–**	**–**	**–**	**–**	**10 908**	**10 908**
Other comprehensive income							
Items that subsequently may be reclassified to the statement of income							
Cash flow hedges net of tax[2]	–	–	–	-32	–	–	-32
Cost of hedging net of tax[2]	–	–	–	-6	–	–	-6
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**–**	**-38**	**–**	**–**	**-38**
Other comprehensive income	**–**	**–**	**–**	**-38**	**–**	**–**	**-38**
Total comprehensive income for the year	**–**	**–**	**–**	**-38**	**–**	**10 908**	**10 870**
Rights issue	208	–	–	–	9 375	–	9 583
Transaction costs rights issue	–	–	–	–	-71	–	-71
Share-based incentive schemes[1]	–	–	–	–	–	56	56
Dividend paid to shareholders of the Parent Company	–	–	–	–	–	-1 604	-1 604
Transfer from development expenditure reserve	–	–	-1	–	–	1	–
Closing balance 2022	**573**	**7 363**	**–**	**-7**	**9 304**	**31 049**	**48 282**
					–		
Opening balance 2023	**573**	**7 363**	**–**	**-7**	**9 304**	**31 049**	**48 282**
Net income for the year	**–**	**–**	**–**	**–**	**–**	**10 194**	**10 194**
Other comprehensive income							
Items that subsequently may be reclassified to the statement of income							
Cash flow hedges net of tax[2]	–	–	–	7	–	–	7
Cost of hedging net of tax[2]	–	–	–	1	–	–	1
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**–**	**8**	**–**	**–**	**8**
Other comprehensive income	**–**	**–**	**–**	**8**	**–**	**–**	**8**
Total comprehensive income for the year	**–**	**–**	**–**	**8**	**–**	**10 194**	**10 202**
Share-based incentive schemes[1]	–	–	–	–	–	153	153
Dividend paid to shareholders of the Parent Company	–	–	–	–	–	-1 977	-1 977
Closing balance 2023	**573**	**7 363**	**–**	**1**	**9 304**	**39 419**	**56 660**

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 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.

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.

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.

Note 42
Events after the balance sheet date

Approval of the Annual Report and Consolidated Financial Statements for 2023

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 26, 2024.

Other significant events after the balance sheet date

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 43
Related party disclosures

In December 2021, Investment AB Latour and subsidiaries, Melker Schörling AB and EQT 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 rights issue was fully subscribed and the guarantee commitments were therefore not utilized. For these guarantee commitments, Securitas has paid a fee of one (1) percent of the guaranteed amounts which, in total MUSD 2 (MSEK 18). The amount was part of the transaction costs reported in equity 2022.

On July 25, 2023, the divestment of Securitas Argentina to local management was completed. Securitas exited the country due to the weak macroeconomic prospects and challenging business environment with limited opportunity to execute our long-term strategy and provide quality services to our clients with healthy profitability.

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

The Parent Company's transactions with related parties comprise

MSEK	2023	2022
License fees from subsidiaries	2 664	1 971
Other income from subsidiaries	3	4
Dividends from subsidiaries	10 374	11 116
Interest income from subsidiaries	735	295
Interest expenses to subsidiaries	-434	-126
Group contributions from subsidiaries	409	423
Group contributions to subsidiaries	-889	-851
Guarantees issued on behalf of subsidiaries	2 139	2 889

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, 2023 and 2022

MSEK	Total	< 1 year	Between 1 year and < 3 years	Between 3 years and 5 years	> 5 years
December 31, 2023					
Borrowings	-20 364	-11 113	-3 501	-4 983	-767
Derivatives outflows	-9 719	-7 261	-2 190	-268	–
Accounts payable	-64	-64	–	–	–
Total outflows[1]	**-30 147**	**-18 438**	**-5 691**	**-5 251**	**-767**
Investments	12 399	12 187	4	34	174
Derivatives receipts	8 606	7 014	1 592	–	–
Total inflows[1]	**21 005**	**19 201**	**1 596**	**34**	**174**
Net cash flows, total[2]	**- 9 142**	**763**	**-4 095**	**-5 217**	**-593**
December 31, 2022					
Borrowings	-19 813	-81	-12 837	-1 297	-5 598
Derivatives outflows	-11 319	-8 658	-2 349	-236	-76
Accounts payable	-55	-55	–	–	–
Total outflows[1]	**-31 187**	**-8 794**	**-15 186**	**-1 533**	**-5 674**
Investments	10 732	10 504	14	37	177
Derivatives receipts	10 132	8 498	1 634	–	–
Total inflows[1]	**20 864**	**19 002**	**1 648**	**37**	**177**
Net cash flows, total[2]	**-10 323**	**10 208**	**-13 538**	**-1 496**	**-5 497**

1 Refers to gross cash flows excluding cash and bank.
2 Variable rate cash flows have been estimated using the relevant yield curve as of the balance sheet date.

Hedging reserve as per December 31, 2023 and 2022

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, 2023	7	–	-15	-8	1	-7
Change in fair value of hedging instrument recognized in other comprehensive income	1	–	-7	**-6**	2	**-4**
Reclassified from other comprehensive income to profit or loss	–	–	15	**15**	-3	**12**
Closing balance December 31, 2023	**8**	**–**	**-7**	**1**	**0**	**1**
Opening balance January 1, 2022	15	0	25	40	-9	31
Change in fair value of hedging instrument recognized in other comprehensive income	-8	–	-163	**-171**	37	**-134**
Reclassified from other comprehensive income to profit or loss	–	–	123	**123**	-27	**96**
Closing balance December 31, 2022	**7**	**–**	**-15**	**-8**	**1**	**-7**

Revaluation of financial instruments

MSEK	2023	2022
Recognized in the statement of income		
Fair value adjustment to hedged item in fair value hedge	-311	721
Fair value adjustment to hedging instrument in fair value hedge	311	-721
Other financial income and expenses[1,2]	-1	-1
Deferred tax	–	–
Impact on net income for the year	**-1**	**-1**
Recognized via hedging reserve in other comprehensive income		
Transfer to cash flow hedging reserve before tax	-22	-148
Transfer to cost of hedging reserve before tax	1	-8
Deferred tax on transfer to hedging reserve	4	32
Transfer to hedging reserve net of tax	**-17**	**-124**
Transfer to statement of income before tax	31	108
Deferred tax on transfer to statement of income	-6	-22
Transfer to statement of income net of tax	**25**	**86**
Change of cash flow hedging reserve before tax	9	-40
Change of cost of hedging reserve before tax	1	-8
Total change of hedging reserve before tax[3]	**10**	**-48**
Deferred tax on total change of hedging reserve[3]	-2	10
Total change of hedging reserve net of tax	**8**	**-38**
Total impact on shareholders' equity as specified above		
Total revaluation before tax[4]	10	-49
Deferred tax on total revaluation[4]	-2	10
Total revaluation after tax	**8**	**-39**

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	2023	2022
Interest-bearing financial non-current assets		
Cash flow hedges[1]	129	136
Other derivative positions[1]	7	6
Total derivatives included in interest-bearing financial non-current assets	**136**	**142**
Interest-bearing current receivables from subsidiaries		
Other derivative positions[2]	0	2
Total derivatives included in interest-bearing current receivables from subsidiaries	**0**	**2**
Other interest-bearing current assets		
Other derivative positions[1,2]	65	24
Total derivatives included in other interest-bearing current assets	**65**	**24**
Long-term loan liabilities		
Fair value hedges[1]	-739	-1 168
Total derivatives included in long-term loan liabilities	**-739**	**-1 168**
Other short-term loan liabilities		
Fair value hedges[1]	-10	–
Other derivative positions[2]	-37	-39
Total derivatives included in other short-term loan liabilities	**-47**	**-39**

1 Cross currency interest rate swaps are split into different components, of which some elements are positive when the overall fair value is negative.
2 Related to financial assets/liabilities at fair value through profit or loss.

Fair value – Hierarchy as per December 31, 2023 and 2022

	Quoted market prices		Valuation techniques using observable market data		Valuation techniques using non-observable market data		Total	
MSEK	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value through profit or loss	–	–	65	26	–	–	**65**	**26**
Financial liabilities at fair value through profit or loss	–	–	-37	-39	–	–	**-37**	**-39**
Derivatives designated for hedging with positive fair value	–	–	136	142	–	–	**136**	**142**
Derivatives designated for hedging with negative fair value	–	–	-749	-1 168	–	–	**-749**	**-1 168**

Liabilities from financing activities 2023 and 2022

			Non-cash changes			
MSEK	Opening balance Jan 1	Cash flows[1]	Reclassification	Other changes	Translation differences	Closing balance Dec 31
2023						
Long-term borrowings	17 527	786	-8 902	-423	54	**9 042**
Short-term borrowings	9 790	2 365	8 902	346	-142	**21 261**
Derivative assets held to hedge external borrowings	–	–	–	–	–	–
Total	**27 317**	**3 151**	**–**	**-77**	**-88**	**30 303**
2022						
Long-term borrowings	12 199	5 030	-950	771	477	**17 527**
Short-term borrowings	7 235	600	950	1 172	-167	**9 790**
Derivative assets held to hedge external borrowings	-349	–	–	349	–	–
Total	**19 085**	**5 630**	**–**	**2 292**	**310**	**27 317**

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	2023	2022
EY		
Audit assignments	10	10
Additional audit assignments	2	1
Tax assignments	–	–
Other assignments	1	8
Total EY	**13**	**19**
Other auditors		
Audit assignments	–	–
Additional audit assignments	–	–
Tax assignments	3	2
Other assignments	–	–
Total Other auditors	**3**	**2**
Total audit fees and reimbursements	**16**	**21**

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 services mainly comprise audit-related services in connection with prospectuses (2022), process reviews and business acquisitions.

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		Men		Total	
	2023	2022	2023	2022	2023	2022
Board of Directors	4	3	5	5	9	8
President	–	–	1	1	1	1
Other employees, Sweden	51	46	35	33	86	79

Staff costs

	2023			2022			Of which bonuses	
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2023	2022
Board of Directors and President[1]	45	20	(5)	51	21	(5)	16	24
Other employees	152	96	(26)	168	96	(26)	33	51
Total	**197**	**116**	**(31)**	**219**	**117**	**(31)**	**49**	**75**

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	2023	2022
Realized loss, shares in subsidiaries[1]	-320	-76
Impairment losses/reversal of impairment losses, other financial assets	1	2
Exchange rate differences, net	24	-499
Bank costs and similar income/expense items	-17	-52
Revaluation of financial instruments	-1	-1
Total other financial income and expenses, net	**-313**	**-626**

1 Related to Securitas Argentina SA 2023. Related to Securitas BH d.o.o 2022.

Note 48
Taxes

Statement of income

Tax expense

MSEK	2023	2022
Tax on income before taxes		
Current taxes	-111	-4
Deferred taxes	-78	19
Total tax expense	**-189**	**15**

The Swedish corporate tax rate was 20.6 percent (20.6).

Difference between statutory Swedish tax rate and actual tax expense for the Parent Company

MSEK	2023	2022
Income before taxes according to the statement of income	**10 383**	**10 893**
Tax based on Swedish tax rate	-2 139	-2 244
Tax related to previous years/foreign withholding tax	4	-4
Tax related to non-taxable income	2 138	2 290
Tax related to non-deductible expenses	-192	-27
Actual tax expense	**-189**	**15**

Tax related to non-taxable income in 2023 and 2022 mainly relates to dividends from subsidiaries. Tax related to non-deductible expenses in 2023 and 2022 mainly relates to sales of shares in subsidiaries.

Write-down of deferred tax on taxable reversal of negative interest net has been recognized as they are deemed less likely to be utilized within the timeframe.

Other comprehensive income

Tax on other comprehensive income

MSEK	2023	2022
Deferred tax on cash flow hedges	-2	8
Deferred tax on cost of hedging	0	2
Deferred tax on other comprehensive income	**-2**	**10**

Balance sheet

Deferred tax assets are attributable to employee-related liabilities.

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0) as of December 31, 2023.

Note 49
Intangible assets[1]

MSEK	2023	2022
Opening balance	89	88
Capital expenditures	–	1
Write-offs	-1	–
Closing accumulated balance	**88**	**89**
Opening amortization	-72	-70
Amortization for the year	0	-2
Write-offs	0	–
Closing accumulated amortization	**-72**	**-72**
Closing residual value	**16**	**17**

1 Net book value 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	2023	2022
Opening balance	56	16
Capital expenditures	0	40
Closing accumulated balance	**56**	**56**
Opening depreciation	-19	-16
Depreciation for the year	-4	-3
Closing accumulated depreciation	**-23**	**-19**
Closing residual value	**33**	**37**

Note 51
Shares in subsidiaries[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares 2023	% of share capital/ voting rights 2023	Book value 2023, MSEK	Book value 2022, MSEK
Grupo Securitas Mexico S.A de C.V[2]	GSM930817U48	Monterrey	23 499	99.98	66	66
Protectas S.A.	CH-550-0084385-3	Lausanne	50 000	100	33	33
Securitas Argentina S.A.[3]	1587929	Buenos Aires	–	–	–	2
Securitas Airport Security d.o.o.	081555405	Zagreb	–	100	0	–
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	100	292	292
Securitas Aviation d.o.o.	080689871	Zagreb	1	100	1	1
Securitas Biztonsági Szolgáltatások Magyarország Kft	Cg.01-09-721946	Budapest	–	100	22	22
Securitas Canada Ltd	454437-4	Toronto	4 004	100	674	674
Securitas ČR sro	43872026	Prague	–	100	186	186
Securitas Europe Holding AB	556248-3627	Stockholm	1 000 000	100	19 389	19 389
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	1	0
Securitas Group Reinsurance DAC	317030	Dublin	2 000 000	100	576	576
Securitas Holding GmbH	HRB 33348	Düsseldorf	1	100	2 572	2 572
Securitas Holdings Inc.	95-4754543	Parsippany	100	100	11 576	11 684
Securitas Hrvatska d.o.o	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	229	229
Securitas NV[5]	0427.388.334	Brussels	8 238	99.90	942	942
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	149	147
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	1 156	1 156
Securitas Services International BV	33287487	Amsterdam	25 000	100	3 022	3 022
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	Bratislava	–	100	33	33
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					**63 933**	**64 040**

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. were held by Securitas Seguridad Holding SL. The company was divested in 2023.

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.

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

Change analysis of shares in subsidiaries

MSEK	2023	2022
Opening balance	64 040	44 932
Acquisitions[1]	0	4 548
Capital contributions	305	18 864
Divestitures[2]	-304	-4 634
Liquidations[3]	–	0
Revaluation[4]	-108	330
Closing balance	**63 933**	**64 040**

1 2023 relates to incorporation of Securitas Airport Security doo. 2022 relates to intra-group acquisition of Securitas France Holding SA received by dividend.
2 Divesture 2023 Securitas Argentina S.A to an external part. Divesture 2022 of Securitas France Holding SA to Securitas Europe Holding AB and Securitas BH d.o.o. externally.
3 Liquidation 2022 Securitas Toolbox Ltd.
4 Revaluation 2023 of Securitas Holding Inc. Revaluation 2022 of Securitas Holding Inc.

Note 52
Shares in associated companies

Holdings 2023 and 2022

Company	Domicile	Share in equity, %	Voting rights, %	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	49	49	112
Holdings 2023				**112**
Walsons Services Pvt Ltd	Delhi	49	49	112
Holdings 2022				**112**

Note 53
Prepaid expenses and accrued income

MSEK	2023	2022
Prepaid software licenses and support costs	2	2
Prepaid insurance premiums	2	2
Other prepaid expenses	57	5
Total prepaid expenses and accrued income	**61**	**9**

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.

Note 55
Shareholders' equity

Number of shares and share capital December 31, 2023

	Number of shares	Share capital, MSEK
Series A	26 938 371	27
Series B	546 454 181	546
Number of shares/total share capital	**573 392 552**	**573**
Less: Treasury shares	-475 000	–
Number of shares outstanding[1]	**572 917 552**	**–**

1 The quota value is SEK 1.00 per share.

The number of Series A shares and B shares is unchanged in relation to December 31, 2022. As of December 31, 2023 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 5.0 percent of the capital and 11.3 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 2024.

Earnings in the Parent Company available for distribution

	MSEK[1]
Hedging reserve	1
Share premium reserve	9 304
Retained earnings	29 225
Net income for the year[2]	10 194
Total	**48 724**

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

	MSEK[1]
a dividend to the shareholders of SEK 3.80 per share[3]	2 177
retained earnings to be carried forward[3]	46 547
Total	**48 724**

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 889.
3 Calculated on the number of shares outstanding as per February 7, 2024. Excluding 475 000 treasury shares.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2023	2022
Swap agreement[1,2]	–	-134
Redemption of previous year's swap agreement[1]	134	159
Share-based remuneration to employees[3]	–	5
Settlement of previous year's share-based remuneration to employees[3]	-5	-2
Non-vested shares	5	–
Total short-term incentive schemes	**134**	**28**
Share-based remuneration to employees[4]	52	48
Settlement of share-based remuneration to employees	-33	-20
Total long-term incentive schemes	**19**	**28**
Total impact on retained earnings	**153**	**56**

1 Related to the whole Group's short-term share-based incentive scheme.
2 The short-term share-based incentive scheme was discontinued after the financial year 2021. No further variable compensation has thus been earned during the financial year 2022 for this scheme. The number of shares that have been hedged in this swap agreement amounts to a total of 1 201 467 and have been allotted to the participants during 2023, provided that they were still employed by the Group at that time.
3 Related to share-based remuneration for Securitas AB's employees only.
4 The cost for LTI 2021/2023 amounts to MSEK 9 while the costs for LTI 2022/2024 is MSEK 12 and the cost for LTI 2023/2025 is MSEK 31.

Note 56
Untaxed reserves

MSEK	2023	2022
Accumulated depreciation and amortization in excess of plan	17	17
Tax allocation reserve	554	554
Total untaxed reserves	**571**	**571**

Note 57
Long-term liabilities

Long-term liabilities fall due for payment as follows

MSEK	2023	2022
Maturity < 5 years	8 326	13 703
Maturity > 5 years	946	4 045
Total long-term liabilities	**9 272**	**17 748**

Note 58
Accrued expenses and prepaid income

MSEK	2023	2022
Employee-related items	77	103
Accrued interest expenses	324	160
Other accrued expenses	46	46
Total accrued expenses and prepaid income	**447**	**309**

Note 59
Pledged assets

MSEK	2023	2022
Pension balances, defined contribution plans	195	190
Total pledged assets	**195**	**190**

Note 60
Contingent liabilities

MSEK	2023	2022
Guarantees	–	–
Guarantees related to discontinued operations	16	16
Total contingent liabilities[1]	**16**	**16**

1 Guarantees on behalf of subsidiaries are disclosed in note 43. There are no guarantees on behalf of associated companies.

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 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 2023. 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 8, 2024.

Stockholm, March 26, 2024

Jan Svensson
Chair

Åsa Bergman
Director

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 26, 2024
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 2023. The annual accounts and consolidated accounts of the Company are included on pages 50-126 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, 2023 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, 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards), 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 57 256 in the Company’s balance sheet as of December 31, 2023, corresponding to 49% 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 Company’s accounting principles, significant estimates and assumptions are described in Note 2 and Note 4. Information related to goodwill and testing of impairment is presented 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. We 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 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.

Business acquisition STANLEY Security

Description	How our audit addressed this key audit matter
During the 2023 financial year, the Company completed fair value measurement of the assets acquired and the liabilities assumed, as a result of the acquisition of the STANLEY Security in 2022, and the related allocation of these values in accordance with accounting standard IFRS 3 - Business Combinations. The completion of the process to measure assets and liabilities at fair value has resulted in a decrease in net assets acquired of MSEK 2 139, with an increase in goodwill by the corresponding amount. Since the process of identifying and valuing assets and liabilities in the purchase price allocation involves assessments and complex valuation models, we have assessed the accounting for business combinations as a key audit matter in our audit. Disclosures related to the Company's accounting principles, significant estimates and assumptions are described in Note 2 and Note 4. Information related to the acquisition is presented in Note 17.	In the audit, we have evaluated the Company's process for accounting for business combinations. We have audited the purchase price allocation and reconciled the presented information against supporting documentation. We have also performed audit procedures on the opening balances as of the acquisition date. We have evaluated the applied valuation models as well as the material assumptions used in the purchase price allocation. We have evaluated whether the applied valuation models are consistent with established valuation models that are usually used in connection with purchase price allocations. Finally, 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 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 Company'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 worldwide, 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 Company's accounting principles, significant estimates and judgements is provided in Note 2 and Note 4. Information relating to income taxes is presented in Note 16.	We have evaluated the Company'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. Finally, 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 1–49 and 132–153. The other information also consists of the remuneration report that will be obtained after the date of this audit report. The Board of Directors and the President and CEO 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 President and CEO

The Board of Directors and the President and CEO 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 President and CEO 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 President and CEO 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 President and CEO 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 President and CEO.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO'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 President and CEO of Securitas AB (publ) for the year 2023 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 President and CEO 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.

Responsibilities of the Board of Directors and the President and CEO

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 President and CEO 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 President and CEO 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

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the President and CEO 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 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report 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 President and CEO

The Board of Directors and the President and CEO 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 President and CEO 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 ISQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable 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 President and CEO, 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 President and CEO.

The procedures mainly include a validation that the ESEF report has been prepared in a valid XHTML format 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 consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF regulation.

Ernst & Young AB, with Rickard Andersson as auditor–in charge, Hamngatan 26, 111 47 Stockholm, was appointed auditor of Securitas AB by the general meeting of the shareholders on the May 4, 2023 and has been the Company's auditor since the May 5, 2021.

Stockholm March 26, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Quarterly data

Statement of income 2023[1]

MSEK	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Sales	33 519	35 517	39 235	39 541
Sales, acquired business	4 232	4 392	812	1
Total sales	**37 751**	**39 909**	**40 047**	**39 542**
Organic sales growth, %	*12*	*11*	*8*	*6*
Production expenses	-30 166	-31 853	-31 782	-31 322
Gross income	**7 585**	**8 056**	**8 265**	**8 220**
Selling and administrative expenses	-5 430	-5 469	-5 533	-5 572
Other operating income	14	16	18	16
Share in income of associated companies	11	17	14	19
Operating income before amortization	**2 180**	**2 620**	**2 764**	**2 683**
Operating margin, %	*5.8*	*6.6*	*6.9*	*6.8*
Amortization of acquisition-related intangible assets	-154	-157	-157	-152
Acquisition-related costs	-1	-2	-4	-3
Items affecting comparability	-281	-311	-3 673	-404
Operating income after amortization	**1 744**	**2 150**	**-1 070**	**2 124**
Financial income and expenses	-428	-541	-518	-628
Income before taxes	**1 316**	**1 609**	**-1 588**	**1 496**
Net margin, %	*3.5*	*4.0*	*-4.0*	*3.8*
Current taxes	-378	-438	-353	-383
Deferred taxes	25	7	-112	96
Net income for the period	**963**	**1 178**	**-2 053**	**1 209**
Whereof attributable to:				
Equity holders of the Parent Company	953	1 175	-2 052	1 209
Non-controlling interests	10	3	-1	0
Earnings per share before and after dilution (SEK)[2]	1.66	2.05	-3.58	2.11
Earnings per share before and after dilution and before items affecting comparability (SEK)[2]	2.03	2.46	2.66	2.44

Statement of cash flow 2023[1]

MSEK	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating income before amortization	**2 180**	**2 620**	**2 764**	**2 683**
Investments in non-current tangible and intangible assets	-947	-1 119	-1 076	-972
Reversal of depreciation	878	895	942	841
Change in accounts receivable	-609	-1 283	-768	739
Change in other operating capital employed	-1 315	86	472	1 174
Cash flow from operating activities	**187**	**1 199**	**2 334**	**4 465**
Cash flow from operating activities, %	*9*	*46*	*84*	*166*
Financial income and expenses paid	-518	-354	-607	-420
Current taxes paid	-296	-303	-202	-547
Free cash flow	**-627**	**542**	**1 525**	**3 498**
Free cash flow, %	*-46*	*33*	*81*	*209*
Cash flow from investing activities, acquisitions and divestitures	-5	-23	-124	-18
Cash flow from items affecting comparability	-336	-344	-358	-365
Cash flow from financing activities	22	-92	-1 383	-139
Cash flow for the period	**-946**	**83**	**-340**	**2 976**

Capital employed and financing 2023[1]

MSEK	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Operating capital employed	**20 316**	**21 147**	**18 817**	**16 618**
Operating capital employed as % of sales	*13*	*13*	*12*	*11*
Return on operating capital employed, %	*39*	*42*	*29*	*32*
Goodwill	51 062	53 034	55 009	50 916
Acquisition-related intangible assets	7 008	7 069	6 970	6 340
Shares in associated companies	400	433	442	354
Capital employed	**78 786**	**81 683**	**81 238**	**74 228**
Return on capital employed, %	*10*	*10*	*7*	*8*
Net debt	**-41 308**	**-43 779**	**-42 579**	**-37 530**
Shareholders' equity	**37 478**	**37 904**	**38 659**	**36 698**
Net debt equity ratio, multiple	1.10	1.15	1.10	1.02

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2022[1]

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Sales	28 453	30 389	32 531	33 571
Sales, acquired business	145	146	3 482	4 520
Total sales	**28 598**	**30 535**	**36 013**	**38 091**
Organic sales growth, %	*4*	*6*	*7*	*9*
Production expenses	-23 445	-24 845	-28 646	-30 188
Gross income	**5 153**	**5 690**	**7 367**	**7 903**
Selling and administrative expenses	-3 722	-3 955	-5 065	-5 440
Other operating income	12	12	14	14
Share in income of associated companies	9	13	14	14
Operating income before amortization	**1 452**	**1 760**	**2 330**	**2 491**
Operating margin, %	*5.1*	*5.8*	*6.5*	*6.5*
Amortization of acquisition-related intangible assets	-61	-61	-137	-155
Acquisition-related costs	-10	-15	-20	-4
Items affecting comparability	-134	-226	-414	-312
Operating income after amortization	**1 247**	**1 458**	**1 759**	**2 020**
Financial income and expenses	-95	-61	-266	-336
Income before taxes	**1 152**	**1 397**	**1 493**	**1 684**
Net margin, %	*4.0*	*4.6*	*4.1*	*4.4*
Current taxes	-302	-418	-409	-169
Deferred taxes	-9	41	-3	-141
Net income for the period	**841**	**1 020**	**1 081**	**1 374**
Whereof attributable to:				
Equity holders of the Parent Company	839	1 019	1 079	1 373
Non-controlling interests	2	1	2	1
Earnings per share before and after dilution (SEK)[2]	1.91	2.32	2.46	2.47
Earnings per share before and after dilution and before items affecting comparability (SEK)[2]	2.14	2.77	3.24	2.63

Statement of cash flow 2022[1]

MSEK	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Operating income before amortization	**1 452**	**1 760**	**2 330**	**2 491**
Investments in non-current tangible and intangible assets	-727	-861	-968	-1 011
Reversal of depreciation	684	710	851	875
Change in accounts receivable	-448	-873	185	-807
Change in other operating capital employed	-1 090	191	449	527
Cash flow from operating activities	**-129**	**927**	**2 847**	**2 075**
Cash flow from operating activities, %	*-9*	*53*	*122*	*83*
Financial income and expenses paid	-236	-37	-141	-243
Current taxes paid	-322	-394	-268	-657
Free cash flow	**-687**	**496**	**2 438**	**1 175**
Free cash flow, %	*-65*	*39*	*147*	*59*
Cash flow from investing activities, acquisitions and divestitures	-7	-31	-32 267	31
Cash flow from items affecting comparability	-267	-241	-297	-366
Cash flow from financing activities	-197	-646	32 401	-165
Cash flow for the period	**-1 158**	**-422**	**2 275**	**675**

Capital employed and financing 2022[1]

MSEK	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Operating capital employed	**12 177**	**14 050**	**19 193**	**18 377**
Operating capital employed as % of sales	*11*	*12*	*14*	*13*
Return on operating capital employed, %	*48*	*47*	*42*	*49*
Goodwill	23 877	25 832	51 935	51 021
Acquisition-related intangible assets	1 708	1 801	7 601	7 180
Shares in associated companies	351	378	417	394
Capital employed	**38 113**	**42 061**	**79 146**	**76 972**
Return on capital employed, %	*14*	*13*	*8*	*9*
Net debt	**-16 059**	**-18 409**	**-52 113**	**-40 534**
Shareholders' equity	**22 054**	**23 652**	**27 033**	**36 438**
Net debt equity ratio, multiple	0.73	0.78	1.93	1.11

1 For definitions and calculation of key ratios refer to note 3.
2 Number of shares outstanding has been adjusted for the rights issue completed on October 11, 2022.

Sustainability notes

About this report

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards for the period January 1 – December 31, 2023. The report also highlights how our priorities reflect the Ten Principles of the UN Global Compact with respect to labor and human rights, the environment and anti-corruption. The 2022 sustainability report was published on March 30, 2023. We aim to publish a report on an annual basis. Unless otherwise noted, the report pertains to the 2023 calendar year and encompasses all companies within the Securitas Group. Wherever possible, the baseline for the report data is 2022. Information in compliance with the Swedish legal requirements on sustainability reporting is found on pages 6-7, 12-14, 25-31 and 135-148. Securitas' business model is found on page 26. For more information, contact: Sune Chabert Larsen, Chief Ethics and Sustainability Officer, sune.chabert-larsen@securitas.com

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. Positive and negative impacts that Securitas has across the entire value chain is also shown in the Net impact model on page 26.

In 2023, we started a stakeholder engagement process as part of the double materiality assessment (DMA) required by EU's Corporate Sustainability Reporting Directive. Based on their potential impacts on the economy, environment and people we created a list of topics that are included in the materiality analysis. From the gross list, six topics have been identified as material. Topics that are important but not considered material include political contributions and lobbying activities, local community involvement and sustainable risk management.

So far, the DMA has confirmed that he following areas are prioritized for us to work with, measure and follow up on, thereby constituting our material topics:

- Decent working conditions
- Diversity and equal opportunity
- Health and safety
- Capacity building
- Environment
- Compliant business practices

Our material topics

Material aspect for Securitas	GRI Topic
Anti-corruption	205 Anti-corruption
Environment	305 Emissions
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 Sustainability Council executes on the Group's sustainability strategy, follows up on the divisions' and functions' progress on sustainability initiatives to achieve the agreed sustainability targets, and ensures that the sustainability activities contribute to business value. The council consists of two parts. At the top level is the Executive Board, with the divisional presidents and function heads as members and the Group's President and CEO as chairman. The Executive Board is supported by the sustainability leaders from each division/function. The Sustainability Council meets quarterly. The Chief Ethics and Sustainability Officer leads the Group's ongoing sustainability work, and the divisions' sustainability leaders coordinate the sustainability work in their respective countries.

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 always follow.
2. **Employee training:** All Securitas employees undergo training in Securitas' Values and Ethics Code. An in-depth training program is available in over 30 different languages, either as an e-learning course or a classroom training. Relevant employees also receive training in other core policies, such as the anti-bribery and anti-corruption policy.
3. **System for reporting non-compliance:** The Securitas Integrity Line is a Group system used for reporting cases of non-compliance with Securitas'

Values and Ethics Code. All employees 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. Also external parties can file reports in the system.

4. **Risk management:** Securitas' enterprise risk management process includes deciding on the Group's major risk focus areas for the coming years. These are risks that Securitas' Group Management assigns special focus, including regular follow up. Among the major risks are non-compliance in the business ethics area, not being able to increase diversity and inclusion, and not being able to meet environmental targets.
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) Universal Standards. KPIs are tracked and followed up on a regular basis.
6. **Chief Ethics and Sustainability Officer: The Chief Ethics and Sustainability Officer l**eads 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 business in 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. The Code of Conduct outlines the minimum standards for human rights, working conditions, health and safety, business ethics, environmental sustainability and compliance with laws and regulations that Securitas requires its business partners to comply with when doing business with us.

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 have a supplier risk management operating model and workflow and are including third party risk assessment in our GRC (governance, risk, and compliance) system. By being clear about our expectations and processes we not only lower risks, but we also build strong, long-lasting partnerships with our suppliers.

The Securitas supplier diversity program in the US covers tier one and tier two vendors and provides diverse suppliers the chance to participate in our supply chain. The program aims to enhance of the communities we serve by proactively sourcing goods and services from diverse suppliers when possible as it offers opportunities for firms that may not typically be considered due to size, status or competitiveness. The commitment to supplier diversity is integral to the sourcing and procurement processes and aims at developing mutually beneficial business relationships with diverse organizations. Securitas adheres to all federal and state regulations promoting diverse supplier utilization in the US and is a corporate member of Women's Business Enterprise National Council.

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), the British Security Industry Association 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

Sustainability ratings (main)

- Net Impact (Upright Project)
- MSCI
- Sustainalytics

Supplier rating systems and reporting

- EcoVadis
- CDP

Management approach

Anti-corruption

Securitas has operations in 43 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 asked to create their own detailed policies and procedures for gifts and entertainment to ensure that rules are clear to all employees.

The business ethics compliance function is a Group function whose scope is anti-bribery and anti-corruption, fair competition and anti-trust, and data privacy risks, as well as the Group's whistleblower system and supply chain risk management framework. The compliance program outlining all relevant risks and control objectives and activities to be undertaken by the business has been updated and strengthened. On-site workshops have been carried out in 42 out of 44 markets during 2022 and 2023 to build awareness, assess risks and controls, and agree on action plans to close identified gaps.

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 employees must complete the e-learning course in Anti-bribery and corruption, financial misconduct and conflict of interest. In 2023, 82 percent of the relevant managers and administrative staff completed the course. Completion levels are followed closely in all divisions.

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. Also external parties, for example business partners, can report in Securitas Integrity Line.

Environment

In December 2023, Securitas' environmental target was validated by the Science Based Targets initiative's (SBTi). Securitas has committed to reduce absolute scope 1, 2, and 3 greenhouse gas emissions with 42 percent by 2030 from a 2022 base year. This ambitious target aligns with the 1.5-degree goal set by the Paris Agreement. We have reported our CO2 emissions through CDP for many years and have now increased the reporting to cover all relevant categories in scope 3. The security industry is not one of the larger emitters, but we still want to be part of the solution and contribute to make our world a more sustainable place.

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 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.

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 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 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 2023, we launched our first global employee engagement survey. Since having engaged employees and being an inclusive and equitable employer is central to us, we put special emphasis on questions concerning engagement, equal opportunity, inclusive culture, and inclusive leadership.

In 2023, the average number of training hours per employee was 31.2.

Occupational health and safety

Securitas' Group Health and Safety policy sets out the framework for our H&S work. It is based on the ISO 45001 methodology, including risk assessments, training, reporting of all injuries and incidents, root-cause analysis, follow-ups, and clear responsibility. The health and safety – both physical and mental – of our people is a priority. We have a target to reduce the Group injury rate by five percent annually, but our most important health and safety work is preventing accidents and incidents from happening in the first place. Most of the sites where our frontline employees work are located in our clients' premises and we work closely together with the clients to mitigate H&S risks and hazards.

Securitas makes extensive efforts to ensure the health and safety of both our frontline employees and the individuals they must, from time to time, act against. Most of our frontline employees are trained in first-aid, 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. A small share of our frontline personnel 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 24 countries (56 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.

Labor practices and human rights

Securitas is the employer of 341 000 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. We also want to be an attractive choice for potential and future employees.

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 and 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.

As a leading player in the security market, it is important that we have 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. To Securitas, human rights are closely linked to our people: sound working conditions, solid occupational health and safety processes, non-discrimination and good relations with unions and employee representatives. Our human rights due diligence work follows the principles in the UN Guiding Principles on Business and Human Rights, and the OECD Due diligence guidance for responsible business conduct. In addition, Securitas' local entities follow local legislation, such as the Corporate duty of vigilance law in France and the Transparency act in Norway. Securitas' Group human rights policy ensures, together with other key policies such as Securitas Values and Ethics Code and the Business partner Code of conduct, that all entities work actively with human rights risks. We continue to strengthen our processes. The first step was to carry out risk assessments relating to our business activities, geographies, client sectors and the supply chain. In 2023, we carried out due diligence activities in one country .

Securitas does not employ or accept any form of child labor, or forced or bonded labor. In the countries where the Group operates, there are regulations regarding who can work as a security guard or do other frontline security work, including age limits. Licenses for security officers are not given to people under the age of 18. An employee's age is also verified 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.

Human rights are included in the mandatory training in Securitas' Values and Ethics Code. Relevant employees in the organization will receive more in-depth training. The Group's different reporting channels may be used for reporting also of non-compliance with human rights.

Diversity and inclusion

Securitas is a people business, and we must make sure we are using this resource responsibly. We have invested in initiatives and processes to support our people, including the creation of a Group-wide diversity, equity and inclusion (DE&I) strategy, which is reflected in our three-year DE&I divisional plans. To support this work, we also have a mandatory e-learning course on inclusion and unconscious bias for all employees globally. These efforts continue to raise awareness about equitable treatment and offer strategies on how each and every one of us can support this important work.

During 2023, we rolled out our employee engagement survey, which will provide an employee net promoter score (eNPS) and inclusion index, two key KPIs that we will follow to measure employee engagement and inclusion. Other activities include developing global recruitment guidelines, looking into the requirements for certain job roles and developing a people promise.

We have set a target that the share of female managers at all levels should be over 20 percent by the end of 2025. In 2023, the share of female managers was 25 percent, on average. The current diversity target is 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 client approvals, 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.

EU taxonomy regulation 2023

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, the EU Taxonomy Climate Delegated Act (EU) 2021/2139) and the EU Taxonomy Disclosures Delegated Act (EU) 2021/2178.

In 2021, Securitas AB 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. We do a similar analysis each year, and in 2023 it showed that Securitas did not have any capital expenditure and operating expenditure (0 percent) related to assets or processes associated with Taxonomy-eligible economic activities in the financial year 2023.

The analysis also shows that Securitas does not make any substantial contribution to at least one of the environmental objectives outlined in the Climate Delegated Act, we do no significant harm to any other environmental objective, and we comply with minimum social safeguards. This means that the share of Securitas AB's turnover, capital expenditure and operating expenditure that relate to the environmentally sustainable economic activities that align with the EU Taxonomy criteria defined in the Climate Delegated Act, is 0 percent. Securitas has followed the instructions in the EU Commission Delegated Regulation (EU) 2021/2178 regarding how to calculate the denominators for CapEx and OpEx. CapEx data is included in notes 18-22 on pages 99–101. OpEx data is included in note 20 (note 2) and note 21 on pages 100–101.

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria									
Economic activities	Code	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) turnover, 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%		
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
Of which transitional		0	0%	N/EL						-	-	-	-	-	-	Y	0%		N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%	N/EL	
Turnover of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL										
B. Taxonomy non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		157 249	100%																
TOTAL		**157 249**	**100%**																

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria									
Economic activities	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
CapEx of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
Of which transitional		0	0%	N/EL						-	-	-	-	-	-	Y	0%		N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%		N/EL	N/EL	N/EL	N/EL	N/EL								0%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**		N/EL	N/EL	N/EL	N/EL	N/EL										
B. Taxonomy non-eligible activities																			
CapEx of Taxonomy-non-eligible activities		3 890	100%																
TOTAL		**3 890**	**100%**																

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria									
Economic activities	Code	OpEx	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022	Category (enabling activity)	Category (transitional activity)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
OpEx of environmentally sustainable activities (Taxonomy-aligned activities) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
Of which enabling		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	Y	0%	N/EL	
Of which transitional		0	0%	N/EL						-	-	-	-	-	-	Y	0%		N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		**0**	**0%**	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								**0%**		
B. Taxonomy non-eligible activities																			
OpEx of Taxonomy-non-eligible activities		413	100%																
TOTAL		**413**	**100%**																

Securitas' net impact

In 2021, Securitas was rated for the first time according to 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 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, 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 to maximize its wellbeing. This can be compared to more traditional ESG 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 26.

Key figures

Number of employees per business segment[1]

	2023	% of total	2022	% of total	2021	% of total
Securitas North America	99 000	29	121 000	34	113 000	33
Securitas Europe	123 000	36	123 000	34	120 000	35
Securitas Ibero-America	50 000	15	59 000	17	59 000	17
Other	69 000	20	55 000	15	53 000	15
Total	**341 000**	**100**	**358 000**	**100**	**345 000**	**100**

1 Includes India and Vietnam but not the divested business Argentina. Other in 2023 inludes Securitas Critical Infrastructure with 11 000 employees (moved from Securitas North America).

Salaries and benefits per business segment[1]

MSEK	2023	% of total	2022	% of total	2021	% of total
Securitas North America	43 424	38	37 879	38	36 881	44
Securitas Europe	47 856	42	40 110	40	35 047	42
Securitas Ibero-America	11 841	10	11 161	11	9 394	11
Other[2]	11 267	10	10 850	11	2 310	3
Total	**114 388**	**100**	**100 000**	**100**	**83 632**	**100**

1 Does not include India and Vietnam, includes the diversted entity in Argentina.
2 As of the third quarter 2023, the Critical Infrastructure Services business unit has been moved from the business segment Securitas North America into Other. Comparatives have been restated (missing for 2021).

Gender distribution, average number of yearly employees

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees[1]	210 543	68 936	279 479	219 199	67 641	286 840	217 434	64 852	282 286
Percentage of employees	75	25	100	76	24	100	77	23	100

1 Does not include India and Vietnam, includes the divested business in Argentina.

Gender distribution, Board of Directors

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of Board members[1]	5	4	9	5	3	8	5	3	8
Percentage of Board members	56	44	100	62	38	100	62	38	100

1 Excluding employee representatives.

Share of employees covered by collective bargaining agreements, %

	2023	2022	2021
Share of employees covered by collective bargaining agreements	58	59	58

Employee turnover, %

	2023	2022	2021
Employee turnover[1]	47	47	43

1 Does not include India and Vietnam.

Employee turnover is calculated as teminations as a percentage of actual number of employees at the start of the period. Terminations include terminations due to employee and employer decision, but not due to client decision or retirement/death.

New employees (number)

	2023	2022	2021
Actual number[1]	152 059	160 174	141 309
% of average number of yearly employees	54	56	50

1 Does not include India and Vietnam, includes the divested business in Argentina.

New employees – age group and gender in relation to total new employees, %

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30 years	39	15	54	35	16	51	36	14	50
30–50 years	25	10	35	26	11	37	29	9	38
Over 50 years	8	3	11	9	3	12	9	3	12
Total	**72**	**28**	**100**	**70**	**30**	**100**	**74**	**26**	**100**

Share of employees with full-time and part-time employment, respectively, %

	2023	2022	2021
Full-time	85	86	86
Part-time	15	14	14
	100	**100**	**100**

Split per gender, %

	2023	2022	2021
Full-time, men	66	67	68
Full-time, women	19	19	18
Part-time, men	11	10	10
Part-time, women	4	4	4
	100	**100**	**100**

Share of employees with permanent and temporary work contracts, respectively, %

	2023	2022	2021
Permanent	94	93	93
Temporary	6	7	7
	100	**100**	**100**

Split per gender, %

	2023	2022	2021
Permanent employees, men	72	72	73
Permanent employees, women	22	21	20
Temporary employees, men	5	5	5
Temporary employees, women	1	2	2
	100	**100**	**100**

Workforce split on employment category

	2023			2022			2021		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers/office personnel	11 845	6 488	18 333	11 793	6 778	18 571	12 760	6 733	19 493
Security officers/fronline workers	250 855	72 899	323 754	255 743	72 837	328 580	255 413	67 933	323 346
Total[1]	**262 700**	**79 387**	**342 087**	**267 536**	**79 615**	**347 151**	**268 173**	**74 666**	**342 839**

1 The difference compared with total number of employees is explained by differences in accounting methods in certain reporting entities.

Managers, split on gender

	Men	Men, %	Women	Women, %	Total
Group management	10	77	3	23	13
Divisional presidents	5	100	0	0	5
Country presidents	48	84	9	16	57
Area managers	229	88	31	12	260
Branch managers	1 353	86	224	14	1 577
Other managers	6 027	73	2 272	27	8 299
All managers	**7 672**	**75**	**2 539**	**25**	**10 211**

Countries of operation with formal health and safety committees

	2023	2022	2021
Number of countries with formal health and safety committees	36	36	40
% of total number of countries	84	82	87

Work-related injuries

	2023	2022	2021
Total hours worked	645 427 462	658 992 241	658 715 773
Actual number of work-related injuries	5 539	5 235	5 434
Injury rate (200 000 hours)	1.7	1.6	1.6
Injury rate (1 000 000 hours)	8.6	8.0	8.2
Actual number of lost-time injuries	4 082	4 183	3 271
Lost-time injury frequency rate (LTIFR; 200 000 hours)	1.3	1.3	1.0
Lost-time injury frequency rate (LTIFR; 1 000 000 hours)	6.3	6.3	5.0
Actual number of work-related fatalities	2	1	4

Causes, work-related fatalities

	2023	2022	2021
Traffic accident	1	0	2
Assault	0	0	1
Accidental fall	0	1	1
Crushing accident	1	0	0
	2	**1**	**4**

Work-related fatalities 2023 per country

	Traffic accident	Crushing accident
France	1	0
Serbia	0	1
	1	**1**

Work-related fatalities 2022 per country

	Accidental fall
Romania	1
	1

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**

Training hours

	2023	2022	2021
Total number of hours of training	10 906 023	10 579 899	9 634 641
Average number of hours of training per employee	31.2	30.4	28.1

Training hours, per employment category

	2023	2022	2021
Managers/office staff	354 376	338 849	357 757
Frontline personnel	10 551 647	10 241 050	9 276 884
Total	**10 906 023**	**10 579 899**	**9 634 641**

Training hours, per gender

	2023	2022	2021
Men	8 802 316	8 685 802	8 292 469
Women	2 103 707	1 894 097	1 342 172
Total	**10 906 023**	**10 579 899**	**9 634 641**

Proportion of senior management hired from the local community, %

	2023	2022	2021
Hired from local community	95	97	99
Hired from outside local community	5	3	1
	100	**100**	**100**

Gross direct GHG emissions and indirect market-based GHG emissions in metric tons of CO_2 equivalent (tCO_2e) 2023

	Direct (Scope 1)	%	Indirect (Scope 2)	%	Indirect (Scope 3)	%	Total	%
Securitas North America	45 080	36	6 810	32	586 554	33	638 444	33
Securitas Europe	61 314	48	11 513	54	691 485	39	764 312	40
Securitas Ibero-America	18 496	15	2 221	11	177 082	10	197 799	10
AMEA	1 680	1	741	3	242 668	14	245 089	13
Other	36	0	15	0	71 025	4	71 076	4
Total	**126 606**	**100**	**21 300**	**100**	**1 768 814**	**100**	**1 916 720**	**100**
Change compared to 2021, %	-18.8		-11.9		-13.0		-13.4	
tCO_2 emission per employee (full-time equivalent, FTE)	0.390		0.066		5.444		5.900	

Gross direct GHG emissions and indirect market-based GHG emissions in metric tons of CO_2 equivalent (tCO_2e) 2022

	Direct (Scope 1)	%	Indirect (Scope 2)	%	Indirect (Scope 3)	%	Total	%
Securitas North America	59 171	38	4 075	17	1 106 208	54	1 169 454	53
Securitas Europe	73 877	47	16 739	69	589 963	29	680 579	31
Securitas Ibero-America	20 159	13	1 992	8	175 401	9	197 552	9
AMEA	2 653	2	1 273	5	136 145	7	140 071	6
Other	73	0	102	1	24 613	1	24 788	1
Total	**155 933**	**100**	**24 181**	**100**	**2 032 330**	**100**	**2 212 444**	**100**
Change compared to 2021, %	37.4		-4.3		Not comparable		Not comparable	
tCO_2 emission per employee (full-time equivalent, FTE)	0.483		0.075		6.299		6.858	

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	%
Securitas North America	26 520	24	1 733	7	14 131	23	42 384	21
Securitas Europe	60 360	53	19 746	78	31 654	50	111 760	56
Securitas 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**	**100**	**25 273**	**100**	**63 133**	**100**	**201 898**	**100**
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	

2022 is the base year for the market based emissions, since it is the base year for Securitas' environmental targets, validated by Science Based Targets initiative (SBTi). The emissions reported in the Annual and Sustainability Report 2022 have been restated (see below). In 2023, 44 (46) markets were 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).

The Greenhouse Gas Protocol Corporate Standard is a standard for reporting climate data. The system Sphera has been used as the calculation tool. Operational control is the chosen consolidation approach.
The 2022 emissions have been restated for the following reasons:

After the publication of the Annual and Sustainability Report 2022, additional data was collected in preparation for the submission of Securitas' environmental targets to Science Based Targets initiative (targets validated in December 2023). It was mainly data in all applicable categories in Scope 3. Data from the entities acquired from Stanley Security (July 2022) was included in the data submitted to SBTi. Data from the divested operations in Argentina has been excluded.

For the additional data for Scope 3, categories 11 and 13, assumptions and estimations were applied to energy consumption, lifetime and weight of security equipment sold or leased to our clients, based on the information available at the time. In connection with the 2023 reporting, we had better quality information available. We have restated the 2022 emission calculations with the same estimates and assumptions that were used in the 2023 calculations.

In 2022, Quantis emission factors were used for certain items in Scope 3, category 1 (Purchased goods and services), category 2 (Capital goods) and category 5 (Waste). Since these emission factors have been decommissioned, they were replaced by emission factors from Exiobase. These factors are lower than the Quantis ones, which led to a substantial reduction of the above-mentioned categories, especially in category 1. We therefore applied the Exiobase emission factors also for 2022.

In 2023, we changed sustainability reporting systems from Our Impacts to Sphera. Not all emission factors are the same in the two systems, which led to smaller differences in the 2022 emissions.

Errors in the 2022 scope 1, scope 2 and scope 3 data were discovered in some reporting entities. Corrections have been made.

Company owned and leased vehicles

	2023	2022	2021
Number of vehicles	22 676[1]	16 245	15 948
Whereof Electric	*814*	*571*	*421*
Whereof Plug-in hybrid	*1 506*	*No data*	*No data*

[1] The increase is mainly explained by vehicles in the acquired Stanley Security entities, that were not included in the 2022 reporting, and improved data quality.

Electric cars have increased with 43% compared with 2022.

Subscription to/endsorsement of external declarations, principles, etc.

Country	ISO 9001	ISO 14001	ISO 27001	ISO45001
Austria	■	■	■	■
Belgium	■	■	■	
Croatia	■	■	■	■
Czech Republic	■	■	■	
Denmark	■	■		■
Finland	■	■		■
Germany	■	■	■	
Hungary	■	■	■	
Ireland	■	■		■
Norway	■	■		■
Poland	■		■	
Romania	■	■	■	■
Serbia	■	■	■	■
Slovakia	■			■
Sweden	■	■		
Switzerland	■	■		■
the Netherlands	■	■	■	■
Türkiye	■	■	■	■
UK	■	■	■	■
Chile	■			
Colombia	■	■		■
Ecuador	■			
Peru	■	■		■
Portugal	■	■		■
Spain	■	■	■	■
Uruguay	■			■
Australia	■	■	■	■
China	■			
Hong Kong	■			
India	■	■	■	■
Indonesia	■			■
Singapore	■			■
South Korea	■			■
Thailand	■			
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.

81 percent of all countries of operation conduct regular client satisfaction surveys.

The three key conclusions from surveys conducted in 2023 are:
- Service quality – most clients are satisfied with the service quality
- Proactivity – suggesting solutions
- Communication –clear and transparent

GRI index

GRI 1: Foundation

Securitas AB's sustainability report is prepared according to the Global Reporting Initiative (GRI) Universal Standards. 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.

Unless otherwise stated the data includes data from the associated companies in India and Vietnam but not the entity that was divested in 2023.

Statement of use	Securitas AB has reported in accordance with the GRI Standards for the period January 1–December 31, 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard	No applicable GRI sector standard available

GRI Standard	Disclosure	Page reference	Note	UN Global Compact
Disclosures				
GRI 102: General disclosures	1. The organization and its reporting practices			
	2.1 Organizational details	19-20, 50, 65, 149-150		
	2.2 Entities included in the organization's sustainability reporting	65, 97, 123		
	2.3 Reporting period, frequency and contact point	135		
	2.4 Restatements of information	144	Emission data for 2022 has been restated (see page 144 for detailed information).	
	2.5 External assurance	34, 38, 148	The report has not been subject to external assurance.	
	2. Activities and workers			
	2.6 Activities, value chain, and other business relationships	15-16, 50, 66-67, 135-136		
	2.7 Employees	141-143		6
	2.8 Workers who are not employees		Omission due to lack of data	
	3. Governance			
	2.9 Governance structure and composition	34, 39-42		
	2.10 Nomination and selection of the highest governance body	35		
	2.11 Chair of the highest governance body	39-40		
	2.12 Role of the highest governance body in overseeing the management of impacts	28-29, 135		
	2.13 Delegation of responsibility for managing impacts	25, 135-136		
	2.14 Role of the highest governance body in sustainability reporting	25, 135-136		
	2.15 Conflicts of interest	30, 39-40, 84, 136		
	2.16 Communication of critical concerns	33-38, 43-44, 135		
	2.17 Collective knowledge of the highest governance body	33-38, 135		
	2.18 Evaluation of the performance of the highest governance body	34-36		
	2.19 Remuneration policies	35-36, 40, 84-88		
	2.20 Process to determine remuneration	35		
	2.21 Annual total compensation ratio	87	Reported amounts are in absolute figures rather than ratio.	
	4. Strategy, policies, and practices			
	2.22 Statement on sustainable development strategy	4-5		
	2.23 Policy commitments	4-7, 12-14, 45, 136-137		10
	2.24 Embedding policy commitments	135-137		
	2.25 Processes to remediate negative impacts	135-137		
	2.26 Mechanisms for seeking advice and raising concerns	135-137		
	2.27 Compliance with laws and regulations	30-31, 33, 38, 135-137		
	2.28 Membership associations	136		
	5. Stakeholder engagement			
	2.29 Approach to stakeholder engagement	28-29, 135		
	2.30 Collective bargaining agreements	141		3
GRI 3: Material topics	Reporting practice			
	3.1 Process to define material topics	28-29, 135		
	3.2 List of material topics	135		
	3.3 Management of material topics		See all relevant disclosures by topic.	

Topic standards	Disclosure	Page reference	Note	UN Global Compact
Anti-corruption				10
GRI 3: Material topics	3.3 Management of material topics, 205	25-26, 30, 135-136		
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	136		
Environment				
Emissions				
Management approach	3.3 Management of material topics, 305	26, 31, 136		
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	136, 144		7, 8, 9
	305-2 Energy indirect (Scope 2) GHG emissions	136, 144		7, 8, 9
	305-3 Other indirect (Scope 3) GHG emissions	136, 144		7, 8, 9
Social				
Employment				
GRI 3: Material topics	3.3 Management of material topics, 401	26, 137-138		
GRI 401: Employment	401-1 New employee hires and employee turnover	141-142	Omission: Total number of leavers.	6
Occupational health and safety				
GRI 3: Material topics	3.3 Management of material topics, 403	26, 30, 137		
GRI 403: Occupational health and safety	403-1 Occupational health and safety management systems	137, 143		
	403-2 Hazard identification, risk assessment and incident investigation	30, 137	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	137, 143		
	403-5 Worker training on occupational health and safety	137		
	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 health services exists.	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	30		
	403-8 Workers covered by an occupational health and safety management system	143, 145	91% of the employees (full-time equivalent) are covered by occupational health and safety management systems.	
	403-9 Number of work-related injuries	143		

Topic standards	Disclosure	Page reference	Note	UN Global Compact
Training and education				
GRI 3: Material topics	3.3 Management of material topics, 404	26, 30, 137		
GRI 404: Training and education	404-1 Average hours of training per year per employee	143		6
Diversity and equal opportunity				
GRI 3: Material topics	3.3 Management of material topics, 405	26, 137		
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	141-142	Omissions: Split per age group due to lack of data.	
Client privacy				
GRI 3: Material topics	3.3 Management of material topics, 418	31, 137-138		
GRI 418: Client privacy	418-1 Substantiated complaints concerning breaches of client privacy and losses of client data	148	No material substantiated complaints concerning material breaches of client privacy and losses of client data were reported in 2023.	
Company specific information: Forced labor and child labor				
GRI 3: Material topics	3.3 Management of material topics	31, 137		
Company specific information: Risk for forced labor		137		1, 2, 5
Company specific information: Risk for child labor		137		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 2023 on pages 135–148 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 26, 2024
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant

Information about:	See page
Environment	12, 14, 26–27, 31, 136, 138–139, 144
Social conditions	31, 137, 142–143
Personnel	6–7, 12–14, 26–27, 30, 137, 141–143
Respect for human rights	31, 137
Anti-corruption	30, 136
Business model	26
Significant risks for sustainability	30–31
GRI index	146–148

The Securitas share

PERFORMANCE OF THE SHARE IN 2023

At year-end, the closing price of the Securitas share was SEK 98.58 (86.96) corresponding to a market capitalization of SEK 53.9 billion (47.5). The share price increased by 13.4 percent in 2023 to compare with the OMX Stockholm Price Index, which increased by 18.8 percent. The highest price paid for a Securitas share in 2023 was SEK 105.90, which was noted on February 7, and the lowest price paid was SEK 79.54, which was noted on May 31.

TRADING

A total of 401 million (447) Securitas shares were traded on Nasdaq Stockholm, representing a value of MSEK 36 085 (38 591). The turnover velocity in 2023 was 74 percent (98), compared with a turnover rate of 48 percent (57) for the entire Nasdaq Stockholm. The average number of Securitas shares traded each day was 1 598 000 shares.

SHARE CAPITAL AND SHAREHOLDER STRUCTURE

At December 31, 2023, the share capital amounted to SEK 573 392 552, distributed between an equal number of shares, each with a quota value of SEK 1.00. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 88 percent.

At December 31, 2023, Securitas had 63 088 shareholders (52 999). In terms of the number of shareholders, private individuals make up the largest shareholder category with 58 960 shareholders, corresponding to 93 percent of the total number of shareholders. In terms of capital and votes, institutional owners and other corporate entities dominate with 90 percent and 93 percent, respectively.

Shareholders based in Sweden held 59 percent (56) of the capital and 71 percent (69) of the votes. Compared with 2022, the proportion of foreign shareholders in the shareholder base has decreased. At December 31, 2023, shareholders outside Sweden owned 41 percent (44) of the capital and 29 percent (31) of the votes. The largest shareholdings held by foreign shareholders are in the US and Norway, with 13 percent of the capital and 9 percent of the votes in the US and 8 percent of the capital and 6 percent of the votes in Norway. Foreign shareholders are not always recorded in the share register. Foreign banks and other custodians may be recorded for multiple clients' shares, in which case the actual owners are not displayed in the register.

On December 31, 2023, 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, Melker Schörling AB, holding 5.0 percent (4.5) of the capital

Data per share

SEK/share	2023	2022[5]	2021[5]	2020[5]	2019[5]
Earnings per share[3,4]	2.24	9.20	7.14	5.51	7.65
Earnings per share before items affecting comparability[3,4]	9.59	10.77	8.66	6.67	7.99
Dividend	*3.80*[1]	*3.45*	*3.66*	*3.33*	*3.99*
Dividend as % of earnings per share	*170*[2]	*38*	*51*	*60*	*52*
Yield, %	3.9[2]	4.0	3.5	3.0	3.0
Free cash flow per share	8.6	7.3	9.1	13.5	7.4
Share price at end of period	98.58	86.96	103.65	110.38	134.25
Highest share price	105.90	105.81	129.67	136.37	141.40
Lowest share price	79.54	69.63	97.66	76.47	113.71
Average share price	89.96	86.42	113.84	105.47	127.58
P/E ratio	10	8	12	17	17
Number of shares outstanding (000s)[3]	572 918	572 918	438 442	438 863	438 863
Average number of shares outstanding, after dilution (000s)[3]	572 918	468 284	438 627	438 863	438 934

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 Adjusted for the rights issue completed on October 11, 2022.

Largest shareholders as of December 31, 2023

Shareholder	Number of Series A shares	Number of Series B shares	Percent of capital	Percent of votes
Investment AB Latour[1]	19 866 943	42 569 999	*10.9*	*29.6*
Melker Schörling AB	7 071 428	21 753 604	*5.0*	*11.3*
Macquarie Investment Management Limited		26 691 406	*4.6*	*3.3*
Incentive AS		20 914 765	*3.6*	*2.6*
Vanguard		18 459 481	*3.2*	*2.3*
SEB Funds		17 968 205	*3.1*	*2.2*
EQT		17 318 610	*3.0*	*2.1*
BlackRock		16 663 384	*2.9*	*2.1*
M&G Investment Management		13 161 210	*2.4*	*1.7*
Handelsbanken Funds		13 104 596	*2.3*	*1.6*
Total, ten largest shareholders	**26 938 371**	**208 605 260**	***41.0***	***58.8***
Total, rest of owners	**–**	**337 848 921**	***59.0***	***41.2***
Total as of December 31, 2023	**26 938 371**	**546 454 181**[2]	***100.0***	***100.0***

1 Through Investment AB Latour and family.
2 Includes 475 000 shares of which 125 000 were repurchased in June 2019 and 350 000 in June 2021, respectively.

Source: Modular Finance

and 11.3 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 technology and solutions, 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 3.80 per share, corresponding to 47 percent of net income adjusted for the divestment of Securitas Argentina capital loss. Based on the share price at the end of 2023, the dividend yield for 2023 amounted to 3.9 percent.

AUTHORIZATION TO REPURCHASE SHARES IN SECURITAS AB

The 2023 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 2024.

SECURITAS SHARE IN BRIEF

Securitas Series B shares are traded on Nasdaq Stockholm, part of Nasdaq Nordic, and on other trading venues. Securitas is listed on Nasdaq Stockholm on the Large Cap List, which includes large companies with a market capitalization of more than MEUR 1 000, 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.

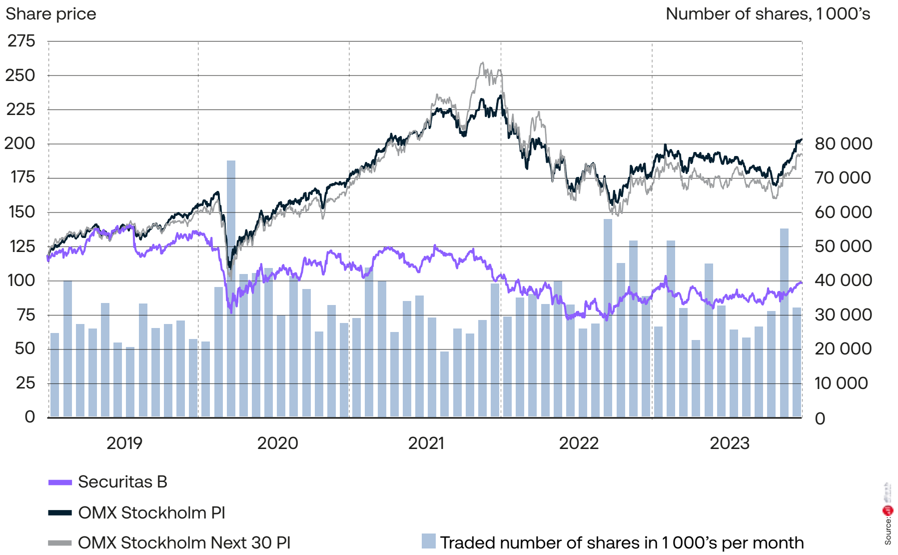
Shareholder spread as of December 31, 2023

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	Percent of capital	Percent of votes
1–500	46 316		5 838 538	*1.0*	*0.7*
501–1 000	6 444		4 875 352	*0.9*	*0.6*
1 001–5 000	7 812		17 576 489	*3.1*	*2.2*
5 001–10 000	1 184		8 498 580	*1.5*	*1.0*
10 001–20 000	559		8 035 615	*1.4*	*1.0*
20 001–50 000	372		11 848 752	*2.1*	*1.5*
50 001–	401	26 938 371	489 780 855	*90.0*	*93.0*
Total	**63 088**	**26 938 371**	**546 454 181**[1]	***100.0***	***100.0***

1 Includes 475 000 own shares of which 125 000 were repurchased in June 2019 and 350 000 in June 2021, respectively.

Source: Modular Finance

Share prices for Securitas, January 1 – December 31, 2019–2023



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 2023, the proposed dividend is used.

Securitas' history

Our history

1934 Erik Philip-Sörensen acquires Hälsingborgs Nattvakt in Helsingborg, Sweden. Sörensen acquires additional security companies in Southern Sweden and combines all companies to form Förenade Svenska Vakt AB.

1942 A department is started in Stockholm, making the company nationwide in Sweden.

1949 Securitas Alarm is founded in Sweden to meet the demand for alarm technology as a complement to the guarding services.

1972 The company is renamed to Securitas and the logotype with the three red dots is created.

1981 Securitas is divided between Sörensen's two sons. Securitas in Sweden is sold to Sven Philip-Sörensen. Securitas' international operations, which later would become G4S, are sold to Jörgen Philip-Sörensen.

1983 Securitas in Sweden is sold to Skrinet.

1985 Investment AB Latour becomes Securitas' new owner.

1987 Melker Schörling is appointed CEO of Securitas and acquires 17 percent of the company.

1989 Securitas initiates its international expansion with acquisitions in Norway, Denmark and Portugal.

1991 Securitas is listed on the Stockholm Stock Exchange (now Nasdaq Stockholm).

1994 Assa is spun off and distributed to Securitas' shareholders, Assa then acquires Abloy and is listed as Assa Abloy.

1999 Securitas' establishment in the United States starts with the acquisition of Pinkerton.

2006 Securitas announces its intention to spin off and distribute three companies to its shareholders; Securitas Systems (which later became Niscayah Group), Securitas Direct (which later became Verisure), and Securitas Cash Handling Services (which later became Loomis). Both Securitas Systems and Securitas Direct are distributed the same year and listed on the Stockholm Stock Exchange.

2008 Loomis is spun off and distributed to the shareholders and listed as a separate company on the Stockholm Stock Exchange. After the spin-off, Securitas' operations are mainly focused on guarding services.

2011 Securitas announces a bid to buy back Niscayah Group but loses to a competing bid from Stanley Black & Decker Inc.

2012 Securitas increases its focus on tech-enabled security and raises its ambitions for growth within the area.

2015 Securitas acquires Diebold's North American technology business, which was the Group's largest acquisition in 15 years.

2018 Securitas achieves a milestone of over MSEK 100 000 in sales.

2020 The COVID-19 pandemic affects companies and individuals worldwide. Despite societal lockdowns, including reduced activity in aviation and entertainment, Securitas shows resilience to the unprecedented challenges.

2021 Securitas announces its largest acquisition in history after entering an agreement to acquire STANLEY Security, a global technology security provider.

2022 The acquisition is completed on July 22, 2022, after the received regulatory approvals from the relevant authorities.

2023 An intensive work on the integration of STANLEY Security and the transformation programs in Europe and Ibero-America continued.

Financial information

REPORTING DATES
Securitas will release financial information for 2024 as follows:

Interim Reports 2024	
January – March	May 8, 2024
Annual General Meeting 2024	May 8, 2024
January – June	July 30, 2024
January – September	November 6, 2024

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: www.securitas.com/en/investors/financial-reports-and-presentations/

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:

Securitas AB
Investor Relations
P.O. Box 12307
SE-102 28 Stockholm
Sweden

Telephone: +46 10 470 30 00
E-mail: ir@securitas.com
www.securitas.com

FINANCIAL ANALYSTS WHO COVER SECURITAS

COMPANY	NAME
ABG Sundal Collier	Stefan Knutsson
AlphaValue	Hélène Coumes
BNP Paribas Exane	Andrew Grobler
Carnegie	Viktor Lindeberg
Citigroup	Marc van't Sant
DNB	Karl-Johan Bonnevier
Goldman Sachs	Suhasini Varanasi
HSBC	Rahul Chopra
Jefferies	Allen Wells
J.P. Morgan	Sylvia Barker
Jyske Markets	Janne Vincent Kjaer
Kepler Cheuvreux	Johan Eliason
Morgan Stanley	Annelies Vermeulen
Nordea	Raymond Ke
Pareto Securities	Stefan Wård
RBC	Andrew Brooke
SEB	Dan Johansson
UBS	Rory McKenzie

The analysts who cover Securitas could change during the year. The list above is updated regularly and can be found at www.securitas.com/en/investors

Production: Securitas AB in cooperation with Narva Communications
Photo: Ingemar Lindewall
Print: Elanders Sverige AB, 2024

Securitas AB
PO Box 12307
SE-102 28 Stockholm
Sweden

Visiting address:
Lindhagensplan 70

www.securitas.com