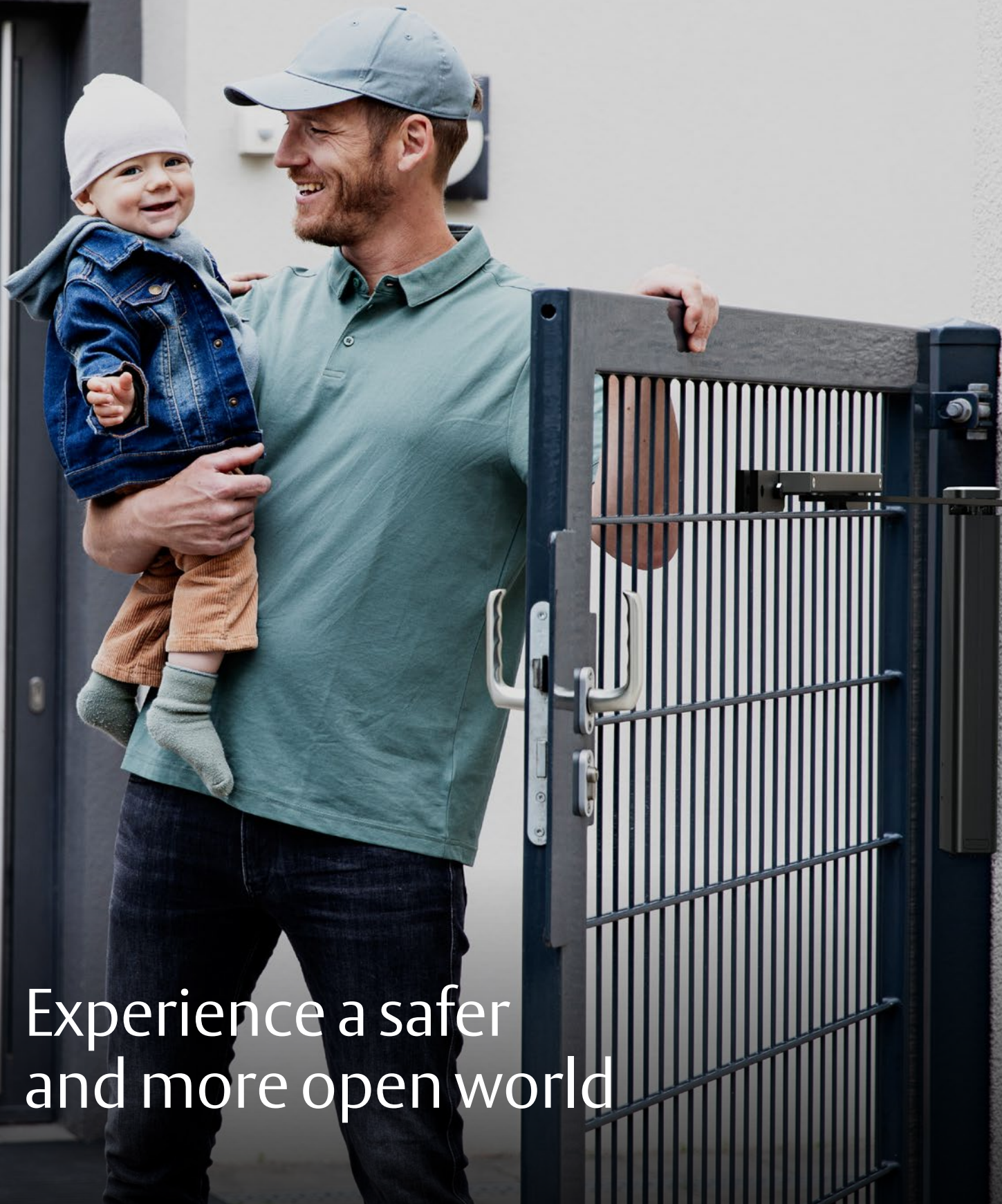


# Annual Report 2023

ASSA ABLOY

Experience a safer  
and more open world



Experience a safer  
and more open world

# Securing a sustainable, profitable future

Our vision is to be the global leader in providing innovative access solutions that help people feel safe and secure so that they can experience a more open world. By investing in product innovation, efficient production processes and world leading market presence, we are continuing to create long-term value to all our stakeholders and secure a sustainable, profitable future.





## 1 Who we are

We are the global leader in access solutions. We are 61,000<sup>1</sup> employees in more than 70 countries around the world.

## 2 How we create value

In an ever-changing world, we develop new products and solutions so that people feel safe and secure and experience a more open world.



## 3 How we operate

We are a global company with a uniquely decentralized business model. We have more than 1,000 sites, including 200 production facilities and 176 R&D sites. Our strategic objectives guide our daily operations.



## 4 What we offer

Through our five divisions, we offer a complete range of innovative access solutions, including mechanical and electro-mechanical locks, cylinders, keys, tags, security doors, identification products and automated entrances.



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The annual accounts and consolidated accounts of the company are included on pages 44–98 and 102 in this document.

<sup>1</sup> By the end of December 2023.

# The year in brief

Key figures	2022	2023	Change
Sales, SEK M	120,793	140,716	+16%
of which: Organic growth, %	+12	+3	
of which: Acquired growth, net total, %	+2	+8	
of which: Exchange rate effects, %	+13	+5	
Operating income (EBIT), SEK M <sup>1</sup>	18,532	22,185	+20%
Operating margin, % <sup>1</sup>	15.3	15.8	+50bps
Income before tax (EBT), SEK M <sup>1</sup>	17,521	19,654	+12%
Operating cash flow, SEK M	15,808	25,232	+60%
Return on capital employed, % <sup>1</sup>	16.9	15.6	-130bps
Dividend, SEK/share	4.80	5.40 <sup>2</sup>	+13% <sup>2</sup>

<sup>1</sup> Excluding items affecting comparability.

<sup>2</sup> As proposed by the Board of Directors.

## Strong sales and operating growth

- Sales increased by 16% to SEK 140,716 M (120,793) driven by strong growth in the Americas division and Global Technologies.
- Operating income increased by 20% to SEK 22,185 M (18,532) with an operating margin of 15.8% (15.3). Excluding the acquisition of HHI, the margin in 2023 was 16.8%.

## Product innovation

- We launched more than 450 new products and solutions in 2023.
- 230 new patents were registered.
- About 22% of sales was generated by products launched during the last three years.

## Acquisitions during the year

- 24 acquisitions were completed and contributed to net acquired sales growth of 8% for the year.
- The acquisition of Spectrum Brands' Hardware and Home Improvement division ("HHI") was completed, while Emtek and the Smart Residential business in the US and Canada were divested. We expect the acquisition of HHI to lead to synergies of around USD 100 M over a five-year period.

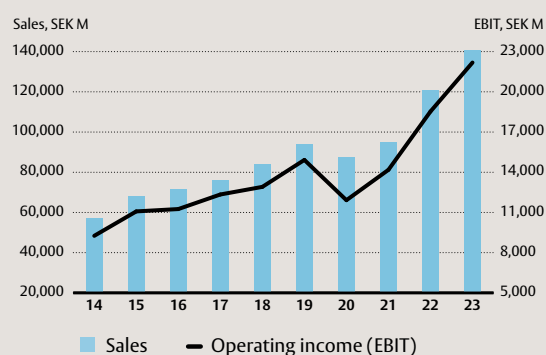
## Sustainability

- The implementation of our 2025 sustainability program is proceeding according to plan and resulted in improved performance across the Group.
- Scope 1 & 2 carbon emissions decreased by 4% in 2023 compared to 2022 and have been reduced by 23% since 2019, in line with our targets.
- The injury rate decreased by 25% compared to 2022 and is down 20% since 2019.

→ [READ MORE ABOUT IMPORTANT EVENTS 2023 ON PAGES 4-5](#)

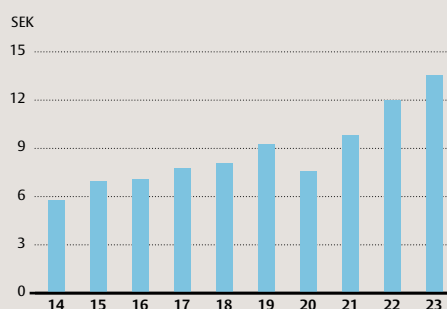


SALES AND OPERATING INCOME (EBIT)<sup>1</sup>



<sup>1</sup> Excluding items affecting comparability.

EARNINGS PER SHARE<sup>1,2</sup>



<sup>1</sup> Earnings per share has been restated due to the 3:1 share split in 2015.

<sup>2</sup> Excluding items affecting comparability.



Organic sales grew by 3% driven by Americas and Global Technologies and the EBIT-margin increased by 50bps to 15.8% due to strong operational execution.



## Goals and outcomes

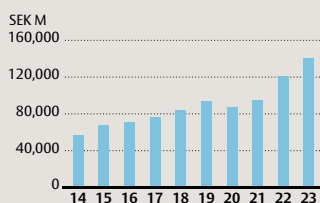
We have set ambitious but achievable financial and sustainability goals. The financial targets are set to balance growth with a return rate that can generate substantial and sustainable value.

The sustainability targets set for 2025 are a step on the way to becoming carbon net zero no later than 2050.

### OVER A BUSINESS CYCLE

**10%**

Annual growth through a combination of organic and acquired growth



#### Growth

Sales grew by 16% in 2023 due to organic growth of 3% driven by strong sales growth in the Americas division and Global Technologies. Acquired growth was also strong at 8%, primarily as a result of the acquisition of HHI. Positive currency effects contributed 5% to our sales.

**16–17%**

Operating margin<sup>1</sup>



<sup>1</sup> Excluding items affecting comparability.

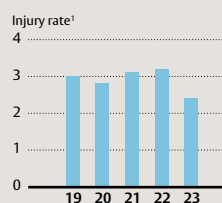
#### Margin

The adjusted operating margin increased to 15.8% (15.3) driven by strong operating leverage, lower direct material costs and efficiency measures. The margin was diluted by 100bps due to the acquisition of HHI.

### TARGET 2025 VS. 2019 (BASE YEAR)

**-33%**

Injury rate



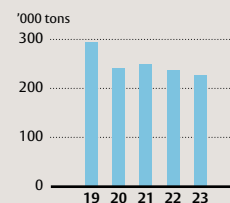
<sup>1</sup> Number of injuries per million hours worked.

#### Injury rate

The injury rate decreased by 25% in 2023 compared to 2022, driven by significant improvements in the safety performance of some acquisitions and continuous improvements in our existing business. The Group continues to introduce systematic actions throughout the organization and especially in new acquisitions with initiatives and awareness campaigns to reduce the injury rate.

**-25%**

Absolute carbon footprint



#### Carbon footprint

Our absolute Scope 1 & 2 carbon emissions decreased by 4% due to efficiency measures and increased installation of onsite renewable energy. Emissions have decreased by 23% compared to the base year 2019, and we are on plan to achieve the target for 2025 of a 25% emission reduction in absolute terms compared to 2019.

# HHI acquisition strengthens residential offering



## Overview of HHI in 2023

**1,470 M**  
sales, USD

**14.1%**  
EBITDA-margin

**20%**  
electro-mechanical sales

**80%**  
mechanical sales

**7,000**  
number of employees

In June 2023, ASSA ABLOY consolidated Hardware and Home Improvement (“HHI”), which is our largest-ever acquisition. HHI is a leading provider of door hardware products to the North American residential segment. Prior to the acquisition, ASSA ABLOY had little exposure to this customer segment.

The North American residential segment has historically delivered good growth with good returns. The housing shortage in the US which, coupled with the transition from mechanical to electromechanical products and solutions, provides a strong base for growth going forward.

HHI has a varied portfolio of innovative products, including mechanical, electronic, smart and biometric locks and the patented mechanical SmartKey technology. The technology enables customers to re-key their locks in seconds in case of a lost or stolen key, or to have a one-key solution for all home locks. The SmartKey lock is also recognized for its ability to protect against home break-ins.

### HHI has five key brands

**Kwikset** – Offers residential locks including smart locks in a variety of styles and finishes in the US, Canada and internationally. Founded in 1946.

**Baldwin** – Offers a wide variety of highly-crafted and distinguished door hardware products, including pocket door locks, and other hardware accessories in the US and Canada since 1946.

**Weiser** – Offers a wide variety of residential security products including electronic and smart locks with a focus on Canada. Manufacturing since 1904.

**National Hardware** – Offers a diverse selection of builders’ hardware products, along with marketing support and custom merchandising in the US, Canada and Mexico. In business since 1901.

**Pfister** – Offers faucets, showerheads, hardware and accessories for the bath and kitchen segments with a focus on the US market. In business since 1910.

HHI has long, established relationships with a variety of important sales channels including large home improvement centers, wholesale distributors, homebuilders, online retail channels, and home automation providers.

With factories in China, Taiwan, Philippines, the US and Mexico, and a state-of-the-art distribution center in the US, HHI has an efficient infrastructure to build the future on.

### Synergies with ASSA ABLOY

As part of the acquisition, we are expecting to realize around USD 100 M in bottom line synergies. The synergies are expected to be realized over a five-year period, starting in 2023. There are four main areas of synergies:

**Innovate and expand the product offering** – HHI provides an opportunity to develop on HHI’s SmartKey mechanical technology and transition a large existing mechanical customer base to digital solutions through the launch of new electromechanical products.

**Leverage strong brands internationally** – By utilizing ASSA ABLOY’s strong sales force and local presence outside of North America, we will increase the sale of HHI’s products in, for example, Latin America and the Pacific.

**Leverage manufacturing footprint** – By leveraging on the manufacturing footprints of both HHI and ASSA ABLOY, we can improve the Group’s efficiency and optimize our operations.

**Procurement and logistics efficiencies** – By utilizing joint procurement volumes we will lower costs relating to, for example, direct material, IT, freight, and be able to leverage parcel volumes in the US and Canada.

### Strong team

HHI has a professional and highly skilled team that brings deep knowledge and insights of the residential business segment in North America and adds complementary products, technology and solutions.



## Strong progress in sustainability

We are implementing our fourth sustainability program since 2007 with all targets between 2019-2025 to be achieved.

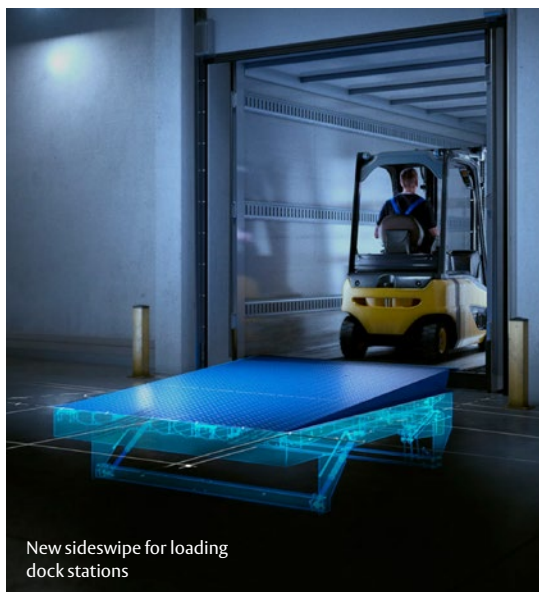
We have also committed to science-based targets where we are aligning to a 1.5 degree Celsius future. The targets were ratified in 2022 and we have committed to reducing our absolute Scope 1 and 2 carbon emissions by 50% and Scope 3 emissions by 28% between 2019 and 2030, and to become net zero no later than 2050. The work has progressed well and since 2019, we have reduced our absolute Scope 1 and 2 greenhouse gas emissions by 23%. In 2023, our Scope 1 and 2 carbon emissions decreased by 4% compared to 2022.

For ASSA ABLOY, Scope 3 emissions make up 99% of our total greenhouse gas emissions. In 2023, the work related to Scope 3 emissions focused on developing an action plan and processes for how we will achieve the target by 2030.

### Increasing demand for sustainable products

Sustainability also provides opportunities to grow our business. As an example, our green specifications in EMEA grew by 54% in 2023. This is driven by customers, who are increasingly demanding products that, for example, can contribute to buildings getting certifications such as LEED and BREEAM. We can help them achieve this through our products offering Environmental Production Declarations (EPD) and products with better sustainability performance.

Within product innovation, about 98% of our products launched in 2023 had been developed using our Sustainability Compass process, which has led to tangible environmental benefits. For example, during the year we launched a new sideswipe for loading dock stations that uses 20% less steel, requires 50% less installation time and requires 60% less energy in use. This product reduces CO<sub>2</sub> emissions, and also improves the competitiveness of our offering.



New sideswipe for loading dock stations



READ MORE ABOUT OUR COMMITMENT TO ADDRESSING CLIMATE CHANGE IN OUR SUSTAINABILITY REPORT 2023

## Implementation of Manufacturing Footprint Program and short-term cost-efficiencies

In the first quarter of 2023, we launched our ninth Manufacturing Footprint Program (MFP9), which by 2026 will lead to annual structural savings of SEK 0.7 bn. See page 26 for more details.

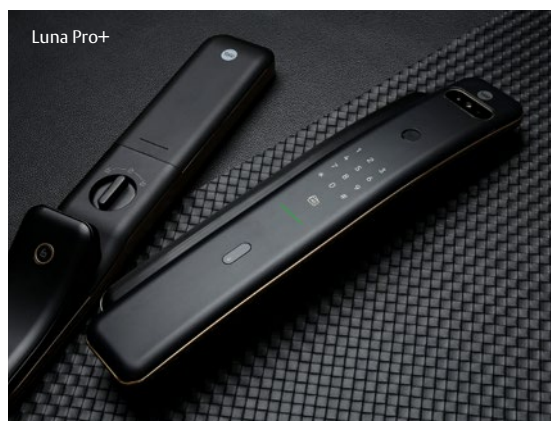
In response to lower construction activities primarily in Europe and in some other markets in the residential segments, we also introduced extra short-term cost measures. In total, these efforts led to savings of SEK 0.9 bn during the year.

## Continued focus on product innovation

Innovation continues to be one of the most important drivers for organic growth. One notable example of the more than 450 products launched this year is the groundbreaking ASSA ABLOY SG Expression speedgate from Entrance Systems, which features sleek design and advanced technology that seamlessly integrates with access control system technologies and biometrics. Another example is the new generation hotel lock, VingCard Novel from Global Solutions, which incorporates cutting-edge technology into the door handle itself. In Asia, Yale introduced Luna Pro+, a new residential smart lock with face recognition capabilities.



SG Expression speedgate



Luna Pro+



VingCard Novel

# Very strong results in a year with slower economic growth

2023 was once again a successful year for ASSA ABLOY with a record financial result in a year with slower macro economic growth. We had good organic sales growth of 3%, improved the operating result significantly and achieved an operating margin of 15.8%, despite consolidation of HHI, our largest ever acquisition and 23 more acquisitions. We also made good progress on our sustainability program and our absolute Scope 1 & 2 carbon emissions have decreased by 23% since 2019. We have continued to invest in innovation and are in a strong position to lead the industry transition to more electromechanical and connected access solutions in the coming years.

SEK  
1.8 bn

cost savings  
from MFP and short-term  
cost measures

MSEK  
140,716

total sales

MSEK  
22,185

operating result

Total sales grew by 16% in 2023. Organic sales were 3%, currency effects were 5% and the net effect from acquisitions was 8%. After a strong start, the organic sales growth slowed down during the year as the demand in, above all, the residential markets became negative. Two important drivers for the growth were the launch of more than 450 products and the realization of a 3% price increase.

The acquisition activity level was record-high and we completed 24 acquisitions. These acquisitions strengthen our position in our core mechanical offering, complement and extend our product range, increase our service business and provide new innovative technologies that we can capitalize on in our existing businesses. In June we could finally welcome HHI and its 7,000 employees into the Group. HHI is a great fit for ASSA ABLOY with a leading position in the North American residential segment. Together with our focus on innovation, this provides exciting opportunities to deliver superior value to consumers going forward and will further accelerate the transition from mechanical to digital solutions with HHI as a driving force.

Non-residential demand was strong in 2023, but weaker demand in the residential markets led to lower sales in general and in Europe in particular. To protect our bottom line and cash, we implemented short-term cost measures that reduced our costs by SEK 0.9 billion. To structurally reduce our costs, we also launched our ninth Manufacturing Footprint Program (MFP9). The program will result in the closing of 13 factories and will generate annual savings of more than SEK 0.7 billion in around two years.

These cost actions, combined with lower direct material costs and the price realization of 3% contributed to an impressive operating leverage of 69% during the year. Our adjusted operating profit grew strongly by 20% to SEK 22,185 million. Excluding the HHI transaction, we report record operating margin of 16.8%.

## Divisional performances

Global Technologies grew organically by 9%, driven by strong underlying growth in most business areas and a catch-up in the prior year on backlog in the Physical Access Control business area. This led to a significant improvement of the margin by 150bps to 17.3%. Americas grew organically by 6%, driven by strong demand in the non-residential segment in North America and good growth in Latin America. The margin reached a record-high 23.8% excluding the impact from the HHI transaction. Organic sales growth in Entrance Systems was stable at 1%, with strong growth in the two largest seg-

ments, Industrial and Pedestrian including our service business, while Perimeter Security and Residential were down due to weak residential market demand in the US. Entrance Systems also delivered a record-high margin of 16.7%. EMEA was impacted by weak residential demand, particularly in the Nordic region, leading to a negative organic growth of 2%. To address the lower demand, we initiated cost reduction measures to protect the margin which ended at 13.6%. In Asia Pacific, organic sales declined 2% predominantly due to negative intragroup sales and weak window hardware exports to the US. However, despite the depressed real estate market in China, our sales have stabilized and the margin for the division improved by 520bps to 6.4%.

## Our successful journey continues

ASSA ABLOY has grown from a regional Nordic lock company to the global leader in access solutions. This is a significant achievement since 1994, but there is no doubt that we have more opportunities ahead of us. Our electromechanical sales have grown by 70% in the last five years and the transition to electromechanical solutions and more connected products is still in the early stages. Our successful journey is also the outcome of a clear and consistently implemented strategy that guides us in our daily work. During the year I visited more than 50 of our sites. This allowed me to discuss with our employees firsthand how we are delivering on our strategy. I am proud of what we do all around the world. Please read more about our strategy on pages 18–29.

Our decentralized organization is another cornerstone for our success. It makes us agile in our response to market changes, both commercially and from a cost perspective. This has proven to be very successful during the last few years considering the significant changes in demand and turbulence that we have experienced.

We are truly global and uniquely local. Our global technology platforms are becoming more important when we transform to more electromechanical products and solutions. By leveraging on our platforms, we can scale on a global level. A good example of this is the collaboration between our regional divisions and Entrance Systems that resulted in the launch of the Yale Smart Opener product range. This is a solution that interfaces with existing garage and gate automation mechanisms and is compatible with our Yale Home app, allowing our customers to use their phones as a remote control. We have many more exciting products in the pipeline that draw on our global product development resources and many will be launched soon.



ASSA ABLOY

“

ASSA ABLOY proved in 2023 that it has a robust, agile and resilient organization with a large and stable aftermarket and delivers strong results irrespective of market conditions.

Nico Delvaux at our factory in Oakleigh, Melbourne (Australia), during a visit in 2023.



### Leading the industry toward a more sustainable future

The transition to a more sustainable world is another important opportunity that goes in tandem with the technology advancements and this enables us to offer more efficient access solutions. Significant investments will be made in the coming years to make existing buildings more sustainable. We are well positioned for this and have by far the largest product offering in the industry, of both sustainable access solutions and supporting documentation such as Environmental Product Declarations (EPD).

At the same time, we are improving our own environmental footprint. We are working throughout the Group in product development and with our suppliers to reduce emissions. During the year we continued to make progress in our 2025 sustainability program. Our injury rate came down by 25% and our Scope 1 and 2 emissions decreased 4% versus last year. Since 2019, our Scope 1 and 2 greenhouse gas emissions are down 23%. We are also implementing our plans to reduce our Scope 3 emissions and are on track to deliver on our science-based targets. Please read our sustainability report for further information about our sustainability work.

### Looking ahead

ASSA ABLOY proved in 2023 that it has a robust, agile and resilient organization with a large and stable aftermarket and delivers strong results irrespective of market conditions. In this attractive industry with strong long-term growth drivers, ASSA ABLOY continues to be uniquely positioned with the largest installed base of access products, providing almost an endless number of opportunities. By investing in product development, in our organization and people, we will continue to be the global leader in providing innovative access solutions that help people feel safe and secure so that they can experience a more open world.

The position and the significant value that ASSA ABLOY has created since 1994 would not have been achieved without the two founding families and in particular Gustaf Douglas and Melker Schörling, who both sadly passed away in 2023. They laid the foundation of ASSA ABLOY. Thank you from all of us for your contribution over the years.

Finally, I would like to thank my colleagues for their excellent contributions and efforts in 2023 and would also like to thank our stakeholders for their trust in ASSA ABLOY.

Stockholm, 6 March 2024

Nico Delvaux  
President and CEO



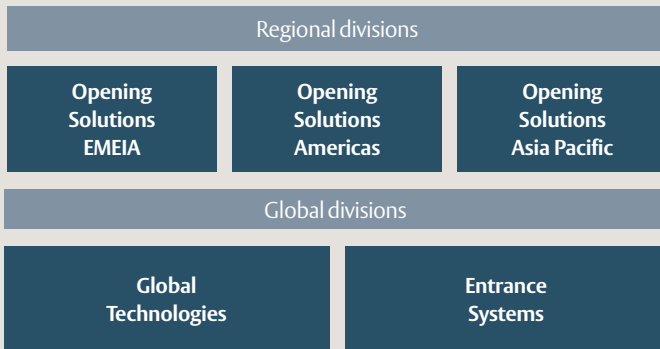
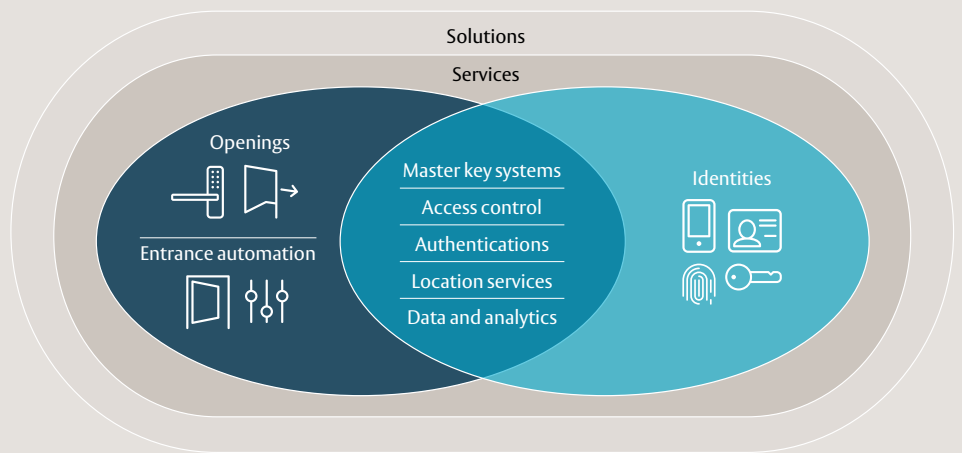
Who we are

# The global leader in access solutions

The ASSA ABLOY Group is the global leader in access solutions. Every day, we help billions of people experience a more open world with innovative solutions that enable safe, secure and convenient access to physical and digital places.

## Access solutions for every need

Our portfolio includes a complete range of access solutions in areas such as mechanical and electromechanical locking, access control, identification technology, entrance automation, security doors, hotel security and mobile access. Our offerings are delivered separately or combined to form a complete, full-service access solution. Through continuous and sustainable innovation, we develop products and solutions that meet our customers needs.



## A decentralized organization

We are a global company with a uniquely decentralized business model that enables us to quickly meet customer needs and implement sustainable solutions tailored to different environments. Our business units know local standards inside-out and optimize resources and products according to the local conditions and demand.

The regional divisions manufacture and sell mechanical and electromechanical locks, digital door locks, cylinders, and security doors, adapted to the local market's standards and security requirements. The global divisions manufacture and sell access solutions, identification products and entrance automation in the global market. Read more on pages 32–43.

## Strong brands

Our brands play an important role in building trust, loyalty and differentiation. ASSA ABLOY is our Group and employer brand and the main brand for commercial openings and entrance automation. Yale covers our residential business and HID has identification and access management solutions. To reach all our stakeholders, we also have more than 200 other endorsed and standalone brands globally.

### ASSA ABLOY

Group brand and employer brand

ASSA ABLOY **HID** **Yale**

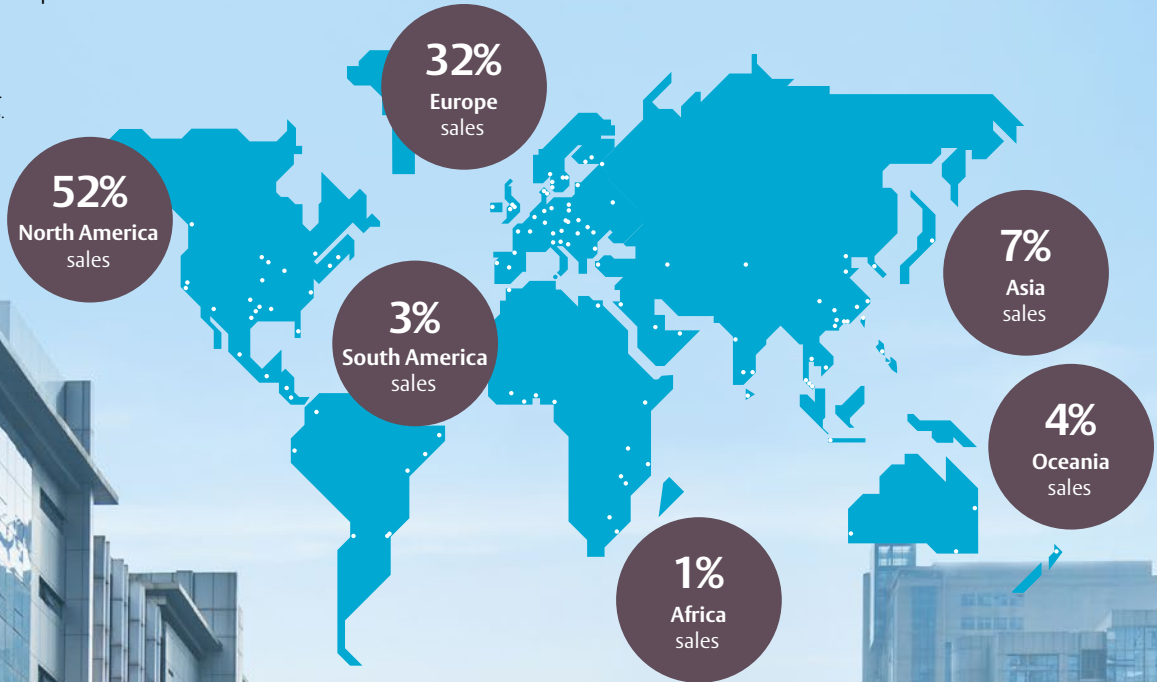
Master brands

## Truly global and uniquely local presence

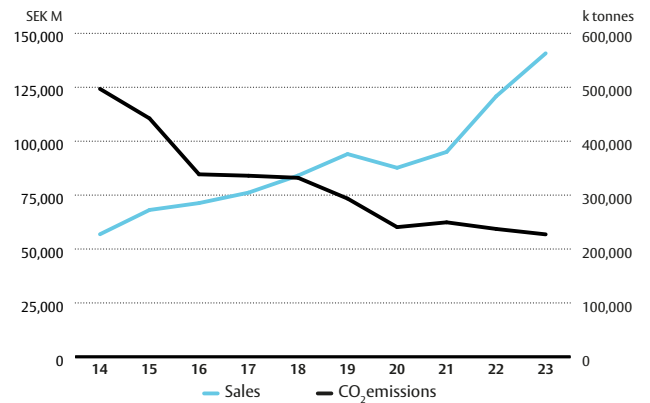
In total, we have more than 1,000 sites, including 176 R&D sites and 200 production facilities<sup>1</sup>. Other sites consist of distribution centers and offices. ASSA ABLOY has operations in more than 70 countries.

<sup>1</sup> Production and configuration facilities larger than 1,000 m<sup>2</sup>.  
<sup>2</sup> By the end of December 2023.

**61,000** Employees<sup>2</sup>    **>70** Countries    **176** R&D centers    **>10,000** Patents

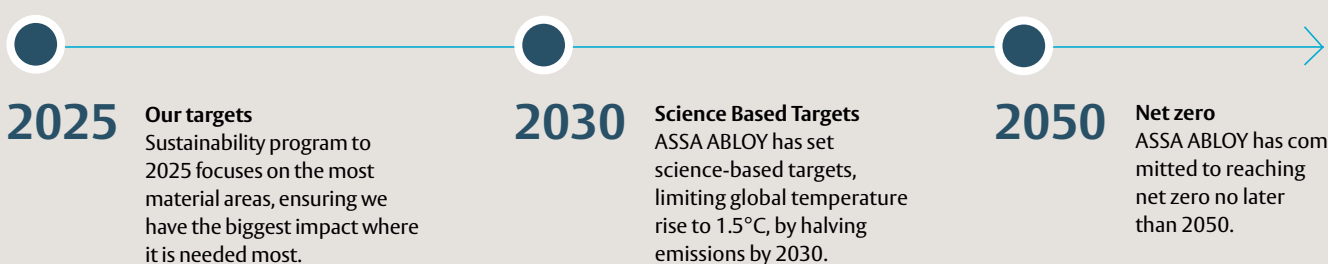


Sales (MSEK) vs CO<sub>2</sub> emissions (k tonnes) between 2013-2023



We remain dedicated to creating a more open and sustainable world for future generations. By growing our sustainable product offering and reducing our environmental footprint, we can drive sales and optimize our operations.

## Timeline for our sustainability targets



# ASSA ABLOY in your daily life

Across the globe, ASSA ABLOY is part of people's daily lives. We provide access solutions from the perimeter to the core of buildings. Our products and solutions can be found in your home, at work or school, and when you shop or travel. Some products are readily visible like keys, locks, and doors, while other products are embedded in solutions such as identity solutions and mobile access solutions.

## Enterprise

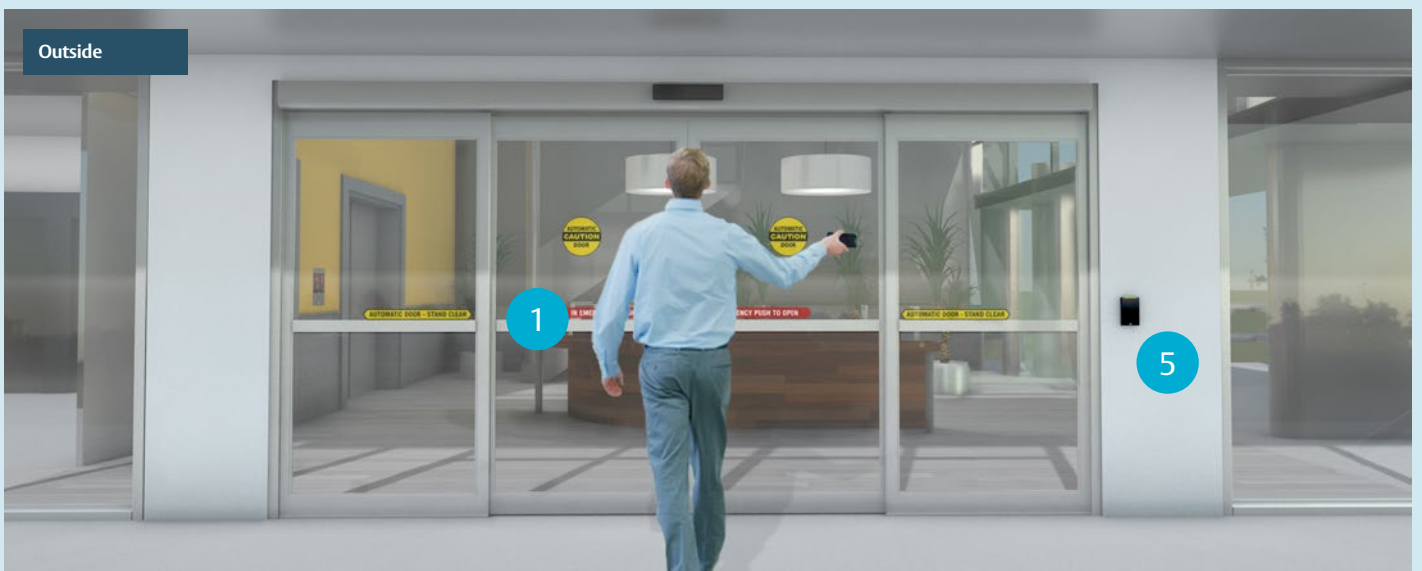
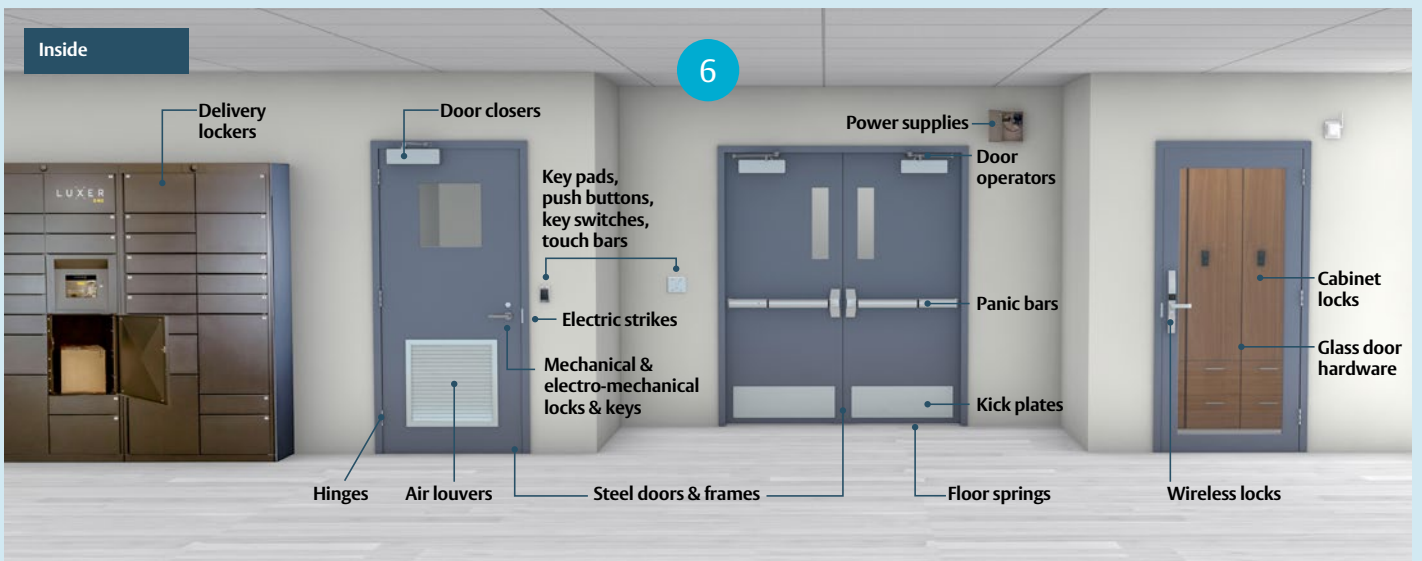
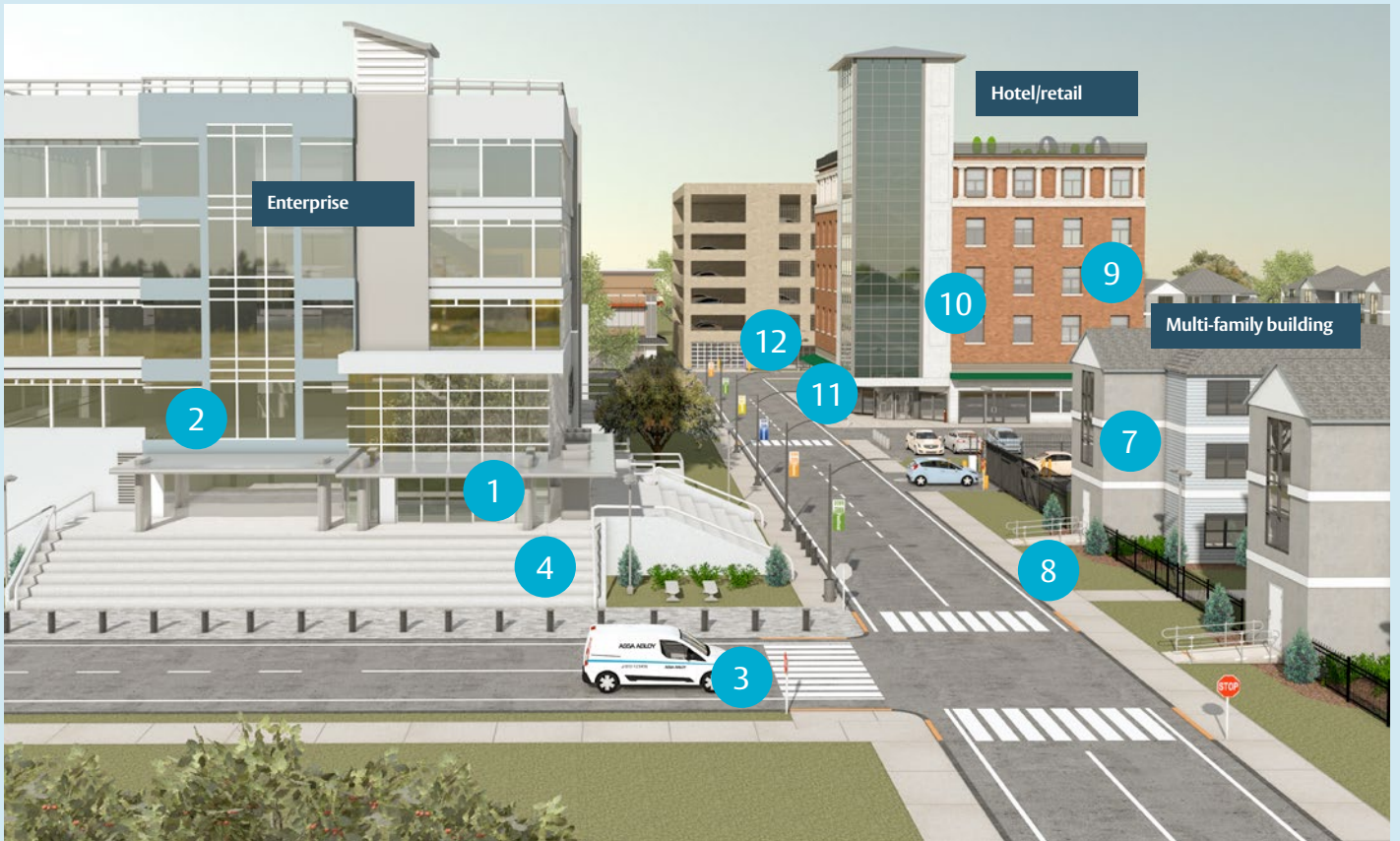
- 1 We provide automatic sliding doors that are particularly suitable for entrances and indoor areas with high pedestrian traffic, allowing people to enter buildings conveniently without having to manually open doors.
- 2 Inside the building, we offer mechanical and electro-mechanical solutions for access control. We have systems and solutions for secure issuance and management of identities with specific security requirements, such as employee ID cards.
- 3 We have a complete range of services for the maintenance and upgrading of automatic entrances and loading docks to enable a more seamless customer experience.
- 4 Our bollards and other safety devices protect pedestrians from motor vehicles. These models can be permanently installed, portable, or retractable, and can be seamlessly integrated into security and alarm systems.
- 5 We offer mobile keys, and physical access control systems, including readers and controllers, to efficiently manage access in buildings.
- 6 Electromechanical locks and other hardware such as security-rated doors, frames and delivery lockers work together with physical access control systems, including readers and controllers to manage access and the delivery of packages.

## Multi-family housing

- 7 We provide complete solutions for multi-family housing, ranging from mechanical locks to sophisticated, customized access control systems. Our digital door locks can easily be opened using a code or a mobile app. The app enables convenient remote control to unlock doors for authorized people, for example, to open a door for service and deliveries directly into the home.
- 8 Our high-security fences and gates protect against unauthorized entry to premises.

## Hotel/retail

- 9 We provide complete access solutions for retail and hotel establishments. For the hospitality industry, our offerings include mobile access solutions, access management systems, staff safety, in-room safes, and energy control.
- 10 With our mobile access solutions, hotel guests can book a room directly from their smartphones. Secure Seos technology sends a digital key to the guest's mobile phone, enabling the guest to bypass the front desk and go directly to the room to unlock the door. The solution is connected to the hotel's booking and security systems, and the digital key is deleted upon check-out.
- 11 Our revolving doors create spacious entrances, and are ideal for areas where climate control is a priority. Advanced sensor technology ensures smooth functionality, safe traffic flows, and superior separation of indoor and outdoor climates. Side doors are added for increased accessibility and faster evacuation.
- 12 We offer safe and simple-to-connect garage doors and gates that integrate seamlessly with the building's access control system.



# ASSA ABLOY as an investment

We are the global leader in access solutions. Since ASSA ABLOY was founded in 1994, we have created significant customer and shareholder value by continuously optimizing our production and developing new, innovative products that meet our customers' needs and demands. Below are the main reasons why we create customer and shareholder value.

**+148%**

sales growth  
in 10 years

**+134%**

EPS growth  
in 10 years

**SEK 37 bn**

dividend  
in 10 years

## 1. Good industry to be in

Strong underlying trends are driving an increased demand for access solutions, including meeting the individual's most basic need for safety and security. The digitalization of the industry is enabling us to offer more convenient solutions and also shift to more service-based solutions offerings. At the same time, the demand for more sustainable and resilient ASSA ABLOY products is fueled by the strong growth in green buildings and more sustainable urban environments around the world. Our decentralized operating model, with a strong local presence, enables us to align our product offering with the underlying trends impacting each different market.

## 2. Leading market position

We have the largest installed base and the deepest know-how of locks and different access solutions in the world, which is continuously maintained and upgraded with new solutions. The large installed base helps in our efforts to transition to electromechanical products and solutions. Two thirds of our revenue is generated from the aftermarket, which provides us with a stable customer and revenue base. This makes ASSA ABLOY less vulnerable to the cyclical demand that affects many other industries.

## 3. Consistent profitable growth

Our currency adjusted revenue has grown by close to 9 percent annually during the last ten years and our adjusted EBIT margin has been stable at close to 16 percent, excluding the years of the pandemic. We also have a strong track record of growing the dividend, and since our founding in 1994, have never lowered our dividend per share. We continue to focus on growing through customer relevance and being cost-efficient in everything we do, which enables us to deliver consistent profitable growth. The shift to electromechanical products also enables us to grow profitably in the long-term.

## 4. Investing in innovation

We invest about 4% of our revenue in R&D. Given the size of our business, this gives us a strong competitive advantage, both short and long-term. Our innovation capacity is based on our common platforms and global reach, as well as on the local competence within our innovation organization. The target is for 25% of our total sales to come from products launched in the past three years.

## 5. Strong acquisition record

We have acquired more than 300 companies globally since ASSA ABLOY was established in 1994. In many cases, the businesses are leading access providers in their respective markets with well-established customer bases and brands. After realizing synergies, we grow the businesses and increase their profitability and margins. This strategy has proven successful, and our acquired businesses have generated significant value following integration. In 2023, we completed 24 acquisitions adding sales of approximately SEK 10 bn.

## 6. Trusted brands set us apart

We use a multiple-brand strategy to make the most of our global and local strengths. Our Group and employer brand is ASSA ABLOY, and it is becoming the leading commercial brand for doors, locks, and related services. We also have strong master brands across our core businesses. These include Yale, one of the world's best-known residential lock brands, and HID, which is a leader in secure identities. In total, there are more than 200 brands within the Group that help us create and keep loyal customers across different markets and regions.

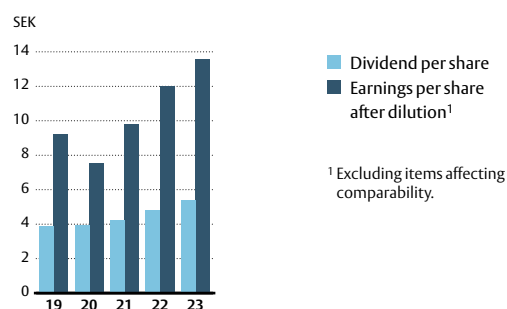
## 7. Operational efficiency

Our production is structured around local assembly lines close to the customer, adapted according to the local standards, with some strategic components concentrated to larger plants. This enables us to quickly supply our products efficiently to our customers. We also continue to optimize our supply chain, product setup and footprint, and work with lean processes and automation.

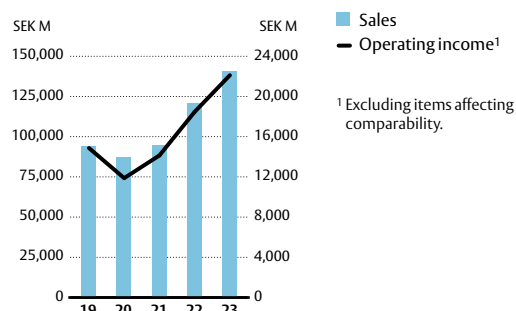
## 8. Leading sustainable solutions

Our ambition is to lead our industry towards a more sustainable future. We committed to science-based targets in 2020 and these were ratified in 2022. This further improves our competitiveness and provides sound business production and product development incentives. When we develop new products, our ambition is to minimize their environmental impact and embodied carbon footprint, while maximizing sustainability attributes, such as energy efficiency during the products' in-use phase and recycling once they reach their end of life.

Dividend and earnings per share



Sales and operating income





How we  
create value

# Trends driving our industry

The security industry is subject to strong underlying trends that support growth and demand for our products. Safety and security are fundamental drivers for this, alongside convenient, efficient access solutions and an increasing emphasis on energy efficiency in buildings. These are projected to be key drivers for our industry towards continuous and profitable growth in the foreseeable future.

## Market overview

The ever-evolving global access solution industry is currently estimated to be worth more than USD 100 billion annually. It has a history of stable growth, driven by the development of more secure and innovative access solutions that focus on convenience and improving the sustainability performance of buildings.

Access solutions have undergone continuous evolution, adapting to the unique requirements of each local market. As a result, a diverse range of local standards has emerged, contributing to a fragmented market, especially evident in emerging markets. We are the world's largest provider of access solutions, but due to market fragmentation, our global market share is still low, meaning that we have significant potential to grow.

## Growing trends

There are many favorable trends driving an increased demand for access solutions, including fulfilling the fundamental need for safety and security. Digitalization enables us to provide more convenient solutions and shift towards service-based offerings. At the same time, the demand for more sustainable and resilient products is fueled by the strong growth in green buildings and more sustainable urban environments around the world.



## Trends

### Demand for safety and security

In a world where the perception of uncertainty is high, the desire for safety and security is fundamental. The need for secure and efficient access solutions is on the rise – in the residential as well as the non-residential segments. The growth is further supported by the demand for convenient and time-efficient access solutions.

### Movement of people and demographic changes

As people move and demographics change, the demand for buildings and access solutions increase. For example, about 75% of the buildings required for use in 2050 have not yet been built. We see urbanization taking place all around the world. The United Nations predicts that the urban population will grow by 2.5 billion people by 2050. The most apparent shifts are occurring in the emerging markets, where an increased need for housing, workplaces and commercial buildings is driving demand for access solutions. At the same time, we are starting to see a de-urbanization trend in some developed markets following the pandemic. This generates a need for new housing and commercial buildings in more rural areas. Other demographic trends driving demand for our products and solutions include an aging population, migration, millennials entering the housing market and the transition to smarter cities.

### Digitalization and new technologies

The rapid development of digital solutions is continuing in all areas of society and increasing the importance of new technologies in access solutions. We see the shift towards more electromechanical products continuing and bringing with it many business opportunities to develop new, more convenient and secure access solutions, while supporting recurring revenue. We also see the emergence of new business models such as the shared economy, everything as a service (XaaS) and ecosystems, which provide further opportunities for our products.

### Sustainability

As concerns for the environment grow, customers are increasingly looking for sustainable products and solutions. This increases the demand for green buildings and access systems. About 50% of all new commercial buildings are now expected to be certified according to green building standards. There is increased demand for transparency regarding the impact of products and production on people and the environment. There is also increasing regulation for more energy-efficient buildings and access solutions.

### Local regulations

The regulations for access solutions vary between markets. This diversity, combined with constantly changing regulations, standards, and requirements creates great complexity in our industry.

## ASSA ABLOY's response:

ASSA ABLOY provides state-of-the-art products and services related to openings and entrance automation as well as trusted identities with the safety and security of our customers in mind. Our offering enables people to experience a safer and more open world.

Increased movement is a key driver for growth in access solutions. With our local organizations and strong regional knowledge, we can be agile and proactively invest in markets where we see the movement of people and demographic changes taking place. An aging population drives growth in our senior care segment, while millennials entering the housing market drives the digitalization of homes and demand for our electromechanical solutions.

With our sizeable R&D organization, we are at the forefront of developing new solutions to meet the ever-changing needs for secure and safe access solutions. The proportion of electromechanical products that we sell has increased from 23% to 30% over the last ten years. To be able to benefit from new business models, we are investing in strategic products and solutions as well as entering partnerships specifically targeting these new business models.

We continuously innovate and develop new products to help our customers reduce their environmental impact. One example of how we meet customer demand is by offering Environmental Product Declarations (EPDs). EPDs make our products more attractive as they help our customers achieve higher ratings in their green building certifications. Our efforts on EPDs are paying off, particularly in Europe where the demand for green specifications has increased by more than 180% since 2020.

We are one of the few global players in the industry capable of supplying access solutions that comply with the constantly changing regulations in local markets. We have a strong local presence with local manufacturing and assembly lines in both mature and emerging markets. Having operations in more than 70 countries enables us to quickly deliver and respond to local customer demands. This fosters good customer relations and increases market demand for our products and services.

# We help people feel safe and secure

Every day, we help billions of people to experience a more open world with innovative solutions that enable safe, secure and convenient access to physical and digital places. By responsibly using human capital, natural resources and capital, we continuously create sustainable value for our shareholders and other stakeholders. Together we create value!



## Our resources

**61,000**  
employees in more than 70 countries around the world by the end of 2023. We are truly global, uniquely local

**3,600**  
employed in R&D working with our sustainable innovations

**>200**  
strong brands and diversified product portfolio

**>10,000**  
patents

**200**  
efficient production and assembly facilities

**~50,000**  
suppliers for direct material and indirect services. We have strategic and cost-efficient suppliers

**SEK 92 bn**  
in shareholder equity



## How we operate

We are a global company with a uniquely **decentralized business model** with more than 1,000 sites including 200 production facilities<sup>1</sup>. We use a **multi-brand strategy** to leverage our global and local strengths and address different market- and customer segments and routes to market. Acquiring relevant businesses to continue our growth is key in our strategy.

The Group's strategic direction is to lead the trend towards the world's most innovative and well-designed access solutions. Our strategic objectives and activities are executed locally, which gives a high level of autonomy in decision-making so we stay close to our customers.

Financial targets	Strategic objectives	Strategic activities
<p><b>10%</b> growth / business cycle</p> <p><b>16–17%</b> EBIT / business cycle</p>	<ul style="list-style-type: none"> <li>• Growth through customer relevance</li> <li>• Product leadership through innovation</li> <li>• Cost-efficiency in everything we do</li> <li>• Evolution through people</li> </ul>	<ul style="list-style-type: none"> <li>• Continue with successful acquisitions</li> <li>• Grow in emerging markets</li> <li>• Increase service penetration</li> <li>• Actively upgrade installed base</li> <li>• Generate more recurring revenue</li> </ul>

  
**Sustainability**

Sustainability is part of everything we do throughout ASSA ABLOY's value chain.

## Together we are guided by our core values and beliefs



**Empowerment**  
We have trust in people



**Innovation**  
We have the courage to change



**Integrity**  
We stand up for what's right



<sup>1</sup> Production facilities larger than 1,000m<sup>2</sup>.



A more open world

### Value creation to stakeholders in 2023

#### Shareholders and investors

- Dividends and capital appreciation

**SEK 5.3 bn**  
dividend paid

#### Employees

- Professional development
- Safe and stable workplace
- Inclusive workplace with equal opportunities

**SEK 40.8 bn**  
in salaries and other remuneration

#### Customers

- Increased security and competitiveness for our customers
- Sustainable products with Environmental Product Declarations (EPDs)

**>450**  
new products launched

#### Suppliers and partners

- Technological development
- Stable partner

**SEK ~67 bn**  
in supplier payments

#### Society

- Increased safety and security
- Reduced environmental impact
- Paid taxes and employment

**SEK 5.6 bn**  
in income tax



### Our offering

Our aim is to deliver **safety, security and convenience**. We offer a **complete range of unique and innovative access solutions**.



**30%**

Electromechanical products



**30%**

Entrance automation



**17%**

Security doors and hardware



**23%**

Mechanical locks



How we operate

# Our strategic framework

The ASSA ABLOY strategy house is our common strategic framework. It contains all the building blocks of our strategy and gives our employees direction and guidance.

## Vision

To be the global leader in providing innovative access solutions that help people feel safe and secure so that they can experience a more open world

## Mission

Building sustainable shareholder value

Providing added value to our customers, partners and end-users



Being a world leading organization where people succeed

Conducting business in an ethical, compliant and sustainable way

## Financial targets

**10%**  
growth / business cycle

**16–17%**  
EBIT / business cycle

## Strategic objectives

- Growth through customer relevance
- Product leadership through innovation
- Cost-efficiency in everything we do
- Evolution through people

## Strategic activities

- Continue with successful acquisitions
- Grow in emerging markets
- Increase service penetration
- Actively upgrade installed base
- Generate more recurring revenue



## Sustainability

## Core values and beliefs



**Empowerment**  
We have trust in people



**Innovation**  
We have the courage to change



**Integrity**  
We stand up for what's right



### Vision and mission

Our vision provides us with direction and describes what we want to achieve as an organization – to be the global leader in providing innovative access solutions that help people feel safe and secure so they can experience a more open world.

Our mission describes our role as a company, our reason for being and how we aim to serve our key stakeholders.

### Financial targets

Our financial targets are what we are aiming to achieve financially over the business cycle. Our sales growth target of 10% per year is based on 5% organic growth and 5% growth through acquisitions.

### Strategic objectives

Our strategic objectives are the cornerstones of our strategy which guides us in everything we do. These are further described on pages 22–29.

### Strategic activities

Our strategic activities are the key priorities shared across our divisions to deliver on our growth ambition. We also have three shared priorities to enable this growth: consolidate footprint while focusing on value added activities, optimize supply chain and logistics as well as reduce product cost and environmental impact.

### Sustainability

Sustainability is integrated in everything we do. We view sustainability as a journey of continuous improvement, built on a foundation of transparency and integrity. As the industry leader, we take responsibility to mitigate climate change and ensure the health and safety of our employees.

Our commitment to science-based targets demonstrates our willingness to further improve our competitiveness with sustainable products, solutions, and operations. Supporting customers in fulfilling their sustainability agenda is essential to accelerate growth through customer relevance.

### Core values and beliefs

Our core values are empowerment, innovation, and integrity. They communicate what we stand for as an organization and are the foundation for how we treat each other and work with our stakeholders. Our values foster a sense of security and trust, as well as a feeling of community and cooperation. They guide our daily decisions and inspire us to act, enabling opportunities for all employees to develop and grow. Our values and beliefs are reflected in the “Together We” culture initiative throughout ASSA ABLOY.

ASSA ABLOY  
in your daily life



By providing this series of sustainable products, ASSA ABLOY is contributing to the sustainability of the new building.”

MR. BYEONGTAEK HAN, CHIEF OPERATING OFFICER, CATIS



## Carbon-saving hardware fit for a green data center

Internet Data Centers tend to consume a great deal of energy. Becoming more energy efficient, in addition to maintaining high security, were goals the NAVER Internet Data Center achieved through ASSA ABLOY electromechanical locks.

**Q** Tell us about NAVER and the project.

**A** – NAVER is a South Korean internet conglomerate that runs Korea’s leading search engine, as well as providing many of Korea’s most used apps and platforms. NAVER Internet Data Center (IDC) GAK Sejong is a flagship facility the size of 41 football fields. This is one of our key projects that will help deliver on our 2040 carbon negative target. In line with this initiative, the sustainable building will use eco-friendly features such as solar power and natural wind cooling. The facility will act as a cutting-edge future automated data center that integrates the entire advanced technologies of NAVER including robots, AI, and cloud services.

**Q** What were the main challenges?

**A** – An IDC is a high energy-consuming facility and internet companies have a social responsibility to build energy-efficient buildings. NAVER seeks to minimize the impact on the existing natural environment and preserve the local ecosystem surrounding the center. There is also a need to match and exceed the current NAVER Cloud Data Center GAK Chuncheon’s operational capabilities in providing services that are disruption-free, accident-free and disaster-free. NAVER wanted to reduce energy consumption, make

a minimal impact on the surrounding natural environment, and eventually build more sustainable buildings which support our long-term agenda called 2040 Carbon Negative. We were also seeking sustainable ways to construct and operate our new IDC. Thus, energy saving and eco-friendly solutions were critical success factors to participating in this IDC project.

**Q** What was the solution and how do ASSA ABLOY products contribute to NAVER’s sustainability agenda?

**A** – ASSA ABLOY, through our distributor, CATIS, delivered a total solution to address these sustainability requirements, including the highest security level US-rated ANSI grade1 hardware options that have longer lifecycles and reduce disposal and waste. ASSA ABLOY also supplied auto door bottoms for all doors to reduce energy consumption. Electric mortises, electromechanical locks, and swing door operators were selected considering security and energy saving needs. Furthermore, ASSA ABLOY also supplied Korea’s first Environmental Product Declaration (EPD) certified door closer. By providing this series of sustainable products, ASSA ABLOY is contributing to the sustainability of the new building and the long-term 2040 Carbon Negative initiative.

### CASE FACTS

**Project:** NAVER IDC Center, Sejong, South Korea.

**ASSA ABLOY products and solutions:** Architectural hardware, electromechanical products and swing operators.

# Madrid hospital upgrades to automatic doors

ASSA ABLOY Entrance Systems delivered automatic door solutions to improve patient flow, hygiene, sustainability, and much more at Madrid's 12 de Octubre Hospital.

## Q Why did you need automatic doors?

**A** – During the reconstruction of the 12 de Octubre Hospital, we knew automatic doors would be critical in solving essential requirements such as flow management, hygiene, safety, sustainability, and durability. The old hospital building from 1973 has just over 20 automatic doors, whereas the new building will have 445 automatic doors! This demonstrates our dedication to enhancing all of these critical aspects.

## Q Which solutions did you choose?

**A** – We chose SL500 sliding doors and SW300 swing doors. Our first goal was hygiene, especially in important areas such as operating rooms and intensive care units. For these areas, we installed airtight doors. In addition to airtightness, these doors also help improve energy efficiency, a key aspect of our sustainability efforts. Additionally, the existing hospital building has a comprehensive service contract providing 24/7 service to ensure safe and reliable operations.

## Q Why did you choose to work with ASSA ABLOY?

**A** – ASSA ABLOY is a well-known global brand with a diverse range of products that meet the technical needs of our project. Given that more than 90% of the hospital's current automatic doors are sourced from ASSA ABLOY, we have personal experience confirming that their products work well and are dependable. Additionally, we appreciate ASSA ABLOY's quick and efficient supply and installation processes, along with their strong technical support.

## Q How do ASSA ABLOY products contribute to your sustainability agenda/targets?

**A** – Sustainability used to be an added bonus, but it is now a requirement. New rules and standards have transformed the construction industry, establishing ambitious sustainability goals. To achieve these goals, we rely on our partners to have building materials that are sustainable. Automatic doors play an important role in this context since they must be both durable and environmentally friendly.

## CASE FACTS

**Customer:** 12 de Octubre Hospital.

**ASSA ABLOY products:** SL500 sliding doors, SW300 swing doors, Airtight doors, SL Tight Shield.

“

We rely on our partners to have building materials that are sustainable. Automatic doors play an important role in this context since they must be both durable and environmentally friendly.”

JUAN BAUTISTA GODOY PRIETO, CHIEF ENGINEER OF THE ENGINEERING AND MAINTENANCE SERVICE, HOSPITAL 12 DE OCTUBRE

ASSA ABLOY  
in your daily life



# Strategic objective #1 Growth through customer relevance

Organic growth is our strongest value creator. Through our local presence, global leadership, processes and tools, we continue to gain in-depth customer insights and knowledge to exceed our customers' demands and fuel the growth of ASSA ABLOY. Segmenting our customer base is one of the ways we can target the varying market needs of our customers.



**No.1**

in access solutions.

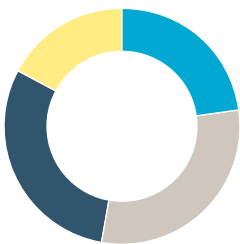
**17%**

subscription growth in 2023.

**9**

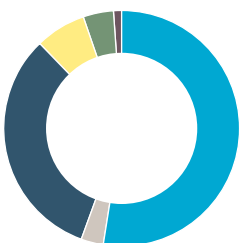
webshops launched.

Sales by product group, 2023



- Mechanical locks, lock systems and fittings, 23%
- Entrance automation, 30%
- Electromechanical and electronic locks, 30%
- Security doors and hardware, 17%

Sales by region, 2023



- North America, 52%
- South America, 3%
- Europe, 32%
- Asia, 7%
- Oceania, 4%
- Africa, 1%

## Market insights and segmentation

ASSA ABLOY has a unique global market presence with operations in over 70 countries. We continuously monitor trends, customers and competitors, to improve our market insights and customer offering. We have segmented our customers and end-users into vertical markets to gain a deeper understanding of their specific needs so we can deliver customized and targeted products and solutions.

Institutional and commercial markets represent about 67% of total sales, while smart locks and the smart home trend are driving sales in the residential market, which accounts for about 33% of sales. The aftermarket continues to represent a large portion of our sales – about 67% – ensuring stable demand through renovations, replacements, and upgrades, as well as services. New construction accounted for about 33% of sales in 2023.

Acquisitions also help us increase our customer relevance and cater to specific markets. In 2023 we significantly strengthened our presence within the residential vertical market in North America by acquiring HHI. The acquisition puts us in a leading position in the North American residential market via HHI's strong and established relationships with large home improvement centers, wholesale distributors, homebuilders, online retail channels, and home automation providers.

## Improving customer experience

To be the brand of choice and have loyal customers we must offer world-class customer experiences. Our goal is to improve the customer experience across all touchpoints with our brands, and we are dedicating resources and directing investments to better understand our customers' journeys with us and to identify opportunities for improvement.

In 2023, we expanded our Voice of the Customer program to include Net Promoter System® (NPS®) support. All divisions are expanding their use of the NPS® and supplementing that with qualitative customer experience research. User experience (UX) is another focus area with several initiatives to improve UX maturity and leverage design systems across the Group.

During the year our customer insights teams worked with several brands and business units to turn insights into action plans that effectively address pain-points, reduce customer effort and make it easier to do business with ASSA ABLOY.

## Sustainability a growth enabler

Today's customers are increasingly driven by sustainability agendas and the demand for sustainable buildings. We are in an excellent position to help our customers meet their environmental targets by offering a growing portfolio of sustainable solutions including documentation of the solution's performance, for example by providing Environmental Product Declarations (EPDs). With green building certifications such as LEED and BREEAM, customers can take the environmental performance of a product into consideration when making design and purchase decisions.

Our sustainable solutions and supporting EPDs can enable our customers to achieve higher ratings in green building certifications and serve as a key differentiator. Our efforts to offer more sustainable solutions through specifications continues to be beneficial for customers and our company.

## Elevating e-business

E-business continues to be an important initiative for the Group. Our digital channels complement our traditional ways of doing business and significantly enhance the customer experience by providing an alternative way to interact with us and our portfolio.

All divisions continue to execute on existing strategies to increase the pace of digitalization through investments in tools, processes, and dedicated resources.

In 2023 we launched 9 new webshops and we see increased engagement and sales in our online channels. For our Yale brand we are expanding our reach by launching webshops directly to consumers in a number of markets, including Netherlands, Spain, Portugal and Denmark. This online segment posted a solid double digit growth in 2023.

We remain committed to our ambition to provide the best digital customer experience to discover, buy and service our offer.



### Common tools increase collaboration and sales

We work with common processes and a structured approach to master data management. Quotations, Customer Relationship Management (CRM) and other systems help us deliver more targeted information to customers by increasing collaboration across divisions. Openings Studio™, our own BIM-enabled (Building Information Modeling) software ecosystem, is an industry-leading collaboration tool for designing, documenting and managing openings more quickly and seamlessly.

Through Openings Studio, our teams work closer with architects, owners, contractors, and other partners to deliver the most suitable solutions and openings information for the lifetime of the building. We continue to expand our reach and markets through the Openings Studio Mobile App and Knowledge Base, as well as expanding into solutions for owners, facility managers and distributors. In 2023, we continued our rollout of Openings Studio into emerging markets such as Latin America and Asia. The tool is now available in over 50 markets and 55 languages. Innovation continues to be a driving force in the expansion of Openings Studio, with investments made this year in artificial intelligence and machine learning initiatives to improve workflows for all relevant stakeholders.

### Our brands

We have over 200 brands in our portfolio and a well-defined brand strategy in place. We have three master brands which are recognized as global leaders in their respective segments: ASSA ABLOY for our commercial business, Yale for our residential business and HID for secure identities and access management.

A large share of our sales is also coming from our other well-known, global and regional brands such as Abloy, Record, Amarr and PanPan, all of which have very strong local positions in their respective markets. During the year we have, among other brands, added Kwikset, Weiser and National Hardware to our portfolio via the acquisition of HHI. As part of the HHI transaction we also divested Yale, Emtek and August brands in the US and Canadian markets.

Some of our local brands are endorsed by one of the master brands while others are standalone brands if they have a niche in their industry or are sold through specific channel partners. We continuously work to optimize our brand portfolio and further develop our strong brands to increase awareness, trust and choice for our customers.

### Pricing management activities

We continue to focus on pricing management and have a global network of dedicated pricing experts overseeing this. Value-based pricing techniques enable us to capture the full value of our products and services and we regularly review and track price performance, price optimization and discount structures, among other areas, through established key performance indicators.

In our service business we are making progress in our journey to value-based pricing models by focusing on total cost of ownership for our customers. We implement these pricing models to fully capture the value we provide across the lifecycle of our products and solutions. This is a differentiating factor for us in the market as it demonstrates our commitment to deliver value as well as allowing for flexibility in pricing to adapt to customer needs or evolving market conditions.

In addition, we continued our focus on training related to pricing models for our subscription sales, such as for software or service agreements. Our efforts in this area contributed to a growth in subscription sales of 17% in 2023. These combined pricing efforts help protect or increase our profitability.

### Emerging markets

We are expanding our presence in emerging markets through organic growth and acquisitions. We grow in these markets by having a local presence and developing products and services that are tailored to local standards and requirements. This year we further strengthened our position in Latin America via two key acquisitions: Forte, a well-known brand focused on high quality and innovative security products in Peru, and Inovadoor, a Brazilian manufacturer of sectional and high-speed doors.

With a strong position in the premium segments, we are also focusing on expanding our offering in the low and mid-range segments to increase our market presence in these important, growing markets.

### Breakdown of ASSA ABLOY's sales

67%

Commercial institutional and commercial market

33%

Residential private customers and residential market

33%

New construction

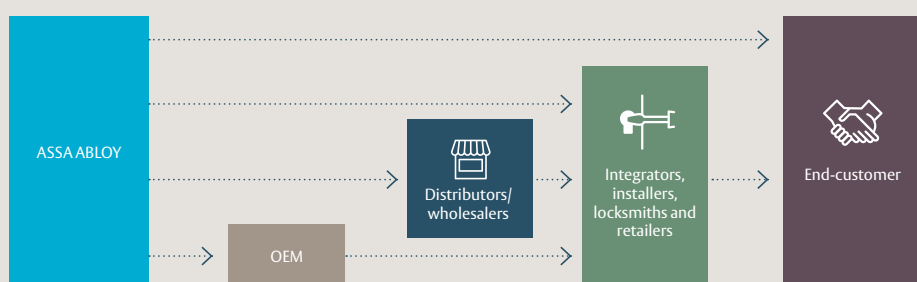
67%

Aftermarket renovations, remodeling and additions, replacements and upgrades of existing access solutions, as well as ongoing service

### Sales channels

The majority of our sales are indirect and go through our channel partners. We work proactively with our partners to grow our share of their business by deploying effective marketing, sales and service activities. The end-customers are also influenced by specification, and through direct relationships with some key accounts.

Create demand through management of sales channels and channel partners



Create demand-pull through specifications, brand loyalty and recurring revenue

# Strategic objective #2 Product leadership through innovation

Product leadership is one of the most important drivers for organic growth and innovation is at the core of everything we do. Maintaining leadership requires both continuous improvements and major leaps. During the year we made important progress in strategic planning, agile product development, sustainable innovation and breakthrough innovation which enabled several successful product launches.



22%

of sales generated by products launched in the last three years.

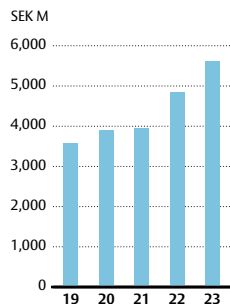
>450

product launches in 2023.

>550

registered new patents during the last three years.

Investments in research and development



### Innovation an enabler for profitable growth

Product leadership is achieved through innovation and continuous product development to enhance customer value, quality and reduce product costs. Product development is done in close cooperation with end-users in a constant process of many small steps with the objective to exceed customer expectations.

Many of the vertical markets we serve are currently being transformed by larger societal shifts. The underlying driving forces for change could be product ecosystems or consumers' need for convenience. Another significant driver is the need for a sustainable transformation in our markets. These shifts create new needs.

We have the capacity to swiftly adopt and implement new technologies and that is how we create unique customer value and transform needs into organic growth.

### The way we innovate

#### Organization

Our innovation organization includes 176 R&D sites, which all use common tools and ways of working to improve transparency and align on strategic initiatives. We leverage the Group's broad expertise and benefit from the diversity and strength of a global organization that also maintains agility through local presence and knowledge. Our innovation organization facilitates cross-divisional collaboration and promotes career development and job flexibility. This also helps us attract and retain talent.

#### Generation planning

Generation plans provide a long-term direction to product and technology roadmaps and ensure that our business strategy and objectives are translated into tangible innovation activities. Generation plans are based on future scenarios of how customer demand will evolve over time and they reflect the large transformations our markets will undergo in the coming years. Recurring themes are sustainable solutions, ecosystems and an increased focus on the entire customer experience including installation, service, and support.

### Process excellence

To maintain our position as innovation leader, we need to excel at both what we develop and how we develop it. Based on customer and market insights, product management identifies which products to develop. We take a lean and agile approach to how we develop products to ensure speed, predictability, efficiency and minimal waste in the process. We are committed to delivering products and services that meet or exceed our customers' demands on quality, security and safety.

In 2023 we laid the groundwork for a transformation program that aims to improve the Group's capabilities in agile product development and customer value delivery. This allows us to maximize output by smarter utilization of our resources, resulting in increased speed to market, enhanced productivity, and improved ability to capitalize on new growth opportunities.

### Technology management

Technologies are important drivers in our industry as they allow us to create new business models or enhance existing ones. Our products are increasingly becoming a part of ecosystems and demand for product interoperability is growing. Core technologies for the Group include: energy efficient solutions, sustainable materials, wireless connectivity, data analytics, identification, and biometrics. We strive to leverage the Group's size and exploit synergies around these technologies with platforms and by combining technologies from all business units.

During the year, we acquired Kinetron, a leading specialist in motion-based energy harvesting systems for self-powered products. This is a prime example of a strategic technological addition that reinforces our offering. With Kinetron in the Group we strengthen our capabilities in energy harvesting to enhance locking solutions like the PULSE family of self-powered cylinders and padlocks.

### Breakthrough innovation

A breakthrough innovation is something that fundamentally changes the dynamics of an industry or a market. It is a significant change to technology or the business model of a product or service that creates competitive advantage and drives above average revenue growth. We continue to drive growth programs that systematically identify and accelerate business opportunities outside of daily processes through a fast-track approach.

In late 2023, we launched the ASSA ABLOY Expression product family of speed gates which is an example of one of these acceleration programs. Speed gates is a rapidly growing market and a new addition to our product portfolio, designed for use in high-traffic environments such as airports or office buildings with multiple tenants. Thanks to the use of advanced sensor technologies, Expression speed gates serve as effective protection against tailgating whereby an unauthorized person follows an authorized individual to enter secured premises. Developed as a cross-divisional project, Expression speed gates feature HID card readers and state-of-the-art facial recognition. Most components are fully customizable to fit any interior atmosphere and LED lights and pictograms are used to create ambient lighting for showcasing brand identity and directing the flow of people.

### Sustainable innovation

We focus on emissions related to material usage and energy consumption from our products in use, which represents an important share of our total CO<sub>2</sub> footprint. Our Sustainability Compass plays an important role in our innovation processes, guiding the development of each product we develop to ensure benefits for both customers and the environment.

The major focus in 2023 has been to introduce an extensive set of tools for evaluating our product portfolio and identifying areas of high environmental impact. They allow us to build transparent value propositions that promote the sustainable aspects of our products.

During the year we launched the new Qmax thermally enhanced core for hollow metal doors, whereby significant improvements were made with the help of the Sustainability Compass. We worked with an alternative insulation material that increases thermal performance for hot and cold resistance, reducing customer energy consumption by more than 30%. Compared to the previous version, Qmax doors generate less greenhouse gas emissions during production and operation and reduce the manufacturing cost.



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REPORT 2023



CLIQ® is a security locking system with advanced microelectronics, programmable keys and cylinders. With CLIQ Connect, users update keys anywhere and anytime via a mobile app device without an additional programming device.



Aperio® is a technology developed to complement existing electronic access control systems, providing end users with a simple, intelligent way to upgrade the control and security level of their premises.



Incedo™ is a universal security system that combines access control and security hardware with various choices of software in one scalable environment.



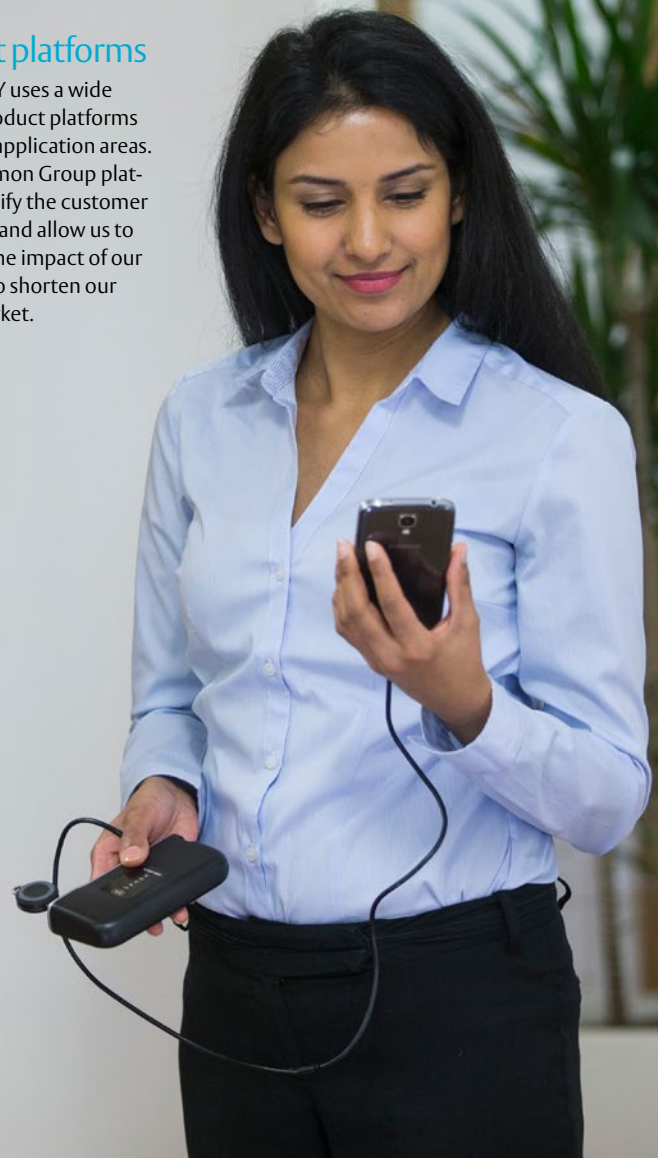
Origo is HID Global's physical access control cloud platform which enables technology partners to build integrated access control solutions through the cloud.



Seos® is a breakthrough credential technology that represents a new way of thinking about end-user experiences. Solutions that are powered by Seos offer the freedom to use your device of choice – from smart cards to smartphones – for secure access to more applications.

### Product platforms

ASSA ABLOY uses a wide range of product platforms for various application areas. These common Group platforms simplify the customer experience and allow us to maximize the impact of our resources to shorten our time to market.



# Strategic objective #3 Cost-efficiency in everything we do

Cost-efficiency is an integral strategic objective in order to drive margin improvements and profitable growth. By lowering costs, resources are made available for value-creating activities. During 2023, we launched our ninth Manufacturing Footprint Program to further improve our long-term efficiency, and implemented several short-term cost measures to protect our profitability.

**SEK 1.8 bn**

cost savings from MFP and short-term cost measures.

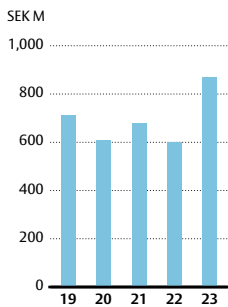
**14**

factories have been closed over the past three years.

**-11%**

reduced energy consumption (MWh) since 2019.

Annual MFP savings



Annual MFP savings 2019-2023.

## Operational excellence

Operational excellence remains our unwavering commitment. It is how we continuously improve in a complex and changing business environment. In a structured approach, we target costs for labor, materials, and production as we embrace lean principles across the value chain. Through key performance indicators (KPIs) we measure sustainability, quality, delivery, and cost performance across the organization.

We are a customer-centric organization. By actively engaging with our customers, we gain invaluable insights that steer our improvement initiatives. Additionally, we recognize that our greatest asset lies in our employees. By empowering our workforce to take ownership of their roles and contributions, we foster a culture of innovation, agility and efficiency.

Another important area for cost-efficiency focus is indirect spend, which is the cost for premises, travel, marketing, employees and the tools we use in production and IT services. This represents around 12% of sales. During the year, we implemented cross-divisional initiatives to realize scale advantages within the Group. For example, Entrance Systems and EMEIA have together optimized temporary labor and fleet management in six European countries, and realized material cost-efficiencies and reduced the number of suppliers in these two categories. As of 2023, category managers work across both divisions to accelerate our indirect spend strategy and governance for fleet, temporary labor, IT and indirect production purchases.

## Manufacturing Footprint Program and short-term cost actions

Since 2006, we have improved cost-efficiency by consolidating and reducing our number of factories through a series of Manufacturing Footprint Programs (MFP). Our MFPs have contributed with total accumulated savings of SEK 7.1 bn since they began. During 2023, we continued to optimize our manufacturing footprint. We launched our ninth MFP, which includes restructuring projects from all

divisions across the Group, including 13 factory closures, five office/warehouse closures and 23 conversions to assembly projects. The program is expected to lead to annual savings of more than SEK 0.7 bn with a pay-back period of around two years. Our restructuring programs in 2023 contributed with efficiency improvements of SEK 0.9 bn and a net employee reduction of 1,200.

One of the main reasons for conducting MFPs is our frequent acquisitions. For example, the ninth MFP includes integration, consolidation and the restructuring of some of our recent acquisitions including Arran Isle, Caldwell and MR Group.

During the year, we activated several short-term cost measures, mainly in EMEIA and Entrance Systems. These short-term cost actions include reducing indirect spending such as traveling, marketing, and external services, as well as limiting overtime/working hours and increasing redundancies. This resulted in reduced costs of SEK 0.9bn in 2023.

We continue to have contingency plans in place which we, if deemed necessary, have the ability to quickly activate thanks to our agile decentralized organization.

## Supply chain and logistics

We continue to target improvements in global logistics to capture cost savings, improve delivery performance and lower our environmental footprint. By consolidating platforms, phasing out old legacy products and reducing complexity, as well as having more standardized digital processes, we can achieve further efficiencies in our supply chain. In 2023, for example, we optimized warehouse locations in the Americas division through reshoring to Mexico, which allows us to mitigate the risks of longer transports and ensure stable logistics.

We saw significant improvements during the year after optimizing logistics in the Nordics by consolidating three country warehouses into one. The new warehouse supports a SEK 4.5 bn business. Customer satisfaction and order fulfillment has improved drastically and warehouse costs as a percentage of sales have decreased by around 50 bps. We

clearly see that consolidating warehouses is key to structurally optimizing inventory while at the same time reducing costs and improving delivery performance.

### Professional sourcing

Professional sourcing is a crucial aspect of supply chain management and procurement. It ensures competitiveness, improved quality, better delivery times and lower costs. Sourced goods make up an important share of our cost base, and therefore, sourcing is an important element in driving cost-efficiency. We are constantly reviewing our supply base and streamlining our component assortment to leverage volumes. Through practices such as multi-tendering, benchmarking, and Group-wide contracts, we evaluate competitiveness as well as optimize processes.

There have been several procurement initiatives throughout the year. One example is in EMEA, where we previously purchased several cylinders, very similar in design. Through taking ownership of the design, these parts could be standardized into common parts. That gave us the possibility to increase the volume, increase cost competition between suppliers, and the possibility to reduce supply chain risks. Another example, from the Americas division, was that due to disturbances originating from the pandemic, aluminum extrusions in general became a scarce resource in North America. To address this, a new offshore low-cost country provider was found that also proved itself to be innovative and able to work on value-add activities to offset the higher transportation cost and generate savings. The domestic supplier relationship is still well maintained so we also have

local capabilities to stay agile and balance any fluctuations.

We have increased the sharing of best practices in the organization to learn from each other and improve our capabilities to successfully grow our business even further.

### Sustainability

Our efforts to reduce our environmental footprint are closely related to cost-efficiency. Adopting sustainable practices involves optimizing the use of resources. Through our MFPs, we consolidate offices and operations. The efforts have led to lower consumption of materials, energy and water, along with lower greenhouse gas emissions from our production processes. We continue to increase the installation of onsite renewable energy and practice kaizen methodology in all our operations to address daily energy saving activities. These energy measures have contributed to a reduction of energy consumption and Scope 1 & 2 carbon emissions by 11% and 23% respectively compared to the base year 2019. By becoming more efficient in our resource utilization, we reduce overall operational costs.

We also focus on reducing waste generation and increasing recycling and reuse. Several of our customers are demanding circular products. By minimizing waste, we not only cut down on disposal costs, but also find new opportunities to generate revenue from recycling and reuse.

Sustainable practices also lead to our supply chain being more resilient. By assessing and managing environmental risks, we can anticipate and mitigate potential disruptions caused by resource scarcity, climate events, or regulatory changes.

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During the year, we activated several short-term cost measures, proving our ability to defend margins in a softer economy.

New Haven-based operator creates roses for SARGENT's commercial bored locks.



## Strategic objective #4 Evolution through people

Ensuring that our employees feel safe and empowered and have the opportunity to advance in their careers is of paramount importance. In 2023, we remained steadfast in our commitment to align our strategic priorities with our overarching mission: being a world leading organization where people succeed. It all starts and ends with our people.

+13%  
internal applications per  
open position vs 2022.

29  
nationalities in  
leading positions.

### Common culture

In our “Together we” program, we capture the essence of our organization, weaving together our identity, purpose, vision, and mission into a cohesive narrative. This program defines our common culture, rooted in the values of empowerment, innovation, and integrity. It also outlines what it means to live them in our daily actions. This serves as the compass that aligns our diverse and global workforce, ensuring we all progress in unison. Furthermore, our common culture provides clarity to both existing and prospective employees, helping them comprehend the principles upon which our Group stands.

### Employee experience

We are committed to fostering a dynamic and inclusive organization. Our aim is to offer our increasingly diverse workforce a range of flexible working options that cater to individual needs and preferences. For our office-based staff, where possible, we continue to implement our hybrid working model, and for our production workers and technicians, we have instituted a system of rotating activities and shifts. This approach increases motivation, talent retention, and work-life balance. It also mitigates absenteeism and employee stress, ultimately enhancing our Group’s efficiency, productivity, and competitiveness.

Our employee engagement survey helps us gauge our current standing and how we can improve. In ASSA ABLOY, every voice carries weight. Experience has shown that colleagues who feel their voices are heard are more empowered and perform at their best. In 2023, 84% of our employees participated in the survey. The results for example revealed that 80% are proud to work for ASSA ABLOY and 84% believe the customer is consistently at the forefront of our attention.

### Diversity, equity, inclusion and belonging

In 2023, we established a new framework for diversity, equity, inclusion, and belonging (DEIB). This framework defines what DEIB means to us, sets ambitious goals, and helps track our progress. We’ve also introduced leading DEIB indicators which capture employee perception of

inclusion and belonging, helping us to understand what we need to act upon. At ASSA ABLOY we encourage a culture among employees to raise topics that matter to them and for employees to connect with each others to share experiences. Connecting with others increases the awareness of DEIB-related challenges and drives positive change.

We expect our employees to challenge their own biases and viewpoints, fostering greater understanding of others. Moreover, we encourage our employees to challenge their colleagues to think more openly and consider broader perspectives to further develop our business. To support this, we encourage managers to collect multi-perspective feedback on employee performance and provide education on biases likely to surface in performance management and recruitment. Building an organization where everyone feels comfortable being themselves is a collective responsibility. We firmly believe that inclusive leadership will drive diversity.

### Talent management, learning and development

The way we attract, develop, engage, and retain talent is critical to our ongoing success. We prioritize longevity in our hiring practices and focus on retaining talent from within our organization. We are committed to personalized development journeys tailored to individual needs and ambitions. We encourage employees to cultivate transferable skills that prepare them for roles in different functions, divisions, or countries within our Group.

To foster internal mobility and external talent recruitment, we continued to develop our cross-divisional talent acquisition function and executive search team in 2023. This effort has not only improved our hiring processes but also significantly reduced costs.

In 2023, we continued to work on our talent management approach. This is helping us to bring our yearly talent and succession reviews to life all year round, matching roles with suitable internal candidates in real-time. The aim is to become more future focused in our dialogues and actions, ensuring that we continuously stay aware of our talent pipeline, roles in motion, and where our people are in

their development journeys to facilitate successful internal matches and moves.

We consider that individual development plans are crucial for employees when having development and career conversations with their manager. These plans are encouraged not only in our talent process but also in our annual performance development cycle. We want each employee to feel empowered to find their own path forward and encourage activities that give them exposure to people, experiences, and supportive conversations that help drive learning and development.

We work methodically with the learning and development of production workers, using a skills matrix which aims to identify knowledge gaps and cross-training needs. The more skilled we get, the more flexible we can be in terms of scheduling shifts.

We have also put focus on expanding our talent programs, ensuring that we cover all talent pools in focus. We have launched a global female leaders program whereby a cross-divisional group of women participate in a series of webinars, coaching and mentoring sessions, over one year. We are also piloting an emerging leaders program, catering to individual contributors and newly promoted managers.

### Leadership

Our approach to leadership extends beyond how we conduct ourselves as leaders; it also encompasses how we nurture others into leadership roles. Leadership dimensions, integrated into our people processes, form the basis of our leadership philosophy. These dimensions are a testament to our commitment to marrying leadership qualities with our core values.

In a world where digital collaboration is paramount, our leaders must excel in forming meaningful relationships, even when face-to-face interactions are limited. Our leaders are adept at connecting with people across geographical boundaries, building trust, and fostering meaningful work relationships. Getting to know our colleagues is how we gain insights into their differences, perspectives, and needs. These insights enable us to exhibit empathy and inclusivity in our leadership and behaviors.

To support our focus on leadership development we have, alongside our global leadership programs at the executive and senior leadership level, launched a webinar series open to all employees, focusing on nine areas of leadership. Thousands of colleagues across the globe have joined us in these interactive sessions, taking the opportunity to learn, reflect, and discuss leadership-related matters.

### Health and safety

The health and safety of our employees is a top priority that we have been working on systematically for a long time. This work has helped us reduce our injury rate by 64% during the last ten years. Our aim is to eliminate health and safety risks. Safety is a precondition of doing business and we do not tolerate unsafe behaviors and environments. We continue to address and promote health and safety internally through workshops, procedures, dialogue, and leadership engagement.

We have implemented a new Group-wide health and safety software package that provides us with deeper insights to further enhance the safety of our employees. We also successfully onboarded new acquisitions into our program, resulting in a notable reduction in injuries among these companies.

The injury rate decreased by 25% in 2023 compared to 2022, driven by significant improvements in the safety performance of some acquisitions and continuous improvements in our existing business.

### Ethical and social responsibility

The ASSA ABLOY Code of Conduct is our framework for daily operations, and it applies to all employees and suppliers. We do not tolerate any form of discrimination or harassment in the workplace and have mandatory compliance training programs and policies to address anti-corruption, competition law, trade compliance and data protection. Any concerns or suspected breaches of our Code of Conduct can be reported through the whistleblowing process. While processes and education go a long way, an open and transparent dialogue is needed to create an inclusive environment.

### Integration of acquisitions

Our extensive experience in acquiring companies has taught us the importance of taking a proactive and inclusive approach to integration. Dedicated integration project managers lead our efforts, with a focus on creating a common understanding among both existing and new employees. We recognize that creating a sense of identity and a culture of belonging is instrumental in achieving successful integration.



We implemented a new Group-wide health and safety software package that provides us with deeper insights to further enhance the safety of our employees.



Packing orders in the SARGENT assembly site, New Haven, USA.

ASSA ABLOY  
in your daily life

“

Due to simplicity of the installations and coupled with the outstanding support from the Medeco team, we were able to quickly update and harden the security of more than 6,000 traffic cabinets across the state.”

DWAYNE COOK, DIVISION ADMIN, TRANSPORTATION  
STRATEGY OFFICE, VIRGINIA DEPARTMENT OF TRANSPORTATION

## Mitigating security risks in Virginia's transportation network

ASSA ABLOY was able to quickly and efficiently replace thousands of mechanical locks with electronic traffic cabinet locks without disrupting traffic.

**Q** Tell us about the project.

**A** – The Virginia Department of Transportation (VDOT) maintains thousands of traffic cabinets across the state that house sophisticated electronics critical for controlling traffic signals and communication over the state's network infrastructure. Although these cabinets protect electronic controls from environmental elements, until recently, nearly all VDOT cabinets were secured using only a standard mechanical lock and common key. We wanted to strengthen both the physical and cyber security measures for these cabinets quickly and easily.

**Q** What were the main challenges?

**A** – A thorough assessment of our entire state transportation network highlighted the need for us to mitigate security risks to our traffic-related infrastructure, without disrupting the operation of the traffic system. That was a major challenge as we have over 6,000 traffic cabinets, nine districts, five traffic operation centers, field engineers and various third-party contractors that routinely work on and support the state's systems.

**Q** What solutions did ASSA ABLOY provide you with?

**A** – It was important to find a solution that could be retrofitted to our existing cabinets. The Medeco XT Intelligent Keys and Electronic Traffic Cabinet Locks were a simple drop-in replacement for our current locks. Due to simplicity of the installations and coupled with the outstanding support from the Medeco team, we were able to quickly update and harden the security of more than 6,000 traffic cabinets across the state, making sure access was only granted to authorized personnel. We were pleased with how easily our existing locks could be changed – field technicians simply removed the old lock and replaced it with the new XT lock!

**Q** How do ASSA ABLOY products help with your sustainability objectives?

**A** – Since the new Medeco XT lock is powered by the XT Intelligent Key, utilizing this technology did not require any additional power from the cabinet. And the key's rechargeable battery meant we did not have to purchase and dispose of common replaceable batteries. Both features not only helped save costs for VDOT but allowed us to continue to balance environmental issues with transportation needs.

### CASE FACTS

**Project:** Virginia Department of Transportation, the US.

**ASSA ABLOY products and solutions:**

Medeco XT Intelligent Keys and Electronic Traffic Cabinet Locks.



# ASSA ABLOY enables sustainability certification for landmark development

Specification expertise and BIM software from ASSA ABLOY contributed to the delivery of a BREEAM-certified complex in Belgium.

## Q Tell us about the project.

**A** – Quatuor is a large multi-purpose office, events and coworking space located in the heart of Brussels, boasting an innovative design certified ‘Outstanding’ by BREEAM. This landmark development was designed and overseen by the international practice Jaspers-Eyers Architects who favor Building Information Modeling (BIM) principles.

## Q What were the main challenges?

**A** – Due to the scale of the project and ambitious design, it was important to balance costs, delivery times and the sustainability criteria, whilst trying to incorporate many solutions into the project and taking into account different standards. It was therefore very important to find a partner with the expert knowledge and tools to support collaboration and communication with all the project stakeholders in a smooth and efficient way.

## Q What solutions did ASSA ABLOY provide?

**A** – ASSA ABLOY’s specification expertise and BIM software enabled simpler, streamlined communications and collaboration with the various stakeholders. This freed up time

and accelerated the project timeline, whilst the local team of BIM & specification experts handled specification details and kept the central resource up-to-date and transparent.

A key tool for successful collaboration was Openings Studio™, connecting Revit® designs directly with databases holding specification data. It enabled rapid, accurate updating of in-process designs with object data and parameterizations.

In addition, ASSA ABLOY supplied the project with products such as energy efficient ASSA ABLOY Cam-Motion® door closers, ABLOY EL160 locks and a variety of architectural hardware as well as Litto Project locks and cylinders and hardware for over 1,800 doors.

## Q How did ASSA ABLOY products contribute to the BREEAM-certificate?

**A** – Sustainability criteria was integrated into the planning and design phase, which was a top priority for the developer. By using Openings Studio™, ASSA ABLOY’s specifiers worked to identify, customize and build access solutions based on the BREEAM certification requirements, which led to the design being certified ‘Outstanding’ by BREEAM.

## CASE FACTS

**Project:** Quatuor, Belgium.

**ASSA ABLOY products and solutions:** Openings Studio™, Autodesk®, Revit®, ASSA ABLOY CamMotion® door closers; architectural hardware; Litto Project locks and cylinders; ABLOY EL160 locks.

**Links:** [www.quatuor.brussels](http://www.quatuor.brussels) and [www.news.jaspers-eyers.eu](http://www.news.jaspers-eyers.eu)



ASSA ABLOY  
in your daily life

“

By using Openings Studio™, ASSA ABLOY’s specifiers worked to identify, customize and build access solutions based on the BREEAM certification requirements, which led to the design being certified ‘Outstanding’ by BREEAM.



What we offer

# Divisions overview

ASSA ABLOY has a decentralized organization with empowered local businesses that quickly can take action in response to developments in the local market. Our businesses are organized in three regional and two global divisions.



## Regional divisions

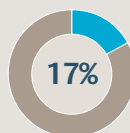
The regional divisions manufacture and sell mechanical and electromechanical locks, digital door locks and smart home access solutions, high-security doors, fire doors and hardware adapted to the local market's standard and security requirements. The regional divisions account for about 50% of Group sales, with Americas being the largest division followed by EMEIA, and Asia Pacific.

### Opening Solutions EMEIA

#### Financials in brief 2023

- Sales: SEK 24,831 M (22,858) with -2% organic growth.
- Operating income (EBIT): SEK 3,388 M (3,335).<sup>1</sup>
- Operating margin: 13.6% (14.6).<sup>1</sup>

#### Share of sales



#### Share of operating income



#### Sales by product group



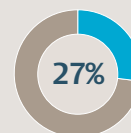
- Mechanical locks, lock systems and fittings, 47%
- Electromechanical and electronic, 34%
- Security doors and hardware, 19%

### Opening Solutions Americas

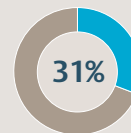
#### Financials in brief 2023

- Sales: SEK 38,009 M (28,344) with +6% organic growth.
- Operating income (EBIT): SEK 7,186 M (5,899).<sup>1</sup>
- Operating margin: 18.9% (20.8).<sup>1</sup>

#### Share of sales



#### Share of operating income



#### Sales by product group



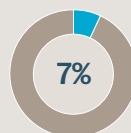
- Mechanical locks, lock systems and fittings, 41%
- Electromechanical and electronic, 25%
- Security doors and hardware, 34%

### Opening Solutions Asia Pacific

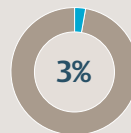
#### Financials in brief 2023

- Sales: SEK 10,284M (9,824) with -2% organic growth.
- Operating income (EBIT): SEK 662 M (119).<sup>1</sup>
- Operating margin: 6.4% (1.2).<sup>1</sup>

#### Share of sales



#### Share of operating income



#### Sales by product group



- Mechanical locks, lock systems and fittings, 51%
- Electromechanical and electronic, 23%
- Security doors and hardware, 25%

<sup>1</sup> Excluding items affecting comparability.



## Global divisions

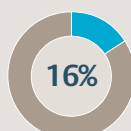
The global divisions manufacture and sell access solutions, identification products and entrance automation in the global market. Global Technologies accounts for about 16% of the Group sales and Entrance Systems for about 33%.

### Global Technologies

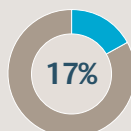
#### Financials in brief 2023

- Sales: SEK 23,009 M (19,344) with +9% organic growth.
- Operating income (EBIT): SEK 3,996 M (3,065).<sup>1</sup>
- Operating margin: 17.3% (15.8).<sup>1</sup>

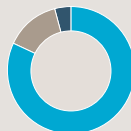
#### Share of sales



#### Share of operating income



#### Sales by product group



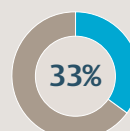
- Access solutions, 82%
- Hotel locks, 14%
- Service, 4%

### Entrance Systems

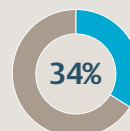
#### Financials in brief 2023

- Sales: SEK 46,665M (42,928) with +1% organic growth.
- Operating income (EBIT): SEK 7,807 M (6,847).<sup>1</sup>
- Operating margin: 16.7% (15.9).<sup>1</sup>

#### Share of sales



#### Share of operating income



#### Sales by product group



- Products, 73%
- Service, 27%

<sup>1</sup> Excluding items affecting comparability.

# Opening Solutions EMEIA

## Short-term cost actions to offset lower volumes

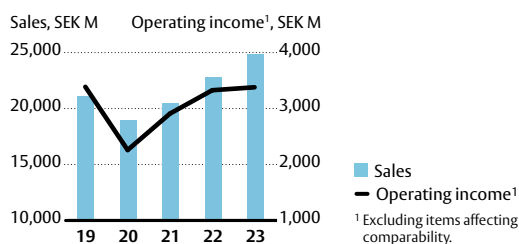
### Financial development

EMEIA volumes were lower in 2023 compared to the previous year, resulting in an organic sales decline of -2%, primarily driven by low activity in the new residential construction segment and in particular the Nordic region. This was partly offset by very strong growth in the Middle East, India and Africa. To protect profitability, we initiated short-term cost actions and sped up our MFPs.

Acquired growth for the year was 6%. Operating income<sup>1</sup> increased by 2% and the corresponding margin was 13.6% (14.6%). Cash flow was up significantly and the conversion rate increased to 123%, primarily driven by lower inventory levels. Despite undertaking cost actions during the year, we have continued to invest in R&D as it is a long-term enabler for future growth and it supports our competitive advantage. New products introduced over the past three years accounted for 25% of sales.

### Acquisitions

Four acquisitions were completed during 2023. We acquired Alexander & Wilks, a distributor specialized in British-designed architectural hardware and ironmongery; Mottura, an Italian market leader in high security residential armored lock cases; Sunray Engineering, a UK manufacturer of high specification steel and timber security doors, fire doors and louvre systems; and Kinetron, a leading specialist in motion-based energy harvesting systems for self-powered products, headquartered in the Netherlands.



### Comments by Divisional Head

#### What are the recent trends in your market?

– Economic conditions were tough in 2023, particularly in the residential space due to strong inflation and high interest rates which had a clear impact on both new builds and renovation. Digitalization continues to be a strong trend, with a shift from mechanical to digital solutions in both the commercial and residential markets. Our focus on providing a complete access management ecosystem is fueling growth as it brings all elements of the door environment together and allows us to deliver the best performance for our customers. We have also seen substantial growth in green specifications due to the industry's decarbonization efforts, and we are supporting our customers by providing Environmental Product Declarations. This has proved valuable for customers working on sustainable building initiatives such as BREEAM, LEED, WELL and much more.

#### Which are your key priorities to accelerate EMEIA's profitable growth?

– Getting closer to our customers is in focus as well as accelerating our strategy deployment through greater collaboration across the division to unlock opportunities for growth and efficiency. Our plan continues to be built around three key growth drivers. The first is to maximize the core, local focus and core products like cylinder platforms, lock cases, doors, and seals. We have added to our core with significant acquisitions in the UK and Italy. There are some fantastic opportunities in digitalization from both the commercial side of the business as well as smart residential where we are converting our huge installed base. Finally, we have seen excellent progress in several key emerging markets, with strong sales and long-term pipeline development in Africa, India, and the Middle East, all driven by project specification and local product variations.

#### What are you doing to improve EMEIA's operating margin?

– Our operational excellence program has delivered consolidation of under-optimized factories and improvements in our key logistics sites. We have also invested in significant automation projects in our major factories in Eastern Europe, all of which are fueling investments in innovation and long-term growth. This year, we reorganized our division into five geographical business areas. Each business area leader will drive the scale, speed and efficiencies needed to improve our margins. Price actions have also provided a strong offset to raw material and other inflationary factors throughout the year.



**Neil Vann**  
Executive Vice President and Head of EMEIA division

## Overview EMEIA

- Divisional headquarters located in Woking, UK.
- A new organizational setup was launched during the year. EMEIA is now organized into five market regions: the Nordics (Scandinavia and Finland); Central Europe (Germany, Austria, Switzerland, Benelux and East Europe); UK/Ireland; South Europe (France, Iberia, Italy and Greece); and MEIAI (Middle East, Africa, India and Israel).
- Products include mechanical and electromechanical locks, hardware and security doors,

adapted to the standards and requirements of local markets.

- The commercial products are sold under the ASSA ABLOY master brand or brands endorsed by ASSA ABLOY, while Yale is the master brand for the residential market.

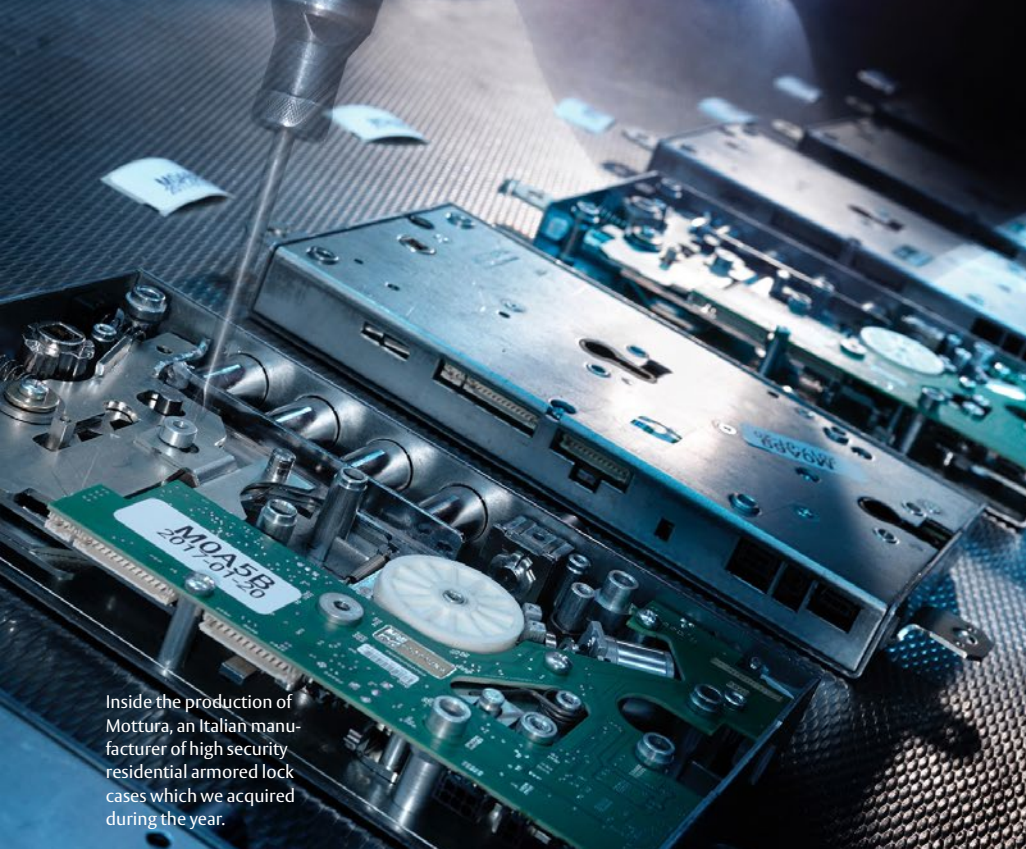
- EMEIA has leading market positions in Europe, the Middle East, India, and Africa.

- EMEIA has about 12,188 employees.

#### Proportion of commercial/institutional vs residential



■ Commercial/Institutional, 60%  
■ Residential, 40%



Inside the production of Mottura, an Italian manufacturer of high security residential armored lock cases which we acquired during the year.

“

Our focus on providing a complete access management ecosystem is fueling growth as it brings all elements of the door environment together.



### Market activities

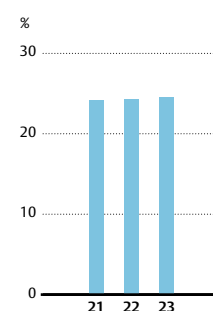
- Continued to focus on the digital shift and opportunities that cloud-based solutions provide.
- Conducted full door specifications in new-build projects which will provide long-term retrofit opportunities.
- Green building standards continued to open new opportunities as part of our efforts to decarbonize the built environment and commercialize sustainability.
- We have acquired Kinetron, a technology company that develops products and solutions based on energy harvesting technology.



### Innovation

- By leveraging our innovation systems across many countries in the division, we are providing scale, speed and efficiency. This allows us to bring products to the market quicker and respond to changing customer needs. We have several initiatives running across smart residential, digital access solutions and our mechanical/electromechanical core ranges, for example:
  - We have leveraged the expertise of innovation teams on a global level to deliver our new smart alarm platform for sale in EMEA and ASSA ABLOY globally as part of the Yale Home Ecosystem.
- We launched 51 new products, for example:
  - New smart residential products and feature enhancements to our Incedo access control system.
  - New Aperio KL100 lock which further extends the successful range of the Aperio product range.
  - Launch of the first ABLOY Cumulus IoT locks in commercial applications.

New product ratio



### Costs

- Managed to combat most of the inflation we experienced during the year through procurement actions to leverage our supply base, accelerated Value Engineering and through price management.
- Implemented short-term cost measures to address lower volumes primarily in the residential sector across most of our business units in Europe. Significant actions implemented to improve our production footprint and overall manufacturing efficiency.
- Continued to develop a linked network of distribution centers across Europe, which together with our logistics initiative is driving efficiency and improved service throughout our supply chain.



### Sustainability

- Several sustainability initiatives were implemented during the year, including carbon footprint reduction, water intensity improvements and safety measures.
- Installation of solar panels at our sites in Rychnov in the Czech Republic, VHS in Turkey, KESO in Switzerland and Metalind in Croatia.
- Energy monitoring systems were installed at our top energy consuming sites which enables us to monitor and improve energy efficiency.
- “Green Teams” have been established in our manufacturing facilities to identify opportunities to improve sustainability KPIs and increase the awareness among our workforce.

**-7%**

reduced Scope 1 & 2 carbon emissions compared to 2022

# Opening Solutions Americas

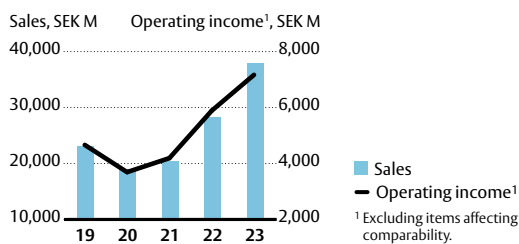
## Completion of largest-ever acquisition with HHI

### Financial development

Americas reported strong organic sales growth of 6%, primarily driven by strong growth in our non-residential segment and good growth in Latin America. Net acquired growth amounted to 22% for the full year. The operating income<sup>1</sup> increased by 22% and the margin was 18.9%. Excluding the HHI transaction, the operating margin increased by 200bps to 23.8%. Cash flow increased significantly and the conversion rate was 114% driven by higher operating income and lower inventory levels. New products introduced over the past three years accounted for 22% of sales.

### Acquisitions

Four acquisitions were completed during the year. We closed the largest acquisition in the history of ASSA ABLOY with the purchase of Hardware and Home Improvement (HHI), a leading provider of security, plumbing, and builders' hardware products to the North American residential segment. In conjunction with the acquisition, we divested the Emtek and Smart Residential business in the US and Canada. Furthermore, we acquired Lawrence Hardware and Gallery Specialty, leading providers of commercial hinges, locksets, exit devices, and hardware accessories in Canada; Forte, a leading residential door lock and padlock manufacturer in Peru; and Securitech, a manufacturer of high-security mechanical and electronic door hardware products in the US.



### Comments by Divisional Head

#### What are the recent trends in your market?

– We are seeing an acceleration in the adoption of electronic locks and solutions as the need for digital access control develops and moves deeper into a building. On the residential side, door hardware design and aesthetics are starting to play an ever more important role. Homeowners are becoming increasingly more selective with their door accessories, viewing it as an extension of their personal interior design approach. The acquisition of HHI this year strengthens our ability to service this market and provides a larger portfolio of design-led products for consumers. In our Latin American markets, we continue to see the progression of smart, intelligent access solutions for both residential homes and commercial buildings. The use of biometric technology to facilitate seamless access is gaining traction, whether that's at home or at work. The new business segmentation structure in the Americas, enables a renewed focus on market trends, speeding up our ability to respond and react to these dynamic changes.

#### Which are your key priorities to accelerate America's profitable growth?

– We remain committed to operational excellence. It's a top priority for all our businesses. We're especially focused on optimizing and strengthening our supply chain and ensuring we have a robust logistics and transportation infrastructure. Maintaining delivery lead times and meeting our customer commitments helps fuel our growth. New product development continues to be a key driver for growth, and we are determined to accelerate the pace of innovation, introducing new technologies, solutions, and platforms to meet market and customer needs. Also, the HHI acquisition brings additional footprint in key strategic geographic areas to support our growth initiatives.

#### Why is the acquisition of HHI so important and what are the key focus areas for integration?

– The acquisition of HHI is a major achievement for our division. It cements our position as a significant player in the North American residential business with a great portfolio of well-known brands and innovative products. Both companies have a similar culture and comparable values which will be very beneficial as we continue the integration process. In terms of key focus areas, our IT integration remains a high priority, as well as product innovation and the continued development of our residential electronic lock technologies and solutions.



**Lucas Boselli**  
Executive Vice President and  
Head of Americas division

## Overview Americas

- Divisional headquarters in New Haven, US.
- A new organizational setup was implemented during the year. Americas is now organized into three business segments: Commercial, Residential and Latin America.
- Products include mechanical and electromechanical locks, hardware, secure lockers, access control devices, security doors and plumbing.
- ASSA ABLOY and Yale (outside the US and Canada) are the master brands, with a strong portfolio of endorsed brands.
- Americas has leading positions in the US, Canada, Mexico and South America.
- Americas has about 13,358 employees.

#### Proportion of commercial/institutional vs residential



■ Commercial/Institutional, 55%  
■ Residential, 45%



Kwikset Halo, a wi-fi enabled smart lock, part of HHI.



The acquisition of HHI is a major achievement for our division and cements our position as a significant player in the North American residential business.



### Market activities

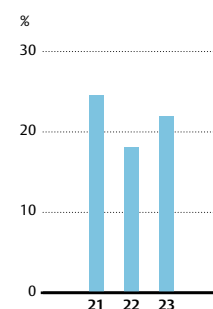
- Launched Centrios, a new commercial platform solution focused on small businesses with a mobile-first approach to the market and consumers.
- Added two new FLASHship™ locations in Houston and Orlando to our network during 2023, supporting our strategy to be closer to the customer.
- Commercial growth in Latin and South America is gaining momentum, driven by local electronic access control solutions.
- At the tradeshow ISC West 2023, we showcased the integration of HID readers into Luxer One smart lockers to create a seamless, credential-based package delivery system.
- Opened a new warehouse in Costa Rica to service Central America and the Caribbean.



### Innovation

- We sponsored two senior design projects at the University of Connecticut focused on reducing the carbon footprint in door construction and improving materials for locking solutions.
- We launched 226 new products in 2023, including:
  - Next generation exit device platform from SARGENT and Corbin Russwin, focused on reliability, security, and aesthetics.
  - Refresh of the Powerbolt deadbolt from Kwikset.
  - QMax thermally enhanced core for doors which significantly increases thermal ratings.
  - Facial recognition access control solutions from Control iD in Brazil.
  - Rockwood NeoCylinder™ straight door pull.

New product ratio



### Costs

- Savings were generated through numerous dual sourcing and supplier negotiations.
- Several businesses started logistics and supply chain optimization initiatives.
- Continued focus on cost-efficiency from targeted lean initiatives, kaizen events, and value analysis and value engineering events.
- Other cost savings activities included robotics deployment, automation, smart factory initiatives, and quality improvement.



### Sustainability

- We continue to implement multiple sustainability initiatives across the division, including carbon footprint reduction, water intensity improvements and safety measures, for example:
- Improvements made through air compressors, electroplating, and heaters to reduce emissions.
  - Implementation of water recirculation systems at a site which reduced consumption significantly.
  - Multisite safety initiatives to explore ideas to proactively prevent incident occurrences.

0%

change in Scope 1 & 2 carbon emissions compared to 2022

# Opening Solutions Asia Pacific

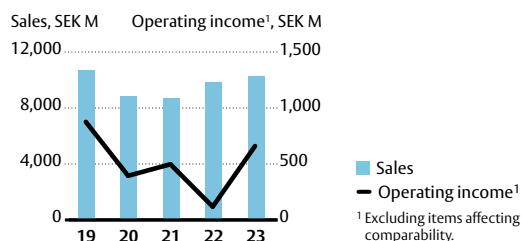
## Improved margin and stabilization in China

### Financial development

Asia Pacific reported organic sales decline of 2%, primarily due to lower intra-group sales and weak exports in the window hardware business to the US from the Pacific. Organic sales growth continued to be very strong in Southeast Asia while it was stable in South Korea. In China the activity levels stabilized as the Chinese government removed many pandemic restrictions in late 2022. However, the activity level in China remained at a low level due to the distressed construction market. Acquired growth was 5% in 2023. The operating income<sup>1</sup> increased significantly to SEK 662 M with a corresponding margin of 6.4%, primarily driven by improved performance in China. Cash flow was strong and the conversion rate improved to 183%, due to the higher operating income and reduced working capital. New products introduced over the past three years accounted for 26% of sales.

### Acquisitions

No acquisitions were completed during the year.



### Comments by business unit heads

#### What are some recent trends in your market?

– In the Pacific, we see continued public investment in areas of health, education, and infrastructure. In the residential market there has been a downward trend in both new construction and in key retail channels in the last couple of years. However, considerable investments in the Australian residential construction market to address structural supply issues are expected to improve the demand going forward. In China, recent market trends indicate growth in fixed asset investment in the non-residential construction industry as well as in Southeast Asia. China's construction sector has continued to decline in the residential market due to land acquisition and liquidity challenges for developers, but city renovation policies create opportunities in the replacement markets. In Southeast Asia consumer demand is fueled by urbanization.

#### Which are your key priorities to accelerate Asia Pacific's profitable growth?

– For Pacific and Northeast Asia, we continue to develop localized product solutions in the Smart Residential markets and have had a number of product launches in this area. We continue to focus on digital access solutions through enhancement of our product offering and market presence. We are also exploring the many opportunities in window hardware in the U.S. In China and Southeast Asia, we have committed to three core strategic initiatives: leveraging our expertise in specifications and maintaining a team of sales specialists who offer high-quality products to grow in the commercial segment; owning smart security through e-business, home decoration partnerships and Yale Smart shops, to engage more customers, and enhance their experience.

#### How has the integration of Caldwell and D&D Technologies progressed?

– The businesses are coming together well, assisted in a large part by being almost entirely complementary with no shared product crossover. There are for example many key customers of Caldwell offering good growth for Interlock USA and vice versa. D&D Technologies has developed well after the acquisition and generated strong earnings. We are exploring further opportunities to grow its offering in the DIY channel in the US by utilizing HHI's expertise. We have also completed the key financial integration as well as the first stages of ERP integration in both businesses.



**Simon Ellis**  
Executive Vice President  
and Head of business unit  
Pacific & North East Asia



**Martin Poxton**  
Executive Vice President and  
Head of business unit Greater  
China & South East Asia

## Overview Asia Pacific

- The division is organized into two business units: Greater China & South-east Asia and Pacific & North-East Asia. The largest market by sales is China, followed by Australia and South Korea.
- The local organization in China is divided by market segment and the other regions in Asia and Pacific are organized according to market segments or region/country structures.
- Products include mechanical and electromechanical locks, hardware, and security doors adapted to the standards and requirements of local markets.
- ASSA ABLOY is the master brand for products in commercial markets and Yale is the master brand for the residential market and its endorsed brands.
- Asia Pacific has a leading position in Australia and New Zealand, as well as in some Asian countries.
- Asia Pacific has about 7,099 employees.

#### Proportion of commercial/institutional vs residential



■ Commercial/Institutional, 50%  
■ Residential, 50%





LunaPro+, a new digital door lock with facial recognition capabilities was launched in Southeast Asia in 2023.



In China and Southeast Asia, recent market trends indicate growth in fixed asset investment in the non-residential construction industry.



### Market activities

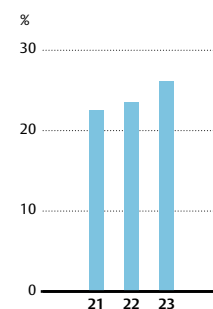
- Investments made in specification resources to support strong pipeline of projects.
- Additional sales resources, including frontline sales team and back-office support, added to support growth in the digital access space.
- Developed customer experience workstream and process to achieve KPIs including targeted levels of NPS as part of a five-year growth strategy.
- Brand awareness improvement actions taken through exhibitions, architect seminars, and local activities like national distributor meetings.
- Promotional activities around product launches were conducted through various channels such as the e-commerce platform, Yale Smart Shops, and social media in China.
- Conducted Building Information Modeling (BIM) training activities for our stakeholders, including attending summits in Bangkok/Kuala Lumpur, organizing workshops in Malaysia, and visiting leading architectural firms in Singapore and Malaysia.



### Innovation

- New localized product platforms in digital access solutions utilizing Incedo from EMEIA as well as enabling mobile access on Aperio for our integration partners.
- We have further invested in product security. With a locally trained team for each core product category, we can swiftly address market needs.
- We launched 59 new products, for example:
  - New security door series with slim door frame, hidden hinges, and new pattern designs.
  - New bespoke smart door lock platform ByYou enables customer personalization through UV printing technology.
  - Class A P80 Stainless Fire Door with center hang type auto hinge.
  - New Yale window actuator system in the Pacific to operate hard-to-reach-windows remotely or through the Yale Home app.
  - A new access control system that uses programmed cards to allow access in small to medium commercial and accommodation businesses in Australia.

New product ratio



### Costs

- Efficiency gains realized from automation investments in our manufacturing facilities, specifically for diecasting and machining.
- Delivered synergy savings for Caldwell and DnD technologies through, for example, consolidation of sales teams and R&D.
- Optimized production footprint in China and expanded our footprint in Vietnam.
- Value Analysis/Value Engineering (VA/VE) conducted to optimize costs and reduce carbon emissions.



### Sustainability

- Enhanced our Environmental Product Declaration program in all markets with a key focus in South Korea.
- Collaborated with Australia Packaging Covenant Organization to meet sustainability targets in the area of single-use plastics.
- Undertook a comprehensive sustainability assessment aimed at reducing CO<sub>2</sub> emissions in line with our science-based target commitment, including energy efficiency improvements, introducing renewable energy, and addressing Scope 3 emissions through strategic sourcing and VA/VE projects.

**-9%**

reduced Scope 1 & 2 carbon emissions compared to 2022

# Global Technologies

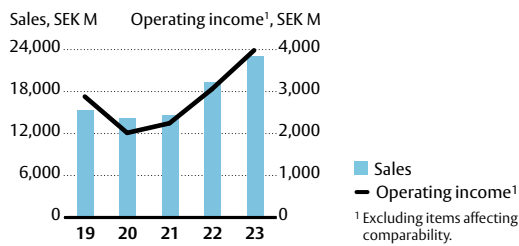
## Strong organic growth and margin improvement

### Financial development

Global Technologies reported strong organic growth of 9%, driven by strong execution of a backlog following last year's chip shortages and strong recovery in Hospitality, where the project business accelerated after a couple of weak years following the pandemic. Due to the challenging situation since the pandemic with significantly lower volumes in the passport business for Citizen ID, a one-off impairment of goodwill and other intangible assets was reported of SEK 2.2 bn. Excluding this one-off effect, the operating margin increased significantly to 17.3% (15.8), mainly driven by very strong growth in Physical Access Control and Hospitality. Cash flow was strong with a cash conversion rate of 104% due to improved earnings and improvements in working capital. As a result of our continued investments in R&D, new products introduced over the past three years accounted for 29% of sales.

### Acquisitions

Ten acquisitions were completed in 2023. The largest acquisitions were: Guard RFID, a provider of real-time location (RTLS) hardware and software solutions in the healthcare industry; Connexient, a provider of a BLE beacon-based digital wayfinding and indoor navigation system based in the US; Iberon, a US-based company providing SaaS-based applications enabling identity verification, background checking and visitor management solutions for US government and law enforcement agencies; Evolis, a leading French manufacturer of ID card printers and consumables; and Access Technology, a Danish IT engineering company that specializes in software solutions for senior and assisted living.



### Comments by business unit heads

#### What are some recent trends in your market?

– Firstly, mobile adoption is accelerating, particularly with the developments in mobile wallets. Customer preferences for convenience and efficiency with the development of broader use cases (for example, conference booking, turnstiles, lockers, time & attendance) are driving this change. Interest from end users in understanding data related to the workplace continues to grow. Secondly, seamless biometrics applications are gaining adoption and acceptance, with growth coming especially from contactless modalities. Demand continues to grow for track and trace of connected items across applications and use cases. Thirdly, new business models like subscriptions and rental of hardware as well as cloud and hybrid-cloud solutions are gaining traction and there is a strong demand from customers for having a full end-to-end solution.

#### Which are your key priorities to accelerate Global Technologies' profitable growth?

– We must continue to stay focused on channel and end-user needs, and organic growth remains a high priority. M&A is also a large part of our growth strategy, as we continue to successfully acquire profitable companies with strong synergies. We look at tactically expanding into new geographies as well as extending our business model through acquiring companies with new technologies that can be integrated into our offering. Investment in new technologies remains central, including focusing in areas such as mobile access, facial recognition, and track-and-trace technologies. We also aim to bundle scalable solutions with core capabilities centered around access control to deliver a suite of software and hardware that addresses the specific requirements in our vertical markets. Lastly, we will continue to collaborate in partnerships and ecosystems.

#### Can you elaborate on your emerging market strategy?

– Our organization has historically been more North America- and Western Europe-focused, but in the last few years, emerging markets have become a more important strategic area for us. When we expand geographically, we consider the strategic fit of our solutions, the market's growth potential, and whether our existing offer can be scaled there. Furthermore, we explore how we can adapt our offering based on the specific local needs. We tactically choose new markets for business areas where we can leverage on the footprint of other business areas already present in the market.



**Björn Lidfelt**  
Executive Vice President and Head of Global Technologies business unit HID Global



**Stephanie Ordan**  
Executive Vice President and Head of Global Technologies business unit Global Solutions

## Overview Global Technologies

- The division comprises HID Global (about 70%) and Global Solutions (about 30%).
- HID Global is organized into six business areas, with the largest being Physical Access Control Solutions. HID Global has leading market positions in trusted identity solutions providing secure and convenient access to physical and digital places and connecting things that can be accurately identified, verified and tracked digitally.

- Global Solutions comprises seven business areas, with the largest being Hospitality. Global Solutions has leading market positions in the hospitality, marine, senior care, construction, key and asset management, critical infrastructure, and self-storage segments.

- Global Technologies has about 7,895 employees and a presence on all continents.

#### Proportion of commercial/institutional vs residential



■ Commercial/Institutional, 100%  
■ Residential, 0%



The new hotel lock system, VingCard Novel was launched in 2023, incorporating cutting-edge technology into the door handle.



Customer preferences for convenience and efficiency are accelerating the adoption of mobile access.



### Market activities

- Completed acquisitions that have strengthened HID Global's position across key geographic markets and vertical markets.
- Acquisitions conducted in several business areas within Global Solutions to grow and protect our core business, while also providing entry into new geographical markets and portfolio segments. For example, we entered into the US construction market through the acquisition of Crewsight.
- Further invested in mobile solutions to continue to lead the market shift, including deepening HID Global's partnerships with large technology companies to continue to drive the mobile business.
- Strengthened customer relationships through marketing activities including partnership programs, events, and tradeshows such as ISC West and Global Security Exchange.

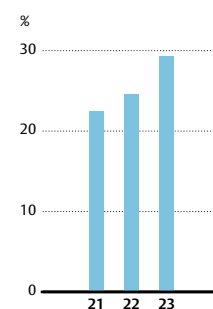


### Innovation

During the year, we upgraded our access control offering in HID Global which is now based on multiple chipsets that improve supply chain resilience and the availability of products for our customers. We also further improved the accuracy of our indoor location sensing offerings.

- We launched 84 new products in 2023, including:
  - A high quality facial biometrics module to respond to the strong demand for seamless and contactless products and solutions.
  - An application of generative AI in technical support and customer service processes to better serve our customers.
  - VingCard Novel, an electronic lock system that incorporates cutting-edge technology into the handle, ensuring both security and convenience.
  - The Traka Touch Pro range, our next generation of premium key cabinets.

New product ratio



### Costs

- Continued to review and optimize our facilities footprint to reduce complexity and costs.
- Supply chain recovery led to increased focus on accelerating product cost savings and strengthening supply chain resilience.
- Drove common technology assets to improve R&D productivity by shortening time to market, boosting performance, and reducing costs.
- Establishment of an OpEx center to increase efficiency in configurations.
- Several colocation projects to reduce cost and increase collaboration in the division.



### Sustainability

- HID Global conducted site footprint optimization and consolidation as well as initiated over 40 energy and waste projects across our sites.
- HID Global launched a plastic-free bamboo credential card.
- Workplace strategy focused on "sustainability by design," with initiatives such as solar projects at HID Global's energy intensive sites.
- Solar panels installed at Global Solution's factory in Shanghai, which represents 70% of total energy usage.
- Switched from steel to aluminium for our Novel lock, which resulted in a 35% reduction in weight.

**-5%**

reduced Scope 1 & 2 carbon emissions compared to 2022

# Entrance Systems

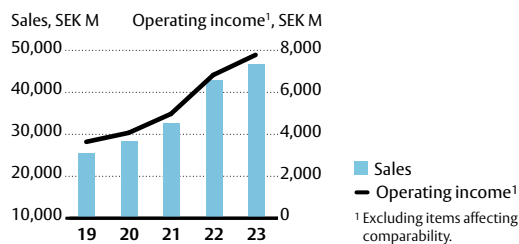
## Record-high margin

### Financial development

Entrance Systems reported an organic growth of 1%, driven by strong growth in the Pedestrian and Industrial business segments. Sales declined in business segments Residential and Perimeter Security due to weaker residential markets after a couple of exceptionally strong years. The operating margin continued to improve to a record 16.7% (15.9), driven by robust service growth, very strong operational leverage, and implementation of short-term cost measures in the European business. Cash flow was strong, with a conversion rate of 133%, due to improved earnings and lower inventory levels. The share of new products introduced over the past three years was 16% of sales.

### Acquisitions

Six acquisitions were completed in 2023. We acquired two US-based distributors and service providers of automatic pedestrian doors: Southwest Entrances and Cleveland Door Controls. We also acquired Atlas Security Products, a leading designer and supplier of perimeter security products and solutions in the US. Furthermore, we acquired Inovadoor, a Brazilian manufacturer of sectional and high-speed doors; Leone Fence, a Canadian manufacturer, distributor and installer of fencing products; and Ghost Controls, a US supplier of automated residential gate openers.



### Comments by Divisional Head

#### What are some recent trends in your market?

– Although new construction has declined, the repair and replacement business has gained strength. We see that there is a growing emphasis on adopting recycling and circular economy practices. In response to evolving environmental concerns, energy efficiency and green building certifications have become a requirement in major construction projects. This has spurred the need for certified and eco-friendly solutions within the automated door industry. National governments and customers increasingly seek Environmental Product Declarations (EPD) to verify sustainability claims. As the integration of connectivity and the Internet of Things (IoT) gains momentum in the construction industry, there is a growing preference for automated door solutions that can seamlessly connect to access and insight systems while automating processes. This trend extends to data monitoring, revolutionizing the maintenance and operation of equipment.

#### Which are your key priorities to accelerate Entrance Systems' profitable growth?

– We continue to be committed to growing our service business. Our focus on R&D, particularly in the areas of sustainability, digitalization, and portfolio expansion, is positioned to stimulate profitable growth while simultaneously extending our presence through strategic acquisitions. We are also emphasizing innovation in equipment, building an installed base of connected products, and launching a next-generation digital service model with a subscription-based approach. We are determined to expand our market presence by prioritizing and focusing on both our indirect channel and our well-established direct channel.

#### Market conditions were more challenging in business segments Residential and Perimeter Security in 2023. What is your view on the conditions going forward?

– Both business segments have been affected by the challenging market conditions in the residential sector. In the Residential segment in North America, the development has been positive, with unit volume levels almost returning to pre-pandemic levels. However, in Europe, we did face some uncertainty due to the ongoing war in Ukraine and a somewhat softer economy. Despite these challenges, there is a cautious sense of optimism that the market situation will gradually improve. The first half of the year was challenging within the Perimeter Security segment, but we experienced a significant turnaround in the latter half of the year, with increased order intake in both the residential and commercial sectors.

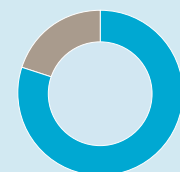


**Massimo Grassi**  
Executive Vice President and Head of the Entrance Systems division

## Overview Entrance Systems

- Entrance Systems manufactures and sells entrance automation products, services, and perimeter security.
- Divisional headquarters in Switzerland.
- Entrance Systems is a global organization with four business segments: Pedestrian, Industrial, Residential and Perimeter Security. Industrial is the largest segment.
- The route to market is both direct and indirect, with ASSA ABLOY as the main brand in the direct channel and a number of additional brands in the indirect channel.
- Entrance Systems has about 16,028 employees worldwide.

#### Proportion of commercial/institutional vs residential



■ Commercial/Institutional, 80%  
■ Residential, 20%



A new connected industrial door featuring groundbreaking "Dual Drive" technology for safer, smoother, and more reliable operations was launched in 2023.



Our focus on R&D, particularly in the areas of sustainability, digitalization and portfolio expansion, is positioned to stimulate profitable growth.



### Market activities

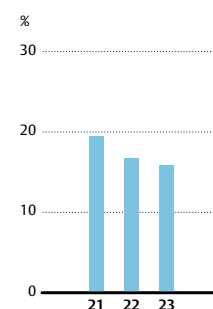
- Implemented various e-business initiatives, including Net Promoter System to assess market capabilities and identify areas for improvements.
- Enhancements in e-commerce, crafted to improve product accessibility and the overall customer experience.
- Launched the next-generation service portfolio featuring digital services and new agreements.
- Six acquisitions completed, which expanded our product portfolio and strengthened our geographical presence, for example in Brazil and Canada through the acquisitions of Inovadoor and Leone Fence.



### Innovation

- Collaborative R&D project initiated with Global Technologies to develop a new speed gate within the new product category, security entrance control.
- We launched 35 new products, for example:
  - ASSA ABLOY SG Expression, an innovative and revolutionary speed gate.
  - A new generation of Sideswipe levelers for loading dock stations.
  - A connected industrial door featuring Dual Drive Technology, eliminating the need for springs.

New product ratio



### Costs

- Expanded our MFP to enhance operational efficiency.
- Implemented short-term cost actions to align with reduced demand in the residential sector and various other areas primarily in Europe.
- Strategic procurement initiatives aimed at assessing our suppliers for both direct and indirect materials.



### Sustainability

- Rolled out "Together we are safe" in 2023, a health and safety training and engagement program for all employees.
- Introduced a two-folded approach to CO<sub>2</sub> emissions improvement, engaging the entire organization in energy optimization efforts, resulting in a 10% reduction compared to the performance of the previous year.
- Deployed Sustainability Ambassadors to foster a culture of environmental stewardship and social responsibility.
- All business segments within Entrance Systems identified the most significant opportunities for sustainability improvements and have action plans and methods for monitoring progress.
- Collaboration with our supply base to identify and support reduction activities, including more efficient energy usage such as fossil fuel-free transport and shipping.

**-2%**

reduced Scope 1 & 2 carbon emissions compared to 2022

# Report of the Board of Directors and Financial statements

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# Report of the Board of Directors

The Annual Report of ASSA ABLOY AB (publ.), corporate identity number 556059-3575, contains the consolidated financial statements for the fiscal year 1 January through 31 December 2023, including the nature and focus of the business. ASSA ABLOY is the global leader in access solutions, dedicated to satisfying end-user needs for security, safety and convenience.

## Significant events

### Sales and income

Organic growth was good in North America and stable in Europe during the year. Organic growth for Latin America, Asia, Oceania, Africa and the Middle East was strong.

Sales increased by 16 percent for the full year and amounted to SEK 140,716 M (120,793). Organic growth was 3 percent (12) and net acquired and divested growth was 8 percent (2). The exchange rate effect on sales was 5 percent (13).

Operating income (EBIT) excluding items affecting comparability increased by 20 percent to SEK 22,185 M (18,532), equivalent to an operating margin of 15.8 percent (15.3). The increase in income was mainly attributable to strong growth in fixed currency, good leverage from sales price in relation to material costs, positive exchange rate effects and continuous efficiency enhancements and cost savings.

Net financial items were SEK -2,531 M (-1,011), affected by a sharp increase in financial net debt and continued high interest rates during the year. The increase in debt is mainly due to company acquisitions. Income before tax totaled SEK 19,254 M (17,521), an increase of 10 percent. The effective tax rate amounted to 29.4 (24.1) percent. The effective tax rate for the year was strongly affected by items affecting comparability. The effective tax rate excluding items affecting comparability totaled SEK 23.4 percent (24.1).

Earnings per share after full dilution increased by 3 percent till SEK 12.27 (11.97). Earnings per share after full dilution, excluding items affecting comparability, increased by 13 percent.

Operating cash flow for the year was very strong and amounted to SEK 25,232 M (15,808), corresponding to cash conversion of 1.28 (0.90).

### Items affecting comparability

Items affecting comparability for 2023 (no items for 2022) are presented below:

- *Income from divestments.* Emtek and the Smart Residential business in the US and Canada were divested in June 2023. The operating income from the divestment, including exit costs, amounted to SEK 3,588 M. The corresponding income after income tax amounted to SEK 2,066 M.
- *Impairment of intangible assets.* Impairment of goodwill and other intangible assets in the second quarter amounted to SEK 2,271 M, mainly attributable to Citizen ID in the Global Technologies division. The corresponding cost after tax was SEK 2,129 M.
- *Restructuring costs.* A new restructuring program was launched in the first quarter of 2023. Operating expenses amounted to SEK 1,250 M. The corresponding cost after tax was SEK 997 M.

- *Inventory revaluations.* Inventory acquired for HHI was revalued at fair value as a result of the acquisition analysis. The non-recurring inventory revaluation amounted to SEK 466 M before tax and was expensed in 2023. The corresponding cost after tax amounted to SEK 350 M.

### Restructuring

A new restructuring program was launched at the end of the first quarter of 2023. Plants and offices are expected to be closed over a two-year period in the new program. The operating expenses of the new program are expected to be SEK 1,250 M and were fully expensed during the year. The expected payback period including investments is around two years.

The previous restructuring program, launched at year-end 2020, proceeded well during 2023, with very good savings effects.

In 2023, around 1,200 employees left the Group in conjunction with changes in the production and office organization. Five plant closures and a number of office closures were implemented during the year, along with a number of other activities, including conversion from production to final assembly in production units.

In recent years, the Group has increasingly concentrated production on its own plants in Asia, Central Europe and Eastern Europe.

Payments for all restructuring programs totaled SEK 613 M (404) for the year. At year-end 2023, the remaining provisions for restructuring measures amounted to SEK 767 M (294).

### Impairment of intangible assets

In the second quarter of 2023, impairment of goodwill and other intangible assets was reported in the Global Technologies division, mainly attributable to the Citizen ID business. The impairment in Citizen ID was a result of a long-term challenging situation since the pandemic with significantly lower volumes, especially in the passport business. See the separate section on items affecting comparability.

### Organization

No operations were transferred between divisions during the year. Any transfers of operations are recognized from the time of the transfer as internal acquisitions/divestments between the divisions without any retroactive financial translation.

**Acquisition of HHI**

In September 2021, ASSA ABLOY signed a definitive agreement to acquire the Hardware and Home Improvement (HHI) division of Spectrum Brands. HHI is a leading provider of security, plumbing, and builders' hardware products to the North American residential segment, with a diversified product offering of locksets, faucets, and builders' hardware. The acquisition was completed in June 2023 and is the largest acquisition in ASSA ABLOY's history to date.

HHI is headquartered in California, US, and has just over 7,000 employees worldwide. The company has manufacturing facilities in the US, Mexico, Taiwan, China, and the Philippines. HHI is part of the Americas division.

The total consideration for HHI amounted to SEK 47,785 M. The acquisition was initially financed through new loans and existing cash and cash equivalents and was then refinanced during the year. Since the completion of the acquisition, the main focus has been on integrating the operations in ASSA ABLOY and starting to realize the business synergies expected to be created as a result of the acquisition.

ASSA ABLOY divested operations during the year as a result of the agreement with the US Department of Justice regarding the acquisition of HHI. See the separate section on divestments in the Report of the Board of Directors for more information.

**Other acquisitions**

Mottura, a leading Italian manufacturer of high security residential armored lock cases and security cylinders, was acquired in May 2023. The company is headquartered in Turin, Italy. Sales in 2022 totaled about SEK 300 M.

Sunray Engineering, a leading UK designer and manufacturer of high specification steel and timber security doors, fire doors and louvre systems, was acquired in July 2023. The company is headquartered in Kent, UK. Sales in 2022 totaled about SEK 150 M.

Lawrence Hardware and Gallery Specialty, leading providers of commercial hinges, locksets, exit devices and door hardware accessories in Canada, was acquired in September 2023. The company is headquartered in Toronto, Canada. Sales in 2022 totaled about SEK 200 M.

Evolis, a Euronext Growth company listed in Paris and a leading French manufacturer of ID card printers and consumables, was acquired in September 2023. The company is headquartered in Angers, France. Sales in 2022 totaled about SEK 1,200 M.

Forte, a leading residential door locks and padlocks manufacturer in Peru, was acquired in September 2023. The company is headquartered in Lima, Peru. Sales in 2022 totaled about SEK 200 M.

Inovadoor, a Brazilian manufacturer of sectional and high-speed doors, was acquired in September 2023. The company is headquartered in Curitiba, Brazil. Sales in 2022 totaled about SEK 100 M.

Securitech, a manufacturer of high-security mechanical and electronic door hardware products in the US, was acquired in October 2023. The company is headquartered in Maspeth, US. Sales in 2022 totaled about SEK 160 M.

Leone Fence, a Canadian manufacturer, distributor and installer of fencing products for commercial and residential

applications, was acquired in December 2023. The company is headquartered in Ontario, Canada. Sales in 2022 totaled about SEK 300 M.

Ghost Controls, a US supplier of automated residential gate openers, was acquired in December 2023. The company is headquartered in Florida, US. Sales in 2022 totaled about SEK 300 M.

The total purchase price of the 24 businesses acquired during the year, including adjustments for acquisitions from previous years, was SEK 54,810 M. The preliminary acquisition analyses indicate that goodwill and other intangible assets with an indefinite useful life amount to SEK 42,549 M. Estimated deferred considerations relating to acquisitions for the year totaled SEK 508 M.

Additional acquisitions of non-controlling interests occurred during the year for SEK 38 M (55).

**Divestments**

ASSA ABLOY divested Emtek and the Smart Residential business in the US and Canada to Fortune Brands in June 2023. These businesses represented external sales of about USD 4,200 M in 2022. The selling price for the divestment totaled about SEK 8,700 M. See the separate section on items affecting comparability in the Report of the Board of Directors for further information about the financial impact of the divestment.

FAST, a small business in Italy, which was not considered to be part of the core business, was divested in January 2023. The capital gain on the divestment was not material.

**Research and development**

ASSA ABLOY's expenditure on research and development during the year totaled SEK 5,712 M (4,834), equivalent to 4.1 percent (4.0) of sales.

The pace of innovation remained high during the year thanks to the continued commitment to invest in research and development. The number of research and development posts increased during the year as a result of both recruitment and acquisitions. The number of posts was around 3,500 (3,250) at year-end.

**Sustainable development**

A number of ASSA ABLOY units outside Sweden carry on licensable activities and hold equivalent licenses under local legislation. ASSA ABLOY's units worldwide are working systematically and purposefully to reduce their environmental impact.

In accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, ASSA ABLOY opted to prepare the Sustainability Report as a separate report from the Annual Report. The Sustainability Report has been submitted to the auditor at the same time as the Annual Report.

ASSA ABLOY had its sustainability targets confirmed by the Science Based Targets initiative (SBTi) in 2022. Science Based Targets is a worldwide initiative providing support for companies to set science based climate targets and boost their competitiveness in the transition to an economy based on reduced emissions.

In 2023, ASSA ABLOY continued to work to achieve the sustainability targets, including further reducing carbon



emissions in both our own operations and throughout the value chain. The number of occupational injuries among our own staff also decreased further compared to previous years.

The 2023 Sustainability Report, reporting on the Group's targets for 2023, and providing details of the 2025 sustainability program and other information about sustainable development, is available on the company's website, [assaabloy.com](http://assaabloy.com).

### Internal control and financial reporting

ASSA ABLOY's internal audit and internal control functions have dedicated internal auditors employed in all divisions. The internal audit function continued its work to enhance financial reporting, internal control in relation to the financial reporting and compliance in the company in general. The number of audits remained high during the year.

### Transactions with related parties

No transactions occurred between ASSA ABLOY and related parties that significantly affected the company's financial position and performance.

### Significant events after the financial year-end

There have been no significant business-related events for the Group since the year-end.

### Proposed distribution of earnings

The following earnings are at the disposal of the Annual General Meeting:

Share premium reserve:	SEK 787,314,216
Retained earnings carried forward:	SEK 11,369,663,696
Net income for the year:	SEK 3,364,564,760
<b>Total:</b>	<b>SEK 15,521,542,672</b>

The Board of Directors proposes that these earnings be appropriated as follows:

A dividend to the shareholders of SEK 5.40 per share	5,998,192,204 SEK
Be carried forward to the new financial year	9,523,350,468 SEK
<b>Total:</b>	<b>SEK 15,521,542,672<sup>1</sup></b>

The Board of Directors' proposal for a dividend of SEK 5.40 (4.80) per share corresponds to an increase of 13 percent. The dividend is proposed to be paid in two equal installments, the first with the record date 26 April 2024 and the second with the record date 11 November 2024. If the proposal is adopted by the Annual General Meeting, the first installment is estimated to be paid on 2 May 2024 and the second installment on 14 November 2024.

### Outlook

#### Long-term outlook

The war in Ukraine and the conflict in the Middle East may have a negative business impact on ASSA ABLOY in both short and long term, but the direct business impact is deemed to be limited.

ASSA ABLOY anticipates an increase in demand for security solutions in the long term. A focus on customer value and innovations as well as leverage on the Group's strong position will accelerate growth and increase profitability.

Organic sales growth is expected to continue at a good rate. The operating margin (EBIT) and operating cash flow are expected to develop well.

<sup>1</sup> The dividend and retained earnings to be carried forward to the new financial year are calculated on the number of outstanding shares at 6 February 2024. No dividend is payable on ASSA ABLOY AB's holding of treasury shares, the exact number of which is determined on each record date for payment of dividend. ASSA ABLOY AB's holding of treasury shares amounted to 1,800,000 Series B shares at 6 February 2024.

# Significant risks and risk management

## Risk management

Uncertainty about future developments and the course of events is a natural risk for any business. Risk-taking in itself provides opportunities for continued economic growth, but the risks may also have a negative impact on business operations and company goals. It is therefore essential to have a systematic and efficient risk assessment process and an effective risk management program in general. The purpose of risk management at ASSA ABLOY is not to avoid risks, but to take a controlled approach to identifying, managing and minimizing the effects of these risks. This work is based on an assessment of the probability of the risks and their potential impact on the Group.

ASSA ABLOY is an international Group with a wide geographical spread, involving exposure to various forms of strategic, operational and financial risks. Strategic risks refer to changes in the business environment with potentially significant effects on ASSA ABLOY's operations and business objectives. Operational risks comprise risks directly attributable to business operations, entailing a potential impact on the Group's financial position and performance. Financial risks mainly comprise financing risk, currency risk, interest rate risk, credit risk, and risks associated with the Group's pension obligations.

## Organization

ASSA ABLOY's Board of Directors has overall responsibility for risk management within the Group and determines the Group's strategic focus based on recommendations from the Executive Team. In view of the decentralized structure of ASSA ABLOY, and to keep risk analysis and risk management as close as possible to the actual risks, a large proportion of operational risk management takes place at division and business unit levels.

## Responsibility

ASSA ABLOY's Board of Directors has overall responsibility for the Group's strategic direction in close consultation with the Executive Team. Divisions and business units have overall responsibility for management of operational risks, in accordance with ASSA ABLOY's decentralized approach to organization, responsibility and authority. In the case of financial risks, allocation of responsibilities and control of the Group's financing activities are regulated in a financial policy adopted by the Board of Directors. A centralized Treasury function then has the main responsibility for financial risks within the framework established in the financial policy, with the exception of credit risks relating to operational business activities, which are managed locally at company level and monitored at division level.

## Review process

Strategic risks, such as competitors, brand positioning and so on, are regularly reviewed at ASSA ABLOY AB's Board meetings. The Group's operational risk management is continuously monitored by the Executive Team through divisional reporting and divisional Board meetings. Financial operations are centralized in a Treasury function, which manages most financial transactions as well as financial risks with a Group-wide focus. ASSA ABLOY's Treasury monitors the Group's short- and long-term financing, financial cash management, currency risk and other financial risk management.

## Strategic risks

The risks of this nature encountered by ASSA ABLOY include various forms of business environment risks with an impact on the security market in general, mainly changes in customer behavior, competitors, brand positioning, reputational risks, geopolitical risks and country-specific risks. In recent years, it has also become clear that worldwide health risks posed by pandemics can significantly impact societies and global demand around the world.

## Geopolitical risks

ASSA ABLOY manufactures and supplies access solutions, secure identities and other goods and services in a large number of countries around the world. Various geopolitical risks, such as military conflicts and wars, terrorist threats, trade conflicts etc. can affect the global economy and demand for the Group's goods and services.

## Country-specific risks

ASSA ABLOY has global market penetration, with sales and production in a large number of countries. The focus is on North America and Western Europe, but in recent years sales have also increased in the Asia Pacific region and South America. Consequently, the Group has increased exposure to the emerging markets, which may entail a higher risk profile for country-specific risks in the form of inadequate compliance, policy decisions, overall changes in regulations and more.

## Customer behavior

Changes in customer behavior in general and the actions of competitors affect demand for different products and their profitability. Customers and suppliers, including the Group's relationships with them, are subject to continuous local review.

## Competitors

As regards competitors, risk analyses are carried out both centrally and locally.

## Brand positioning

The Group owns a number of the strongest brands in the industry, including several global brands that complement the ASSA ABLOY master brand. Local product brands are gradually being linked increasingly to the master brand.

## Reputational risk

Activities to maintain and further strengthen ASSA ABLOY's good reputation are constantly ongoing. These include ensuring compliance with ASSA ABLOY's Code of Conduct for employees and the Code of Conduct for business partners. These codes express the Group's values with regard to matters such as business ethics, human rights and working conditions, as well as the environment, health and safety.

## Operational risks

Operational risks comprise risks directly attributable to business operations, with a potential impact on the Group's financial position and performance. They include legal and environmental risks, tax risks, acquisition of new businesses, restructuring measures, price fluctuations and availability of raw materials, and credit losses. This category also includes

risks relating to compliance with laws and regulations, information technology (IT), internal control and financial reporting. See page 50 for a more detailed description of the management of these risks.

### Financial risks

The Group's financial risks mainly comprise financing risk, currency risk, interest rate risk, credit risk, and risks associated with the Group's pension obligations. A large number of financial instruments are used to manage these risks. Accounting principles, risk management and risk exposure are described in more detail in Notes 1 and 36, as well as Note 25, Post-employment employee benefits.

#### Financing risk

Financing risk refers to the risk that financing the Group's capital requirements and refinancing outstanding loans become more difficult or more expensive. It can be reduced by maintaining an even maturity profile for borrowing and a solid credit rating. The risk is further reduced by substantial unutilized confirmed credit facilities.

#### Currency risk

Since ASSA ABLOY sells its products in countries worldwide and has companies in a large number of countries, the Group is exposed to the effects of exchange rate fluctuations. These fluctuations affect Group earnings when the income statements of foreign subsidiaries are translated to Swedish kronor (translation exposure), and when products are exported and sold in countries outside the country of production (transaction exposure). Translation exposure is primarily related to earnings in USD and EUR. This type of exposure is not hedged. Currency risk in the form of transaction exposure, i.e. the value of exports and imports, respectively, of goods, is expected to increase over time due to rationalization of production and sourcing. In accordance with financial policy, the Group only hedged a very limited part of current currency flows in 2023. As a result, currency fluctuations had a direct impact on business operations.

Exchange rate fluctuations also affect the Group's debt-equity ratio and equity. The difference between the assets and liabilities of foreign subsidiaries in the respective foreign currency is affected by exchange rate fluctuations and causes a translation difference, which affects the Group's comprehensive income. A general weakening of the Swedish krona leads to an increase in net debt, but at the same time

increases the Group's equity. At year-end, the largest foreign net assets were denominated in USD and EUR.

#### Interest rate risk

With respect to interest rate risks, interest rate changes have a direct impact on ASSA ABLOY's net interest expense. The net interest expense is also impacted by the size of the Group's net debt and its currency composition. Net debt was SEK 64,109 M (31,732) at year-end 2023. The increase in net debt during the year was mainly attributable to company acquisitions. Operational cash flow remained very strong. Debt was mainly denominated in USD, EUR and SEK. Group Treasury analyzes the Group's interest rate exposure and calculates the impact on income of interest rate changes on a rolling 12-month basis. In addition to raising variable-rate and fixed-rate loans, various interest rate swaps are used to adjust interest rate sensitivity.

#### Credit risk

Credit risk arises in ordinary business activities and as a result of financial transactions. Trade receivables are spread across a large number of customers, which reduces credit risk. Credit risks relating to operational business activities are managed locally at company level and monitored at division level.

Financial risk management exposes ASSA ABLOY to certain counterparty risks. Such exposure may arise, for example, as a result of the placement of surplus cash, borrowings and derivative financial instruments. Counterparty limits are set for each financial counterparty and are continuously monitored.

#### Pension obligations

At year-end 2023, ASSA ABLOY had obligations for pensions and other post-employment benefits of SEK 9,177 M (9,068). The Group manages pension assets valued at SEK 7,742 M (7,717). Provisions in the balance sheet for defined benefit and defined contribution plans and post-employment medical benefits totaled SEK 1,435 M (1,351). Changes in the value of assets and liabilities from year to year are due partly to the development of equity and interest rate markets and partly to the actuarial assumptions made. Significant remeasurement of obligations and plan assets is recognized on a current basis in the balance sheet and in other comprehensive income. The assumptions made include discount rates and anticipated inflation and pension increases.

## ASSA ABLOY's risks

### Strategic risks

Changes in the business environment with potentially significant effects on operations and business objectives.

- Geopolitical risks
- Country-specific risks
- Customer behavior
- Competitors
- Brand positioning
- Reputational risk
- Pandemics and other global health risks

### Operational risks

Risks directly attributable to business operations with a potential impact on financial position and performance.

- Legal risks and environmental risks
- Tax risks
- Acquisition and divestment of companies
- Restructuring measures
- Price fluctuations and availability of raw materials
- Credit losses
- Insurance risks
- Risks relating to internal control
- Risks relating to IT

### Financial risks

Financial risks with a potential impact on financial position and performance.

- Financing risk
- Currency risk
- Interest rate risk
- Credit risk
- Risks associated with pension obligations

## ASSA ABLOY's operational risks and risk management

Operational risks	Risk management	Comments
<p><b>Legal risks</b></p>	<p>The Group continuously monitors anticipated and implemented changes in legislation in the countries in which it operates. Ongoing and potential disputes are regularly reported to the Group's central legal function.</p> <p>Policies and guidelines on compliance with applicable competition, anti-corruption, export control/sanctions and data protection legislation have been implemented.</p>	<p>At year-end 2023, there are considered to be no outstanding legal disputes that may lead to significant costs for the Group.</p>
<p><b>Environmental risks</b></p>	<p>Ongoing and potential environmental risks are regularly monitored in the operations. External expertise is brought in for environmental assessments when necessary.</p>	<p>Prioritized environmental activities and other information on sustainable development are reported in the Group's Sustainability Report.</p>
<p><b>Tax risks</b></p>	<p>Ongoing and potential tax cases are regularly reported to the Group's central tax function.</p>	<p>At year-end 2023, there are considered to be no ongoing tax cases with a significant impact on the Group's earnings.</p>
<p><b>Acquisition and divestment of businesses</b></p>	<p>Acquisitions and divestments are carried out by a number of people with considerable experience in the field and with the support of, for example, legal and financial consultants. Acquisitions are carried out according to a uniform and predefined Group-wide process. This consists of four documented phases: strategy, evaluation, implementation and integration.</p>	<p>During the year, acquisition activity was very high at ASSA ABLOY, with 24 acquisitions of businesses. There was also a major divestment. The Group's acquisitions in 2023 are reported in greater detail in the Report of the Board of Directors and in Note 34, Business combinations.</p>
<p><b>Restructuring measures</b></p> <p>The restructuring programs mainly entail some production units being closed or changing their focus to mainly performing final assembly, combined with office closures.</p>	<p>The restructuring programs are carried on as a series of projects with stipulated activities and schedules. The various projects in the respective restructuring program are systematically monitored on a regular basis.</p>	<p>A new restructuring program was launched in early 2023. A number of plants and offices are expected to be closed over a two-year period. The level of activity in the programs launched previously continued to be high during the year. The scope, costs and savings of the programs are presented in more detail in the Report of the Board of Directors.</p>
<p><b>Price fluctuations and availability of raw materials</b></p>	<p>Raw materials are purchased and handled primarily at division and business unit level. Regional committees coordinate these activities with the help of senior coordinators for selected material components.</p>	<p>The market prices of raw material components, for example steel, that are important to the Group varied during the year. For further information about procurement of materials, see Note 7, Expenses by nature and function.</p>
<p><b>Credit losses</b></p>	<p>Trade receivables are spread across a large number of customers in many markets. However, customer concentration has increased somewhat within the Group as a result of the acquisition of HHI.</p> <p>Commercial credit risks are managed locally at company level and monitored at division level.</p>	<p>Receivables from each customer are relatively small in relation to total trade receivables. The risk of significant credit losses for the Group is deemed to be limited.</p>
<p><b>Insurance risks</b></p>	<p>A Group-wide insurance program is in place, mainly relating to property, business interruption and liability risks. This program covers all business units. The Group's exposure to the risk areas listed above is regulated by means of its own captive insurance company.</p>	<p>The Group's insurance cover is considered to be generally adequate, providing a reasonable balance between assessed risk exposure and insurance costs.</p>
<p><b>Risks relating to internal control</b></p>	<p>The organization is considered to be relatively transparent, with a clear allocation of responsibilities. A well-established Controller organization at both division and Group level monitors financial reporting quality.</p> <p>To establish a structured process for implementing and maintaining reliable financial reporting and internal controls over critical business processes and to minimize risks, ASSA ABLOY has implemented an internal control framework. An annual self-assessment is carried out at selected companies to ensure compliance. The internal audit function plays an important role in reviewing companies' processes and managing risks. It conducts risk-based audits to ensure compliance with the internal control framework.</p>	<p>ASSA ABLOY's internal audit and internal control functions have dedicated internal auditors employed in all divisions. The number of audits remained high during the year. Internal control and other related issues are reported in more detail in the Report of the Board of Directors, section on Corporate governance.</p> <p>Further information on risk management relating to financial reporting can be found in the Report of the Board of Directors, section on Corporate governance. See also the section Key estimates and assessments for accounting purposes in Note 1.</p>
<p><b>Risks relating to information technology (IT)</b></p>	<p>Preventive measures are in place to protect business-critical information from unauthorized individuals and organizations.</p>	<p>IT security is a high priority area at ASSA ABLOY through constant efforts to maintain and strengthen the level of security for the Group's business information.</p>

# Corporate governance

ASSA ABLOY AB is a Swedish public limited liability company with registered office in Stockholm, Sweden, whose Series B share is listed on Nasdaq Stockholm.

ASSA ABLOY's corporate governance is based on the Swedish Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the Code), as well as other applicable external laws, rules and regulations, and internal rules and regulations.

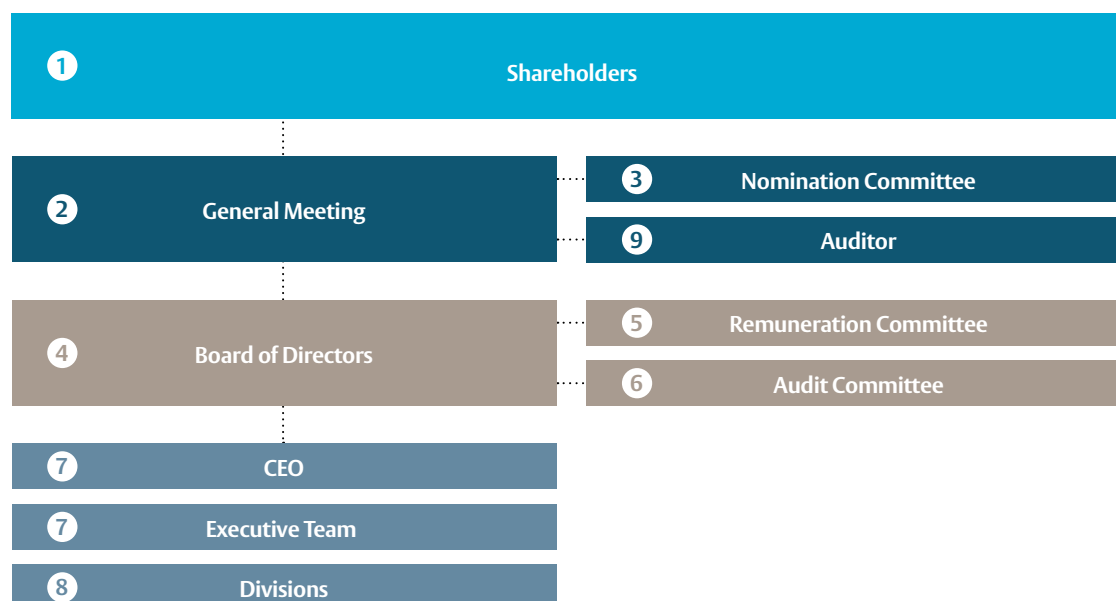
This Corporate Governance Report has been prepared as part of ASSA ABLOY's application of the Code. ASSA ABLOY follows the Code's principle to 'comply or explain' and ASSA ABLOY has one deviation to explain for 2023. The composition of the Nomination Committee prior to the 2023 Annual General Meeting deviated from Rule 2.3 (paragraph one) of the Code, which stipulates that the Nomination Committee must have at least three members. The Nomination Committee prior to the 2023 Annual General Meeting initially comprised five members. In December 2022, Marianne Nilsson (representing Swedbank Robur Fonder), Ola Peter Gjessing (representing CBNY Norges Bank) and

Liselott Ledin (representing Alecta) left ASSA ABLOY's Nomination Committee. The Chairman of the Nomination Committee then asked several shareholders in successive order of numbers of votes whether they wanted to appoint a representative to the Nomination Committee, but these shareholders declined to do so. On account of this and the limited time remaining before the planned publication of the notice of the 2023 Annual General Meeting, the Nomination Committee decided that the work prior to the 2023 Annual General Meeting would be completed by just two members, the Chairman, Anders Mörck (representing Investment AB Latour) and Mikael Ekdahl (representing Melker Schörling AB). A complete Nomination Committee has been appointed again prior to the 2024 Annual General Meeting.

The report is examined by ASSA ABLOY's auditor.

ASSA ABLOY's objective is that its operations should generate good long-term returns for its shareholders and other stakeholders. An effective scheme of corporate governance for ASSA ABLOY can be summarized in a number of interacting components, which are described below.

## Corporate governance structure



### Important external rules and regulations

- Swedish Companies Act
- Annual Accounts Act
- Nasdaq Stockholm's Rule Book for Issuers
- Swedish Corporate Governance Code ([www.bolagsstyrning.se](http://www.bolagsstyrning.se))

### Important internal rules and regulations

- Articles of Association
- Board of Directors' rules of procedure
- Financial Policy
- Accounting Manual
- Communication Policy
- Insider Policy
- Internal control framework
- Code of Conduct and Anti-Corruption Policy

## 1 Shareholders

At year-end 2023, ASSA ABLOY had 57,080 shareholders. The principal shareholders are Investment AB Latour (9.5 percent of the share capital and 29.4 percent of the votes) and Melker Schörling AB (3.1 percent of the share capital and 10.9 percent of the votes). Foreign shareholders accounted for 64.5 percent of the share capital and 44.0 percent of the votes. The ten largest shareholders accounted for 35.7 percent of the share capital and 56.1 percent of the votes. For further information on shareholders, see page 109.

ASSA ABLOY's Articles of Association contain a pre-emption clause for owners of Series A shares regarding shares of Series A. A shareholders' agreement exists between the Douglas and Schörling families and their related companies that includes an agreement on right of first refusal if any party disposes of Series A shares. The Board of Directors of ASSA ABLOY is not aware of any other shareholders' agreements or other agreements between shareholders in ASSA ABLOY.

### Share capital and voting rights

At year-end 2023, ASSA ABLOY's share capital amounted to SEK 370,858,778, distributed among a total of 1,112,576,334 shares, comprising 57,525,969 Series A shares and 1,055,050,365 Series B shares. All shares have a par value of around SEK 0.33 and give shareholders equal rights to the company's assets and earnings. The total number of votes amounted to 1,630,310,055. Each Series A share carries ten votes and each Series B share one vote.

### Repurchase of own shares

Since 2010, the Board of Directors has requested and received a mandate from the Annual General Meeting to repurchase and transfer ASSA ABLOY Series B shares. The aim has been, among other things, to secure the company's undertakings in connection with its long-term incentive programs (LTI). The 2023 Annual General Meeting authorized the Board of Directors to acquire, during the period until the next Annual General Meeting, a maximum number of Series B shares so that after each repurchase ASSA ABLOY holds a maximum 10 percent of the total number of shares in the company.

ASSA ABLOY holds a total of 1,800,000 Series B shares after repurchase. The cost of these shares amounts to SEK 103 M. The shares account for around 0.2 percent of the share capital and each share has a par value of around SEK 0.33. No shares were repurchased in 2023.

### Share and dividend policy

ASSA ABLOY's Series B share is listed on the Nasdaq Stockholm Large Cap. At year-end 2023, ASSA ABLOY's market capitalization amounted to SEK 322,981 M, calculated on both Series A and Series B shares. The Board of Directors' objective is that, in the long term, the dividend should be equivalent to 33–50 percent of income after standard tax, but taking into account ASSA ABLOY's long-term financing requirements.

## 2 General Meeting

Shareholders' rights to decide on the affairs of ASSA ABLOY are exercised at the General Meeting. Shareholders who are registered in the share register on the record date and have duly notified their intent to attend are

entitled to take part in the General Meeting, either in person or by proxy. Resolutions at the General Meeting are normally passed by simple majority. For certain matters, however, the Swedish Companies Act prescribes that a proposal should be supported by a higher majority. Individual shareholders who wish to submit a matter for consideration at the General Meeting can send such request to ASSA ABLOY's Board of Directors at a special address published on the company's website well before the Meeting.

The Annual General Meeting should be held within six months of the end of the company's financial year. Matters considered at the Annual General Meeting include: dividend; adoption of the income statement and balance sheet; discharge of the members of the Board of Directors and the CEO from liability; election of members of the Board of Directors, Chairman of the Board of Directors and auditor; and fees for the Board of Directors and auditor. An Extraordinary General Meeting may be held if the Board of Directors considers this necessary or if ASSA ABLOY's auditor or shareholders holding at least 10 percent of the shares so request.

### 2023 Annual General Meeting

At the Annual General Meeting on 26 April 2023, shareholders representing 57.0 percent of the share capital and 70.8 percent of the votes participated. The Annual General Meeting's resolutions included the following.

- Dividend of SEK 4.80 per share, paid in two equal installments.
- Johan Hjertonsson, Carl Douglas, Erik Ekudden, Sofia Schörling Högberg, Lena Olving, Joakim Weidemanis and Susanne Pahlén Åklundh were re-elected as members of the Board of Directors. Lars Renström and Eva Karlsson declined to be re-elected.
- Victoria Van Camp was elected as a new member of the Board of Directors.
- Johan Hjertonsson was elected as the new Chairman of the Board of Directors and Carl Douglas was re-elected as Vice Chairman.
- The audit firm Ernst & Young AB was re-elected as the company's auditor.
- Remuneration of the Board of Directors.
- Instructions for appointment of the Nomination Committee and its assignment.
- Approval of the Board of Directors' report on remuneration as per Chapter 8, Section 53 a, of the Swedish Companies Act (remuneration report).
- Authorization to the Board of Directors regarding repurchase and transfers of own Series B shares.
- A long-term incentive program for senior executives and other key employees in the Group (LTI 2023).

For more information about the Annual General Meeting, including the minutes, see ASSA ABLOY's website [assaabloy.com](http://assaabloy.com).

### 2024 Annual General Meeting

ASSA ABLOY's next Annual General Meeting will be held on 24 April 2024 in Stockholm, Sweden. More information will be available in the notice of the Annual General Meeting and on ASSA ABLOY's website [assaabloy.com](http://assaabloy.com).

### 3 Nomination Committee

The 2023 Annual General Meeting adopted revised instructions for the Nomination Committee, comprising a procedure for appointing the Nomination Committee, which apply until further notice. Compared with previous instructions, the revised instructions contain certain clarifications in relation to the Code. According to the instructions, the Nomination Committee shall be composed of representatives of the five largest shareholders in terms of voting rights registered in the shareholders' register maintained by Euroclear Sweden AB as of 31 August the year before the Annual General Meeting. Where a shareholder declines to participate in the Nomination Committee, a representative from the largest shareholder in turn shall be appointed. If a member resigns from the Nomination Committee before the work is completed and the Nomination Committee finds it suitable, a substitute shall be appointed. Such a substitute shall be appointed from the same shareholder or, if that shareholder no longer is among the largest shareholders in terms of voting rights, from the largest shareholder next in turn.

The Nomination Committee prior to the 2024 Annual General Meeting comprises Johan Menckel (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Marianne Nilsson (Swedbank Robur Fonder), Yvonne Sörberg (Handelsbanken Fonder) and Carina Silberg (Alecta). Johan Menckel is the Chairman of the Nomination Committee. The Chairman of the company's Board of Directors, Johan Hjertonsson, is co-opted to the Nomination Committee.

The Nomination Committee has the task of preparing, on behalf of the shareholders, proposals regarding the election of Chairman of the General Meeting; members of the Board of Directors, Chairman of the Board, Vice Chairman of the Board; auditor; fees for the board members including division between the Chairman, Vice Chairman and the other board members, as well as fees for committee work; fees to the company's auditor, and any changes of the instructions for the Nomination Committee. The Audit Committee assists the Nomination Committee in work associated with the proposal regarding appointment of the external auditor.

Prior to the 2024 Annual General Meeting, the Nomination Committee makes an assessment of whether the current Board of Directors is appropriately composed and fulfills the requirements imposed on the Board of Directors by the company's present situation and future direction. The annual evaluation of the Board of Directors and its work is part of the basis for this assessment. Moreover, the Nomination Committee applies ASSA ABLOY's diversity policy for the Board of Directors, which is based on Rule 4.1 of the Code, when preparing its proposal for election of members of the Board of Directors. The search for suitable board members is carried on throughout the year and proposals for new board members are based in each individual case on a profile of requirements established by the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee can do so by e-mailing: [nominationcommittee@assaabloy.com](mailto:nominationcommittee@assaabloy.com).

The Nomination Committee's proposals for the 2024 Annual General Meeting are published, at the latest, in conjunction with the formal notice of the Annual General Meeting, which is expected to be issued around 20 March 2024.

### 4 Board of Directors

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the organization and administration of the Group and for ensuring satisfactory control of bookkeeping, asset management and other financial circumstances. The Board of Directors decides on the Group's overall objectives, strategies, Group policies, acquisitions and divestments as well as investments of major importance. Acquisitions and divestments with a value (on a debt-free basis) exceeding SEK 200 M are decided by the Board of Directors. The threshold amount presumes that the matter relates to acquisitions or divestments in accordance with the strategy agreed by the Board of Directors. The Board of Directors approves documents such as the Annual Report and Interim Reports, proposes a dividend to the Annual General Meeting, and makes decisions concerning the Group's financial structure.

The Board of Directors' other ongoing duties include:

- appointing, evaluating and if necessary, dismissing the CEO,
- approving the CEO's significant assignments outside the company,
- identifying how sustainability issues impact risks to, and business opportunities for, the company,
- establishing appropriate guidelines to govern the company's conduct in society with the aim of ensuring long-term value-creating capability,
- ensuring that appropriate systems are in place for following up and controlling the company's operations and the risks for the company associated with its operations,
- ensuring that there is satisfactory control of the company's compliance with laws and other regulations relevant to the company's operations, and its compliance with internal guidelines, and
- ensuring that external information provided by the company is transparent, accurate, relevant and reliable.

Each year, the Board of Directors reviews and adopts the Board of Directors' rules of procedure, which is the document that governs the work of the Board and the distribution of duties between the Board of Directors and the CEO. The rules of procedure include instructions for the CEO, instructions relating to financial reporting and internal control, and instructions to the Remuneration Committee and the Audit Committee.

Included in the rules of procedure is a description of the role of Chairman of the Board. In addition to organizing and leading the work of the Board of Directors, the Chairman's duties include maintaining contact with the CEO to continuously monitor the Group's operations and development, consulting with the CEO on strategic issues, representing the company in matters concerning the ownership structure, ensuring that the Board receives satisfactory information and data on which to base decisions and ensuring that Board decisions are implemented. In addition, the Chairman should ensure that the work of the Board of Directors is evaluated annually.

The Board of Directors has at least four ordinary meetings and one statutory meeting per year. An ordinary Board meeting is always held in connection with the company's publication of its Year-end Report and Interim Reports. At least once a year the Board of Directors visits one of the Group's operations, combined with a Board meeting.

In addition, extraordinary Board meetings are held when necessary. All meetings follow an approved agenda. Prior to each meeting, a draft agenda, including documentation, is provided to all members of the Board of Directors.

The Board of Directors has a Remuneration Committee and an Audit Committee. The purpose of these Committees is to deepen and streamline the work of the Board of Directors and to prepare matters in these areas. The members of the Committees are appointed annually by the Board of Directors at the statutory Board meeting.

### Board of Directors' composition

The Board of Directors, including the Chairman and Vice Chairman of the Board, is elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting and shall, according to the Articles of Association, comprise a minimum of six and a maximum of ten members elected by the Meeting. The Board of Directors also has two members who are appointed by employee organizations in accordance with Swedish law. The employee organizations also appoint two deputies. The Board of Directors has consisted of eight elected members and two employee representatives since the 2023 Annual General Meeting. No board members are included in the Executive Team. For a presentation of the Board of Directors, see pages 56–57.

The diversity policy that ASSA ABLOY applies with respect to the company's Board of Directors is based on Rule 4.1 of the Code. The objective is that the composition of the Board of Directors, taking into account the company's operations, stage of development and other circumstances, shall be appropriate, characterized by versatility and breadth regarding qualifications, experience and background of the elected members, and strive to achieve gender equality. In 2023 the Nomination Committee has taken the diversity policy into account when preparing its proposal for election of members of the Board of Directors prior to the Annual General Meeting. After the election at the 2023 Annual General Meeting, the composition of the members of the Board of Directors elected by the Annual General Meeting is such that 50 percent are women and 50 percent are men, which is in line with the Swedish Corporate Governance Board's aspiration for each gender to represent a share of at least 40 percent of the Board of Directors. In addition, an in-depth review of operations of the Entrance Systems division and the Global Technologies division was conducted during the year to broaden the expertise of the Board of Directors within ASSA ABLOY.

### Board of Directors' work in 2023

The Board of Directors held nine meetings during the year (of which two were by correspondence). At the ordinary Board meetings the CEO reported on the Group's performance and financial position, including the outlook for the coming quarters.

Major matters addressed by the Board during the year include Group strategy, including sustainability issues, completion of the acquisition of HHI from Spectrum Brands and the divestment of Emtek and the Smart Residential business in the US and Canada to Fortune Brands. The Board also addressed a number of other acquisitions, including of Evolis, Securitech, Lawrence Hardware and Gallery Specialty, Sunray Engineering, Ghost Controls and Leone Fence. In addition, the Board addressed impairment of goodwill and other intangible assets in the second quarter, primarily related to the Citizen ID business in the Global Technologies division. During the year, the Board also visited the operations of the Global Technologies division's business unit HID Global in the US. The Board of Directors' work is summarized in the timeline on pages 54–55.

An evaluation of the Board of Directors' work is conducted annually in the form of a web-based survey, which each board member responds to individually. A summary of the results is presented to the Board of Directors. Board members who wish can access the complete results of the evaluation. The Chairman of the Board of Directors presents the complete results of the evaluation to the Nomination Committee.

### 5 Remuneration Committee

Since the statutory Board meeting after the 2023 Annual General Meeting, the Remuneration Committee has consisted of Johan Hjertsson (Chairman) and Erik Ekudden.

The Remuneration Committee has the task of drawing up guidelines for remuneration to senior executives, which the Board of Directors proposes to the Annual General Meeting for resolution. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year. For information about ASSA ABLOY's current guidelines for remuneration to senior executives that were adopted at the 2022 Annual General Meeting, see Note 35.

The Remuneration Committee also prepares, monitors and evaluates matters regarding salaries, bonus, pension, severance pay and incentive programs for the CEO and other senior executives. The Committee has no decision-making powers.

### Summary of Board of Directors' work and Committee meetings in 2023

January	February	March	April	May	June
Remuneration Committee meeting	Audit Committee meeting	Extraordinary Board meeting (by correspondence) Notice Annual General Meeting	Ordinary Board meeting Interim Report Q1 Presentation Entrance Systems Acquisitions		Extraordinary Board meeting
			Audit Committee meeting Statutory Board meeting (by correspondence) Appointment committee members Adoption Board of Directors' rules of procedure and Group policies Signatory powers		Extraordinary Audit Committee meeting (by correspondence)

At the ordinary Board meetings the CEO also reported on the Group's performance and financial position, including the outlook for the coming quarters.



The Committee held three meetings in 2023. Its work included preparing a proposal for the remuneration report, preparing a proposal for the remuneration of the Executive Team, evaluating existing incentive programs, and preparing a proposal for a new long-term incentive program. Remuneration Committee meetings are minuted; a copy of the minutes is enclosed with the materials provided to the Board and a verbal report is given at Board meetings.

## 6 Audit Committee

Since the statutory Board meeting after the 2023 Annual General Meeting, the Audit Committee has consisted of Susanne Pahlén Åklundh (Chairman), Victoria Van Camp and Lena Olving.

The duties of the Audit Committee include continuous monitoring and quality assurance of ASSA ABLOY's financial reporting. Regular communication is maintained with the company's external auditor, including on the focus and scope of the audit. The Audit Committee is also responsible for evaluating the audit assignment and obtaining the results of the Swedish Inspectorate of Auditors' quality control of the auditor, as well as informing the Board of Directors of the results of the evaluation. The Audit Committee also has the task of supporting the Nomination Committee in providing a proposal for the appointment of external auditor. Furthermore, the Audit Committee shall review and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides the company with services other than auditing services. The Audit Committee establishes guidelines for procurement of services other than audit services from ASSA ABLOY's auditors, and, if applicable, it approves such services according to these guidelines, and establishes guidelines for the appointment of new local audit firms. Otherwise, the Committee has no decision-making powers.

The Committee held five meetings (one of which by correspondence) in 2023. Representatives from senior management also attended these meetings, and the company's external auditor attended four meetings. Major matters discussed by the Audit Committee during the year included internal control and internal audit, accounting rules, financial statement and valuation matters, tax matters, insurance and risk management matters, financial matters, information security, and legal risks. Audit Committee meetings are minuted; a copy of the minutes is enclosed with the materials provided to the Board and a verbal report is given at Board meetings.

## Remuneration of the Board of Directors

The General Meeting passes a resolution on the remuneration to be paid to board members. The 2023 Annual General Meeting passed a resolution on Board fees totaling SEK 9,455,000 (excluding remuneration for committee work) to be allocated between the members as follows: SEK 3,000,000 to the Chairman, SEK 1,115,000 to the Vice Chairman, and SEK 890,000 to each of the other members elected by the Annual General Meeting. As remuneration for committee work, the Chairman of the Audit Committee is to receive SEK 352,000, the Chairman of the Remuneration Committee SEK 165,000, members of the Audit Committee (except the Chairman) SEK 243,000 each, and the member of the Remuneration Committee (except the Chairman) SEK 82,000.

The Chairman and other board members have no pension benefits or severance pay agreements. The employee representatives do not receive board fees. For further information on the remuneration of board members in 2023, see Note 35.

## Attendance at Board and Committee meetings in 2023

Board members	Board of Directors	Audit Committee	Remuneration Committee
Lars Renström <sup>1</sup>	3	2	1
Johan Hjertonsson <sup>2</sup>	9	2	3
Carl Douglas	9		
Erik Ekudden <sup>3</sup>	7		2
Sofia Schörling Högberg	9		
Eva Karlsson <sup>4</sup>	3		
Lena Olving	8	5	
Victoria Van Camp <sup>5</sup>	6	3	
Joakim Weidemanis	9		
Susanne Pahlén Åklundh <sup>6</sup>	8	3	
Rune Hjälms	9		
Bjarne Johansson <sup>7</sup>	8		
Mats Persson <sup>8</sup>	3		
<b>Total number of meetings</b>	<b>9</b>	<b>5</b>	<b>3</b>

<sup>1</sup> Resigned as Chairman and member of the Board of Directors at the Annual General Meeting on 26 April 2023 and thus also resigned as Chairman of the Audit Committee and Remuneration Committee.

<sup>2</sup> Resigned as member of the Audit Committee on 26 April 2023.

<sup>3</sup> Appointed as a member of the Remuneration Committee on 26 April 2023.

<sup>4</sup> Resigned as member of the Board of Directors at the Annual General Meeting on 26 April 2023.

<sup>5</sup> Elected as a new member of the Board of Directors at the Annual General Meeting on 26 April 2023 and appointed as a member of the Audit Committee on the same day.

<sup>6</sup> Appointed new Chairman of the Audit Committee on 26 April 2023.

<sup>7</sup> Former deputy, became a member of the Board of Directors in connection with the Annual General Meeting on 26 April 2023.

<sup>8</sup> Resigned as member of the Board of Directors in connection with the Annual General Meeting on 26 April 2023.

July	August	September	October	November	December
<b>Ordinary Board meeting</b> Interim Report Q2 Acquisitions	<b>Ordinary Board meeting</b> Presentation, Global Technologies Acquisitions		<b>Ordinary Board meeting</b> and visit to operations Visit to HID Global Acquisitions <b>Ordinary Board meeting</b> Interim Report Q3 Strategy, including sustainability matters Acquisitions		
<b>Audit Committee meeting</b> <b>Remuneration Committee meeting</b>			<b>Audit Committee meeting</b> <b>Remuneration Committee meeting</b>		

# Board of Directors

## Elected by the 2023 Annual General Meeting

### 1 Johan Hjertzonsson

Chairman of the Board since 2023.  
Board member since 2021.  
Born 1968.  
Master of Science in Business and Economics.  
President and CEO of Investment AB Latour since 2019. Previously President and CEO of AB Fagerhult and Lamhults Design Group AB and various management positions within the Electrolux Group.

**Other appointments:** Chairman of Alimak Group AB and Tomra Systems ASA. Board member of Investment AB Latour and Sweco AB.

**Shareholdings (including through companies and related natural parties):** 10,000 Series B shares.

### 2 Carl Douglas

Vice Chairman of the Board since 2012.  
Board member since 2004.  
Born 1965.  
BA (Bachelor of Arts) and D. Litt (h.c.) (Doctor of Letters).  
Self-employed.

**Other appointments:** Board member of Investment AB Latour.

**Shareholdings (including through companies and related natural parties):** 41,595,729 Series A shares and 63,900,000 Series B shares through Investment AB Latour.

### 3 Erik Ekudden

Board member since 2022.  
Born 1968.  
Master of Science in Electrical Engineering.  
Senior Vice President, Chief Technology Officer and Head of Group Function Technology at Telefonaktiebolaget LM Ericsson since 2018. Previously a number of management positions within the Ericsson Group since 1993.

**Other appointments:** Fellow and vice Chair of the Presidium of the Royal Swedish Academy of Engineering Sciences (IVA) as well as member of the Broadband Commission for Sustainable Development.

**Shareholdings (including through companies and related natural parties):** –

### 4 Sofia Schörling Högberg

Board member since 2017.  
Born 1978.  
BSc (Bachelor of Science) in Business Administration.

**Other appointments:** Vice Chairman of Melker Schörling AB. Board member of Securitas AB and Hexagon AB.

**Shareholdings and holdings in other financial instruments (including through companies and related natural parties):** 15,930,240 Series A shares and 18,120,992 Series B shares through Melker Schörling AB and 325,800 Series B shares through Edeby-Ripsa Skogsförvaltning AB. ASSA ABLOY AB bond of SEK 100 M through Melker Schörling AB.

### 5 Lena Olving

Board member since 2018.  
Born 1956.  
Master of Science in Mechanical Engineering.  
President and CEO of Mycronic AB 2013–2019. COO and Deputy CEO of Saab AB 2008–2013. Various positions within Volvo Car Corporation 1980–1991 and 1995–2008 of which seven years in the Executive Management Team. CEO of Samhall Högland AB 1991–1994.

**Other appointments:** Chairman of the Royal Swedish Opera and ScandiNova Systems AB. Board member of Investment AB Latour, NXP Semiconductor N.V., Stena Metall AB and Vestas A/S. Fellow of the Royal Swedish Academy of Engineering Sciences (IVA).

**Shareholdings (including through companies and related natural parties):** 600 Series B shares.

### 6 Victoria Van Camp

Board member since 2023.  
Born 1966.  
Master of Science in Mechanical Engineering and Doctor of Engineering in machine elements.  
Runs her own consulting firm Axa Consulting since 2002 with focus on advising within technology development in order to accelerate green transition. Previously a number of management positions within AB SKF 1996–2022.

**Other appointments:** Board member of Billerud AB, SR Energy AB, LumenRadio AB and the Chalmers foundation. Adjunct professor in machine elements at Luleå University of Technology. Fellow of the Royal Swedish Academy of Engineering Sciences (IVA).

**Shareholdings (including through companies and related natural parties):** 6,800 Series B shares.

### 7 Joakim Weidemanis

Board member since 2020.  
Born 1969.  
Master of Science in Business and Economics.  
Executive Vice President and Corporate Officer of Danaher Corporation since 2017. Previously various management positions within Danaher 2011–2017. Head of Product Inspection and Corporate Officer of Mettler Toledo 2005–2011. Previously various operating and corporate development roles within ABB 1995–2005.

**Other appointments:** –  
**Shareholdings (including through companies and related natural parties):** –

### 8 Susanne Pahlén Åklundh

Board member since 2021.  
Born 1960.  
Master of Science in Engineering.  
President of the Energy Division of Alfa Laval AB 2017–August 2021. Previously various positions in the Alfa Laval Group Management since 2009.

**Other appointments:** Chairman of Alfdex AB. Board member of Alleima AB and Sweco AB.  
**Shareholdings (including through companies and related natural parties):** 2,500 Series B shares.



Appointments and shareholdings at 31 December 2023 unless stated otherwise.

## Appointed by employee organizations



### 9 Rune Hjälms

Board member since 2017.  
Born 1964.  
Employee representative, IF Metall.  
Chairman of European Works Council (EWC) in the ASSA ABLOY Group.  
**Shareholdings (including through companies and related natural parties):** –

### 10 Bjarne Johansson

Board member since 2023.  
Born 1966.  
Employee representative, IF Metall.  
**Shareholdings (including through companies and related natural parties):** –

### 11 Annika Åkerblom

Deputy board member since 2023.  
Born 1981.  
Employee representative, Sveriges Ingenjörer.  
**Shareholdings (including through companies and related natural parties):** –

Nadja Wikström, deputy board member (employee representative), resigned as deputy board member in June 2023.

ASSA ABLOY's Board of Directors fulfills the requirements for independence in accordance with the Swedish Corporate Governance Code.

### Independence of the Board of Directors

Name	Position	Independent of the company and its management	Independent of the company's major shareholders
Johan Hjertonsson	Chairman	Yes	No
Carl Douglas	Vice Chairman	Yes	No
Erik Ekudden	Board member	Yes	Yes
Sofia Schörling Högberg	Board member	Yes	No
Lena Olving	Board member	Yes	No
Victoria Van Camp	Board member	Yes	Yes
Joakim Weidemanis	Board member	Yes	Yes
Susanne Pahlén Åklundh	Board member	Yes	Yes

### The Board of Directors' composition and shareholdings

Name	Position	Elected	Born	Remuneration Committee	Audit Committee	Series A shares <sup>1</sup>	Series B shares <sup>1</sup>
Johan Hjertonsson	Chairman	2021	1968	Chairman	–	–	10,000
Carl Douglas	Vice Chairman	2004	1965	–	–	41,595,729	63,900,000
Erik Ekudden	Board member	2022	1968	Member	–	–	–
Sofia Schörling Högberg	Board member	2017	1978	–	–	15,930,240	18,446,792
Lena Olving	Board member	2018	1956	–	Member	–	600
Victoria Van Camp	Board member	2023	1966	–	Member	–	6,800
Joakim Weidemanis	Board member	2020	1969	–	–	–	–
Susanne Pahlén Åklundh	Board member	2021	1960	–	Chairman	–	2,500
Rune Hjälms	Board member, employee representative	2017	1964	–	–	–	–
Bjarne Johansson	Board member, employee representative	2023	1966	–	–	–	–
Annika Åkerblom	Deputy, employee representative	2023	1981	–	–	–	–

<sup>1</sup> Through companies and related natural parties.

Appointments and shareholdings at 31 December 2023 unless stated otherwise.

# Executive Team

## 1 Nico Delvaux

President and CEO since 2018, Head of the Global Technologies division since 2018 and of the Asia Pacific division since 2021.

Born 1966.

Master of Engineering in Electromechanics and executive MBA.

**Previous positions:** President and CEO of Metso Corporation August 2017–February 2018. Previously various positions in the Atlas Copco Group, including Business Area President Compressor Technique 2014–2017, Business Area President Construction Technique 2011–2014, and various positions in sales, marketing, service, acquisition integration and general management in markets including Benelux, Italy, China, Canada, and the United States 1991–2011.

**Shareholdings (including through companies and related natural parties):** 261,814 Series B shares and 94,787 call options.

## 2 Erik Pieder

Executive Vice President and Chief Financial Officer (CFO) since 2019.

Born 1968.

MBA and Master of Laws.

**Previous positions:** Various positions in the Atlas Copco Group 1996–2019, including Vice President Business Control Compressor Technique.

**Shareholdings:** 14,524 Series B shares.

## 3 Helle Bay

Executive Vice President and Chief Human Resources Officer (CHRO) since 2022.

Born 1972.

Bachelor's degree in Organization and Human Resources Diploma.

**Previous positions:** Executive Vice President and Head of People and Culture at Scania 2019–2022. Various HR managerial positions at Vestas Wind Systems 2007–2019, including CHRO 2017–2019. Previously HR positions at SAP Denmark 2003–2006 and Dansk Supermarked 1992–2003.

**Shareholdings:** 1,706 Series B shares.

## 4 Lucas Boselli

Executive Vice President and Head of Americas division since 2018.

Born 1976.

Bachelor of Science in Industrial Engineering.

**Previous positions:** Various positions in the ASSA ABLOY Group, including President of ASSA ABLOY Central and South America 2014–2018 and President of Yale Latin America 2012–2014. Previously various positions in Ingersoll Rand 2000–2010.

**Shareholdings:** 82,878 Series B shares.

## 5 Simon Ellis

Executive Vice President and Head of Asia Pacific business unit ASSA ABLOY Opening Solutions Pacific and North East Asia since 2021.

Born 1974.

MBA.

**Previous positions:** Various positions in the ASSA ABLOY Group, including President of Opening Solutions Pacific Region and Japan 2016–2020 and President of Opening Solutions New Zealand 2013–2016, General Manager Security Merchants Australia 2010–2013. Previously various positions in the ASSA ABLOY Group 1997–2010.

**Shareholdings:** 8,215 Series B shares.

## 6 Massimo Grassi

Executive Vice President and Head of Entrance Systems division since 2021.

Born 1961.

Master of Engineering.

**Previous positions:** Divisional Managing Director, IMI Precision Engineering 2015–2020. Various positions within the Stanley Black & Decker Group, including President Stanley Security Europe 2012–2015, Global President Industrial Automotive Repair 2010–2012 and President in Europe 2007–2010. Previously various positions in Pentair Inc., BWT AG and Pirelli.

**Shareholdings:** 10,129 Series B shares.



Appointments and shareholdings at 31 December 2023 unless stated otherwise.



### 7 Björn Lidfelt

Executive Vice President and Head of Global Technologies business unit HID Global since 2020.

Born 1981.

Master of Science in Industrial Engineering and Management.

**Previous positions:** Various positions in the ASSA ABLOY Group, including Chief Commercial Officer 2017–2020, and General Manager ASSA ABLOY China (security products) 2013–2016.

**Shareholdings:** 29,727 Series B shares.

### 8 Stephanie Ordan

Executive Vice President and Head of Global Technologies business unit Global Solutions since 2021.

Born 1976.

Master of Business Administration and Engineering Diploma.

**Previous positions:** Vice President Digital and Access Solutions, ASSA ABLOY EMEA 2018–2021, Head of Energy Storage Business and Head of Marketing and Communication, Eaton 2014–2018. Strategic Marketing/New Products Development Director, General Electric 2013–2014. Previously, Application Engineer, Field Sales Engineer, Head of Strategy and Product Management, STMicroelectronics 1999–2013.

**Shareholdings:** 7,667 Series B shares.

### 9 Martin Poxton

Executive Vice President and Head of Asia Pacific business unit ASSA ABLOY Opening Solutions Greater China and South East Asia since 2021.

Born 1972.

HND in Mechanical and Manufacturing Engineering.

**Previous positions:** Vice President Operations ASSA ABLOY Opening Solutions Asia Pacific 2017–2020, Operations Director Adient China, 2013–2017, Business Unit General Manager and Launch Director Johnson Controls China 2008–2012. Various positions in Faurecia China 2004–2008.

Previously various positions in Keiper, Johnson Controls and Flowform B'ham UK, 1992–2004.

**Shareholdings:** 5,107 Series B shares.

### 10 Neil Vann

Executive Vice President and Head of EMEA division since 2018.

Born 1971.

Degree in Manufacturing Engineering.

**Previous positions:** Various positions in the ASSA ABLOY Group, including Market Region Manager ASSA ABLOY UK 2014–2018, Market Region Manager Italy and Greece 2012–2014 and Vice President Operations EMEA 2011–2012. Previously various positions within ASSA ABLOY, Yale and Chubb 1987–2001.

**Shareholdings:** 34,009 Series B shares.

## 7 Organization CEO and Executive Team

The Executive Team consists of the CEO, the Heads of the Group's divisions, the Heads of the business units HID Global, Global Solutions, Opening Solutions Greater China and South East Asia and Opening Solutions Pacific and North East Asia, the Chief Financial Officer and the Chief Human Resources Officer. For a presentation of the CEO and the other members of the Executive Team, see pages 58–59.

## 8 Divisions – decentralized organization

ASSA ABLOY's operations are decentralized. Operations are organizationally divided into five divisions: EMEA, Americas, Asia Pacific, Global Technologies and Entrance Systems. The fundamental principle is that the divisions should be responsible, as far as possible, for business operations, while various functions at ASSA ABLOY's Group Center are responsible for coordination, monitoring, policies and guidelines at an overall level. Decentralization is a deliberate strategic choice based on the industry's local nature and a conviction of the benefits of a divisional control model. The Group's structure results in a geographical and strategic spread of responsibility ensuring short decision-making paths.

ASSA ABLOY's operating structure is designed to create maximum transparency, to facilitate financial and operational monitoring, and to promote the flow of information and communication across the Group. The five divisions are divided into around 55 business units. These consist in turn of a large number of sales and production units, depending on the structure of the business unit concerned. Apart from monitoring by unit, monitoring of products and markets is also carried out.

### **Policies and guidelines**

Significant policies and guidelines in the Group include financial control, communication issues, insider issues, information security and data protection, sustainability issues, business ethics, competition law and trade compliance. ASSA ABLOY's financial policy and accounting manual provide the framework for financial control and monitoring. ASSA ABLOY's communication policy aims to ensure that information is provided at the right time and in compliance with applicable rules and regulations. ASSA ABLOY has adopted an insider policy to complement applicable insider legislation. This policy applies to individuals in managerial positions at ASSA ABLOY AB (including subsidiaries) as well as certain other categories of employees. Information security policies and guidelines are in place to protect business-critical information from unauthorized individuals and organizations.

ASSA ABLOY has adopted a Code of Conduct for employees and a separate ASSA ABLOY Code of Conduct for business partners. The Codes, which are based on a set of internationally accepted conventions, define the values and guidelines that should apply both within the Group and for ASSA ABLOY's business partners with regard to matters such as business ethics, human rights and working conditions, as well as the environment, health and safety.

Moreover, ASSA ABLOY has adopted policies and guidelines on compliance with competition, anti-corruption, export control/sanctions and data protection legislation applicable to the Group. Each division has dedicated staff who monitor compliance with these policies.

## 9 Auditor

At the 2023 Annual General Meeting, Ernst & Young AB (EY) was re-elected as the external auditor until the end of the 2024 Annual General Meeting. Authorized public accountant Hamish Mabon is the auditor in charge. Hamish Mabon was born in 1965 and performs other significant audit assignments for SEB and Northvolt AB. He has been a member of FAR, the institute for the accountancy profession in Sweden, since 1992 and is a FAR Certified Financial Institution Auditor. He holds no shares in ASSA ABLOY AB.

EY submits the audit report for ASSA ABLOY AB, the Group and a large majority of the subsidiaries worldwide. The audit of ASSA ABLOY AB also includes the administration by the Board of Directors and the CEO. The auditor in charge attends the Audit Committee meetings as well as the February Board meeting, at which he reports his observations and recommendations concerning the Group audit for the year.

The external audit is conducted in accordance with International Standards in Auditing (ISA), and generally accepted auditing standards in Sweden. The audit of the financial statements for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country. For information about the fees paid to auditors and other assignments carried out in the Group in the past three financial years, see Note 3 and the Annual Report for 2022, Note 3.

# Internal control – financial reporting

ASSA ABLOY's internal control process for financial reporting is designed to provide reasonable assurance of reliable financial reporting, which is in compliance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies.

## Control environment

The Board of Directors holds ultimate responsibility for effective internal control and has therefore established fundamental documents of significance for financial reporting. These documents include the Board of Directors' rules of procedure and instructions to the CEO, the Code of Conduct, financial policy, an annual financial evaluation plan etc. Regular meetings are held with the Audit Committee. The Group has an internal audit function whose primary objective is to ensure reliable financial reporting and good internal control.

Financial reporting is governed by the ASSA ABLOY Accounting and Reporting Manual. It contains detailed instructions on accounting policies and procedures for financial reporting that must be applied by all units. The entire Group uses a financial reporting system with pre-defined report templates. ASSA ABLOY has an internal control framework containing business-critical parts defining a minimum of mandatory control activities that help reduce the level of risk. The framework must be applied by all companies in the Group, and compliance with controls is reviewed annually by means of self-assessment at selected companies.

## Risk assessment

Risk assessment is built in to the processes in question and a variety of methods are used to assess and limit risk, as well as to ensure that risks are managed in compliance with established policies and guidelines. Risk assessment includes identifying and evaluating the risk of material errors in accounting and financial reporting at Group, division and local levels. The specific material risks that ASSA ABLOY has identified associated with financial reporting are errors in business-critical processes such as sales, purchases, financial statements, inventories, facilities management, taxes, legal issues, occupational injuries and the risk of fraud, loss or embezzlement of assets.

## Control activities

The Group's controller and accounting organization at both central and division levels plays a significant role in ensuring reliable financial information. It is responsible for complete, accurate and timely financial reporting. An internal audit function has been established and carries out audits in accordance with the plan annually adopted by the Audit Committee. The results of the audits are communicated to the Audit Committee and the external auditors. Each division has employed full-time internal auditors who audit the companies and monitor internal control.

## Information and communication

Reporting and accounting manuals as well as other financial reporting guidelines are available to all employees concerned on the Group's intranet. A regular review and analysis of financial outcomes is carried out at both business unit and division levels and as part of the established operating Board structure. The Group also has established procedures for external communication of financial information, in accordance with the rules and regulations for listed companies.

## Review process

The Board of Directors and the Audit Committee evaluate and review the Annual Report and Interim Reports prior to publication. The Audit Committee monitors the financial reporting and other related issues, and regularly discusses these issues with the external auditors. All business units report their financial results monthly in accordance with the Group's accounting principles. This reporting serves as the basis for Interim Reports and a monthly legal and operating review. Operating reviews conform to a structure in which sales, earnings, cash flow, capital employed and other important key figures and trends for the Group are compiled, and form the basis for analysis and actions by management and controllers at different levels. Financial reviews take place quarterly at divisional Board meetings, monthly in the form of performance reviews and through more informal analysis. Other important Group-wide components of internal control are the annual business planning process and regular forecasts.

Divisions, local company management teams and process owners are responsible for ongoing testing of internal controls by means of annual self-assessment in accordance with the requirements in ASSA ABLOY's internal control framework. The results of the self-assessment and action plans are monitored annually and reported to the Audit Committee. The divisions, management of local companies and process owners are responsible for ensuring that agreed measures are implemented.

## Internal audit

The internal audit function is part of the Group's financial organization, and the head of the internal audit function reports to the Chief Financial Officer. Each division has employed full-time internal auditors who audit the companies and monitor internal control. The aim of these audits is to evaluate internal processes, systems and controls and ensure that they are effective and comply with ASSA ABLOY's policies and guidelines. Detailed audit reports are issued to the local company management team, process owners and divisions after each audit. The reports contain observations and recommendations with a view to improving operations and reducing potential risks.

The internal audit function also provides regular updates on the status of the audit plan, agreed measures and compliance with internal control to management and the Audit Committee.

# Sales and income

- Net sales increased by 16 percent to SEK 140,716 M (120,793). Organic growth was 3 percent (12), while net growth from acquisitions and divestments amounted to 8 percent (2).
- Operating income (EBIT) excluding items affecting comparability increased by 20 percent to SEK 22,185 M (18,532), an operating margin of 15.8 percent (15.3).
- Earnings per share excluding items affecting comparability and after full dilution increased by 13 percent to SEK 13.54 (11.97).

## Sales

The Group's sales for 2023 amounted to SEK 140,716 M (120,793), corresponding to an increase of 16 percent (27). Organic growth was 3 percent (12), while the net contribution from acquisitions and divestments was 8 percent (2). The exchange rate impact on sales was 5 percent (13).

## Change in sales

%	2022	2023
Organic growth	12	3
Acquisitions and divestments	2	8
Exchange rate effects	13	5
<b>Total</b>	<b>27</b>	<b>16</b>

## Sales by product group

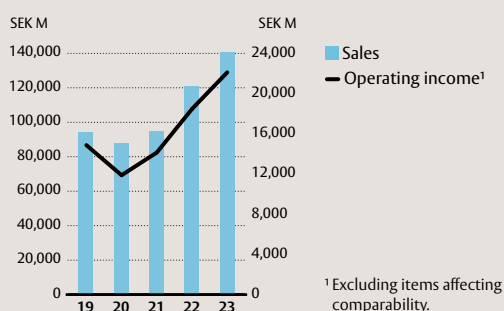
Mechanical locks, lock systems and fittings accounted for 23 percent (22) of total sales. Electromechanical and electronic locks accounted for 30 percent (30) of sales, while entrance automation accounted for 30 percent (32). Security doors and hardware accounted for 17 percent (17) of sales.

## Cost structure excluding items affecting comparability

The Group's total wage costs, including social security expenses and pension expenses, were SEK 40,137 M (33,763), equivalent to 29 percent (28) of sales. The average number of employees was 56,845 (52,463).

Material costs amounted to SEK 49,898 M (44,847), equivalent to 35 percent (37) of sales, and other purchasing costs totaled SEK 21,989 M (18,876), equivalent to 15 percent (16) of sales. Depreciation, amortization and impairment of non-current assets was SEK 5,174 M (4,088), equivalent to 4 percent (3) of sales.

## Sales and operating income



## Operating income

The Group's operating income (EBIT) for 2023 amounted to SEK 21,785 M (18,532), an increase of 18 percent. This corresponds to an operating margin of 15.5 percent (15.3). The increase in income was mainly attributable to strong growth in fixed currency, good leverage from sales price in relation to material costs, positive exchange rate effects and continuous efficiency enhancements and cost savings. Inflation-driven cost increases continued to have a negative impact during the year, but the effect was offset by continued efficiency enhancements and new savings programs. A new restructuring program was launched in early 2023 with good savings effects.

The Parent company's operating income for 2023 totaled SEK 2,951 M (1,965), mainly because of increased intra-Group operating income.

## Items affecting comparability

Several items affecting comparability were recognized in 2023, but none in the comparative year. Amounts are given before income tax.

- Capital gain on divestment of Emtek and Smart Residential in the US and Canada, including exit costs, SEK 3,588 M.
- Impairment of intangible assets in the Global Technologies division, SEK -2,271 M.
- Restructuring program, SEK -1,250 M.
- Inventory revaluation related to company acquisitions, SEK -466 M.

## Income before tax

Consolidated income before tax was SEK 19,254 M (17,521). The exchange rate effect before taxes amounted to SEK 883 M (1,684). Net financial items were SEK -2,531 M (-1,011), primarily on account of higher net interest as a result of high levels of interest rates combined with a significant increase in financial net debt during the year. The increase in net debt was mainly attributable to the acquisition of HHI. The profit margin was 13.7 percent (14.5).

## Tax on income

The Group's tax expense totaled SEK 5,615 M (4,225), equivalent to an effective tax rate of 29.2 percent (24.1). The effective tax rate for the year was significantly affected by items affecting comparability, mainly related to capital gains from divestments and impairment of intangible assets. The effective tax rate excluding items affecting comparability was 23.4 percent.

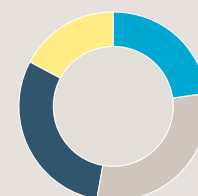
## Earnings per share

Consolidated earnings per share before and after full dilution amounted to SEK 12.27 (11.97), an increase of 3 percent. The increase in earnings per share was 13 percent excluding items affecting comparability.

## Earnings per share before and after dilution



## Sales by product group, 2023



- Mechanical locks, lock systems and fittings, 23% (22)
- Entrance automation, 30% (32)
- Electromechanical and electronic locks, 30% (30)
- Security doors and hardware, 17% (17)



# Consolidated income statement

SEK M	Note	2022	2023
Sales	2	120,793	140,716
Cost of goods sold		-72,862	-84,212
<b>Gross income</b>		<b>47,931</b>	<b>56,504</b>
Selling expenses		-17,833	-21,397
Administrative expenses	3	-6,045	-7,551
Research and development costs		-4,834	-5,712
Other operating income and expenses	4	-714	-1,393
Impairment of goodwill and other acquisition-related intangible assets	14	-	-2,271
Capital gain on divestment of subsidiaries		-	3,588
Share of earnings in associates	5	26	18
<b>Operating income</b>	7-9, 25, 35	<b>18,532</b>	<b>21,785</b>
Financial income	10	59	157
Financial expenses	9, 11, 25	-1,070	-2,687
<b>Income before tax</b>		<b>17,521</b>	<b>19,254</b>
Tax on income	12	-4,225	-5,615
<b>Net income</b>		<b>13,296</b>	<b>13,639</b>
<b>Net income attributable to:</b>			
Parent company's shareholders		13,291	13,633
Non-controlling interests		5	7
<b>Earnings per share</b>			
Before and after dilution, SEK	13	11.97	12.27
Before and after dilution and excluding items affecting comparability, SEK	13	11.97	13.54

# Consolidated statement of comprehensive income

SEK M	Note	2022	2023
<b>Net income</b>		<b>13,296</b>	<b>13,639</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Actuarial gain/loss on post-employment benefit obligation	25	1,241	-8
Deferred tax from actuarial gain/loss on post-employment benefit obligations		-328	7
<b>Total</b>		<b>914</b>	<b>-1</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
Share of other comprehensive income of associates		-11	-63
Cash flow hedges		1	-66
Hedging cost		-	-23
Exchange rate differences reclassified to profit or loss		-	-
Exchange rate differences		6,916	-2,537
Tax attributable to items that may be reclassified subsequently to profit or loss		-11	5
<b>Total</b>		<b>6,895</b>	<b>-2,684</b>
<b>Total other comprehensive income</b>		<b>7,809</b>	<b>-2,685</b>
<b>Total comprehensive income</b>		<b>21,105</b>	<b>10,954</b>
<b>Total comprehensive income attributable to:</b>			
Parent company's shareholders		21,101	10,953
Non-controlling interests		4	2

# Comments by division

**ASSA ABLOY is organized into five divisions. EMEIA (Europe, Middle East, India and Africa), Americas (North and South America) and Asia Pacific (Asia and Oceania) manufacture and sell mechanical and electromechanical locks, security doors and hardware in their respective geographic markets. Global Technologies operates worldwide in the product areas of access control systems, secure card issuance, identification technology and hotel locks. Entrance Systems is a global supplier of entrance automation products and service.**

### Opening Solutions EMEIA

Sales totaled SEK 24,831 M (22,858), with organic growth of -2 percent (5). Net growth from acquisitions, divestments and internal segment transfers was 6 percent (1). Operating income excluding items affecting comparability amounted to SEK 3,388 M (3,335), with an operating margin (EBIT) of 13.6 percent (14.6). The return on capital employed excluding items affecting comparability was 14.8 percent (16.8). Operating cash flow before non-cash items and interest paid was SEK 4,183 M (2,785).

Organic growth for EMEIA was negatively affected during the year by a weak private housing market in Europe, especially in the Nordics. Good efficiency enhancements and savings cushioned the negative impact on the operating margin during the year while strengthening cash flow.

### Opening Solutions Americas

Sales totaled SEK 38,009 M (28,344), with organic growth of 6 percent (17). Growth from acquisitions and divestments was 22 percent (1). Operating income excluding items affecting comparability amounted to SEK 7,186 M (5,899), with an operating margin (EBIT) of 18.9 percent (20.8). The return on capital employed excluding items affecting comparability was 16.3 percent (32.1). Operating cash flow before non-cash items and interest paid was SEK 8,181 M (5,520).

Organic growth for Americas was strong for the commercial customer segments in North America. In Latin America, demand in Brazil continued to develop well. The acquisition of HHI was completed during the year, while Emtek and the Smart Residential business in the US and Canada were divested. The operating margin excluding acquisition effects increased and cash flow improved further.

### Opening Solutions Asia Pacific

Sales totaled SEK 10,284 M (9,824), with organic growth of -2 percent (-5). Net growth from acquisitions, divestments and internal segment transfers was 5 percent (7). Operating income excluding items affecting comparability amounted to SEK 662 M (119), with an operating margin (EBIT) of 6.4 percent (1.2). The return on capital employed excluding items affecting comparability was 5.8 percent (1.2). Operating cash flow before non-cash items and interest paid was SEK 1,213 M (288).

The division's sales stabilized during the year, but are still negatively affected by a weak real estate market in China. Organic growth was strong for Southeast Asia and stable in South Korea. Demand in Oceania was stable. The operating margin improved during the year due to continued efficiency enhancements and cost savings, and cash flow improved.

### Global Technologies

Sales totaled SEK 23,099 M (19,344), with organic growth of 9 percent (15). Net growth from acquisitions and internal segment transfers was 5 percent (2). Operating income excluding items affecting comparability amounted to SEK 3,996 M (3,065), with an operating margin (EBIT) of 17.3 percent (15.8). The return on capital employed excluding items affecting comparability was 15.2 percent (12.4). Operating cash flow before non-cash items and interest paid was SEK 4,145 M (2,974).

Organic growth was very strong for Global Technologies, driven by good demand in most businesses. Continued investments in R&D

and acquisitions strengthened the market position in various areas. The strong growth boosted the operating margin, and cash flow was maintained at a high level.

### Entrance Systems

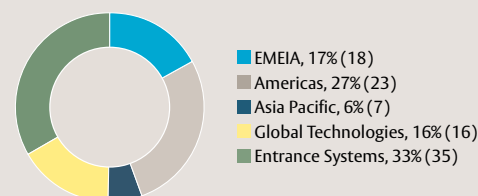
Sales totaled SEK 46,665 M (42,928), with organic growth of 1 percent (17). Growth from acquisitions and divestments was 2 percent (2). Operating income excluding items affecting comparability amounted to SEK 7,807 M (6,847), with an operating margin (EBIT) of 16.7 percent (15.9). The return on capital employed excluding items affecting comparability was 20.3 percent (18.8). Operating cash flow before non-cash items and interest paid was SEK 10,391 M (5,436).

Growth for Entrance Systems was strong in the Pedestrian and Industrial business segments, while the other segments were negatively affected by a weak private residential market. Investments in the service organization contributed to strong growth during the year. The division's operating margin strengthened further and cash flow was very strong.

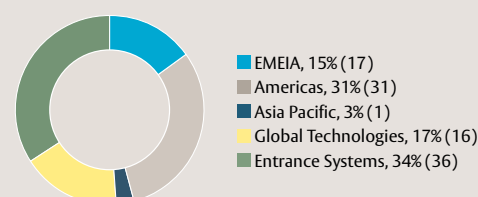
### Other

The costs of Group-wide functions, such as corporate management, accounting and finance, supply management and Group-wide product development, totaled SEK 854 M (732). Elimination of sales between the Group's segments is included in "Other".

### External sales, 2023

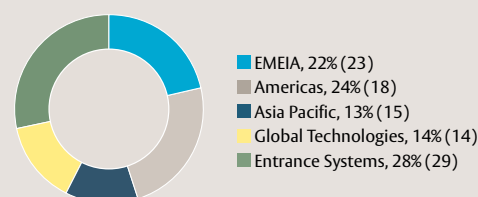


### Operating income, 2023<sup>1</sup>



<sup>1</sup> "Other" is not included in the calculation. See section Comments by division for what is included in "Other".

### Average number of employees, 2023



# Reporting by division

SEK M	EMEIA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Sales, external	22,286	24,214	28,191	37,867	8,302	9,133	19,186	22,930	42,827	46,570	-	-	120,793	140,716
Sales, internal	572	617	152	141	1,522	1,151	158	169	100	95	-2,505 <sup>1</sup>	-2,173 <sup>1</sup>	-	-
<b>Sales</b>	<b>22,858</b>	<b>24,831</b>	<b>28,344</b>	<b>38,009</b>	<b>9,824</b>	<b>10,284</b>	<b>19,344</b>	<b>23,099</b>	<b>42,928</b>	<b>46,665</b>	<b>-2,505</b>	<b>-2,173</b>	<b>120,793</b>	<b>140,716</b>
Organic growth	5%	-2%	17%	6%	-5%	-2%	15%	9%	17%	1%	-	-	12%	3%
Acquisitions and divestments	1%	6%	1%	22%	7%	5%	2%	5%	2%	2%	-	-	2%	8%
Exchange rate effects	5%	5%	20%	6%	11%	2%	15%	5%	12%	6%	-	-	13%	5%
<b>Operating income (EBIT) excluding items affecting comparability</b>	<b>3,335</b>	<b>3,388</b>	<b>5,899</b>	<b>7,186</b>	<b>119</b>	<b>662</b>	<b>3,065</b>	<b>3,996</b>	<b>6,847</b>	<b>7,807</b>	<b>-732</b>	<b>-854</b>	<b>18,532</b>	<b>22,185</b>
Operating margin (EBIT)	14.6%	13.6%	20.8%	18.9%	1.2%	6.4%	15.8%	17.3%	15.9%	16.7%	-	-	15.3%	15.8%
<b>Operating cash flow</b>														
Operating income (EBIT) excluding items affecting comparability	3,335	3,388	5,899	7,186	119	662	3,065	3,996	6,847	7,807	-732	-854	18,532	22,185
Depreciation, amortization and impairment	865	1,055	634	1,154	363	424	1,012	1,013	1,176	1,484	38	44	4,088	5,174
Net capital expenditure	-443	-627	-436	-631	-289	-202	-301	-378	-495	-576	-26	-6	-1,990	-2,419
Amortization of lease liabilities	-266	-276	-178	-255	-111	-129	-158	-188	-599	-675	-18	-21	-1,330	-1,543
Change in working capital	-707	643	-400	726	207	457	-642	-298	-1,494	2,352	205	-44	-2,831	3,836
<b>Operating cash flow by division</b>	<b>2,785</b>	<b>4,183</b>	<b>5,520</b>	<b>8,181</b>	<b>288</b>	<b>1,213</b>	<b>2,974</b>	<b>4,145</b>	<b>5,436</b>	<b>10,391</b>	<b>-534</b>	<b>-880</b>	<b>16,470</b>	<b>27,232</b>
Non-cash items											137	123	137	123
Interest paid and received											-799	-2,122	-799	-2,122
<b>Operating cash flow</b>													<b>15,808</b>	<b>25,232</b>
<b>Capital employed</b>														
Goodwill	12,957	13,232	15,416	32,382	6,058	5,379	19,041	18,989	22,401	22,891	-	-	75,873	92,873
Other intangible assets	1,223	1,366	1,375	21,652	1,637	1,937	3,691	2,968	7,056	6,876	42	32	15,024	34,831
Property, plant and equipment	2,745	3,166	2,079	3,037	1,591	1,398	1,421	1,556	2,215	2,260	55	43	10,106	11,460
Right-of-use assets	914	976	482	1,598	234	295	540	553	1,603	1,858	31	17	3,804	5,296
Other capital employed	4,034	2,120	1,536	2,875	1,692	1,324	1,604	1,827	5,141	3,830	-764	84	13,244	12,060
<b>Adjusted capital employed</b>	<b>21,874</b>	<b>20,860</b>	<b>20,889</b>	<b>61,544</b>	<b>11,211</b>	<b>10,332</b>	<b>26,297</b>	<b>25,891</b>	<b>38,418</b>	<b>37,715</b>	<b>-636</b>	<b>177</b>	<b>118,052</b>	<b>156,520</b>
Restructuring reserve	-97	-298	12	-150	-49	-43	-60	-89	-76	-182	-23	-5	-294	-767
<b>Capital employed</b>	<b>21,777</b>	<b>20,562</b>	<b>20,900</b>	<b>61,395</b>	<b>11,161</b>	<b>10,289</b>	<b>26,237</b>	<b>25,802</b>	<b>38,342</b>	<b>37,533</b>	<b>-659</b>	<b>172</b>	<b>117,758</b>	<b>155,753</b>
Return on capital employed excluding items affecting comparability	16.8%	14.8%	32.1%	16.3%	1.2%	5.8%	12.4%	15.2%	18.8%	20.3%	-	-	16.9%	15.6%
Average adjusted capital employed	19,861	22,872	18,369	44,025	10,167	11,396	24,745	26,295	36,447	38,502	-	-	109,372	142,611
Average number of employees	11,943	12,188	9,435	13,358	7,914	7,099	7,278	7,895	15,621	16,028	271	276	52,463	56,845

<sup>1</sup> Of which eliminations SEK -2,173 M (-2,505).

The segments have been determined on the basis of reporting to the President and CEO, who monitors the overall performance and makes decisions on resource allocation.

The different segments generate their revenue from the manufacture and the sale of mechanical, electromechanical and electronic locks, lock systems and fittings, and security doors and hardware.

The breakdown of sales is based on customer sales in the respective country. Sales between segments are carried out at arm's length.

For further information on sales, see Note 2.

# Financial position

- **Capital employed was SEK 155,753 M (117,758) at the year-end. The increase was mainly an effect of completed acquisitions.**
- **The return on capital employed excluding items affecting comparability was 15.6 percent (16.9).**
- **Net debt/EBITDA increased during the year as a consequence of completed acquisitions, amounting to a quota of 2.3 (1.4) at the year-end.**

SEK M	2022	2023
Capital employed	117,758	155,753
– of which goodwill	75,873	92,873
Net debt	31,732	64,109
Equity	86,026	91,644
– of which non-controlling interests	12	16

## Capital employed

Capital employed in the Group, defined as total assets less interest-bearing assets and non-interest-bearing liabilities including deferred tax liabilities, amounted to SEK 155,753 M (117,758). The return on capital employed excluding items affecting comparability was 15.6 percent (16.9).

Intangible assets amounted to SEK 127,704 M (90,897). The increase is mainly due to completed acquisitions. During the year, goodwill and other intangible assets with an indefinite useful life arose to a preliminary value of SEK 42,549 M (7,471) as a result of completed acquisitions and adjustments of acquisitions made in previous years.

A valuation model, based on discounted future cash flows, is used for impairment testing of goodwill and other intangible assets with an indefinite useful life. Intangible assets were impaired in the Global Technologies division at an operating expense of SEK 2,271 M.

Property, plant and equipment amounted to SEK 11,460 M (10,106). Capital expenditure on property, plant and equipment and intangible assets, less sales of property, plant and equipment and intangible assets, totaled SEK 2,419 M (1,990). Total depreciation, amortization and impairment excluding items affecting comparability amounted to SEK 5,174 M (4,088).

Trade receivables amounted to SEK 20,934 M (19,760) and inventories totaled SEK 18,603 M (19,217) at the year-end. The average collection period for trade receivables was 49 days (50). Material throughput time averaged 114 days (118). Working capital

decreased significantly during the year, partly as an effect of reduced inventory tied up.

## Net debt

Net debt was SEK 64,109 M (31,732) at the year-end. The increase during the year is mainly due to the acquisition of HHI. Operating cash flow remained very strong during the year thanks to good earnings and a reduction in working capital.

## External financing

The Group's long-term loan financing increased significantly in 2023 as a result of the acquisition of HHI. The financing mainly consists of a GMTN Program of SEK 38,365 M (18,416), of which SEK 35,679 M (15,712) is long-term, a bilateral bank loan of USD 500 M (0) and loans from financial institutions such as the European Investment Bank (EIB) totaling USD 658 M, of which USD 641 M (315) is long-term, and the Nordic Investment Bank of EUR 235 M (135). Five new issues under the GMTN Program for a total of SEK 23,695 M with maturities of 3.25 to 12 years were made during the year. Other changes in long-term loans are mainly due to some of the originally long-term loans now having less than 1 year to maturity. The size of the loans has also been affected by currency fluctuations, mainly due to a weaker USD, which reduced the volume of loans.

The Group's short-term loan financing mainly consists of two Commercial Paper Programs for a maximum USD 1,000 M (1,000) and SEK 5,000 M (5,000) respectively. At the year-end, the outstanding balance under the Commercial Paper Programs was SEK 4,906 M (3,650). In addition, substantial credit facilities are available, mainly in the form of a Multi-Currency Revolving Credit Facility of EUR 1,200 M (1,200). At year-end the average time to maturity for the Group's interest-bearing liabilities, excluding the pension provision and lease obligations, was 52 months (37).

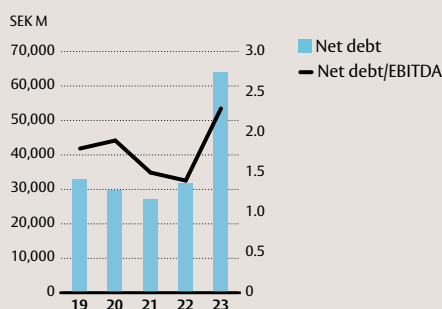
Cash and cash equivalents amounted to SEK 1,466 M (3,417) and are invested in banks with high credit ratings.

Some of the Group's main financing agreements contain a customary Change of Control clause. This clause means that lenders have the right in certain circumstances to demand the renegotiation of conditions or to terminate the agreements should control of the company change.

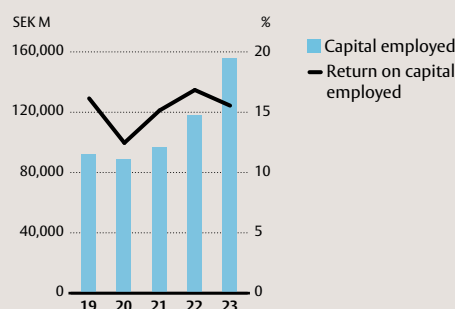
## Equity

Consolidated equity totaled SEK 91,644 M (86,026) at year-end. Return on equity was 15.3 percent (17.1) and the debt/equity ratio, calculated as net debt divided by equity, was 0.70 (0.37). The equity ratio was 46.7 percent (55.7) at year-end.

## Net debt



## Capital employed and return on capital employed



# Consolidated balance sheet

SEK M	Note	2022	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	90,897	127,704
Property, plant and equipment	15	10,106	11,460
Right-of-use assets	16	3,804	5,296
Investments in associates	18	676	622
Other financial assets	20	373	412
Deferred tax assets	19	1,313	1,863
<b>Total non-current assets</b>		<b>107,170</b>	<b>147,357</b>
<b>Current assets</b>			
Inventories	21	19,217	18,603
Trade receivables	22	19,760	20,934
Current tax receivables		1,084	2,022
Other current receivables		1,461	1,898
Prepaid expenses and accrued income	2	2,314	2,908
Derivative financial instruments	36	139	926
Short-term investments	36	0	236
Cash and cash equivalents	36	3,417	1,466
<b>Total current assets</b>		<b>47,394</b>	<b>48,994</b>
<b>TOTAL ASSETS</b>		<b>154,564</b>	<b>196,351</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Parent company's shareholders</i>			
Share capital	24	371	371
Other contributed capital		9,675	9,675
Reserves	33	12,133	9,455
Retained earnings including net income for the year		63,835	72,128
<b>Equity attributable to the Parent company's shareholders</b>		<b>86,014</b>	<b>91,629</b>
Non-controlling interests		12	16
<b>Total equity</b>		<b>86,026</b>	<b>91,644</b>
<b>Non-current liabilities</b>			
Long-term loans	36	20,523	49,917
Non-current lease liabilities	36	2,624	4,001
Deferred tax liabilities	19	2,785	2,991
Pension provisions	25	1,351	1,435
Other non-current provisions	26	530	891
Other non-current liabilities	2, 36	1,124	897
<b>Total non-current liabilities</b>		<b>28,936</b>	<b>60,131</b>
<b>Current liabilities</b>			
Short-term loans	36	9,304	9,833
Current lease liabilities	36	1,284	1,443
Derivative financial instruments	36	428	331
Trade payables		10,469	11,320
Current tax liabilities		1,785	1,744
Current provisions	26	415	736
Other current liabilities	2, 27, 36	4,426	5,017
Accrued expenses and deferred income	2, 28	11,492	14,152
<b>Total current liabilities</b>		<b>39,602</b>	<b>44,576</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>154,564</b>	<b>196,351</b>

# Cash flow

- **Operating cash flow for 2023 was very strong and amounted to SEK 25,232 M (15,808), corresponding to cash conversion of 128 percent (90).**
- **Cash flow from acquisitions and divestments of subsidiaries increased considerably during the year and totaled SEK –45,453 M (–8,546).**

## Operating cash flow

SEK M	2022	2023
Operating income (EBIT)	18,532	21,785
Restructuring costs	–	1,250
Inventory revaluation attributable to company acquisitions	–	466
Capital gains from divestments	–	–3,588
Impairment of intangible assets	–	2,271
Depreciation, amortization and other impairment	4,088	5,174
Net capital expenditure	–1,990	–2,419
Change in working capital	–2,831	3,836
Amortization of lease liabilities	–1,330	–1,543
Interest paid and received	–799	–2,122
Non-cash items	137	123
<b>Operating cash flow</b>	<b>15,808</b>	<b>25,232</b>
Cash conversion	0.90	1.28

The Group's operating cash flow amounted to SEK 25,232 M (15,808), equivalent to 128 percent (90) of income before tax excluding items affecting comparability.

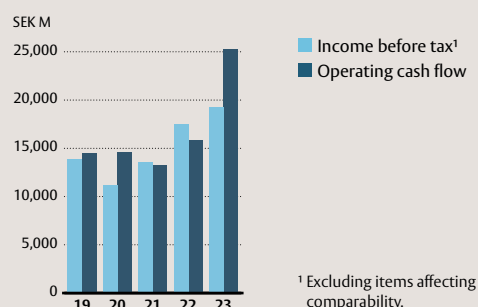
## Net capital expenditure

Net capital expenditure on intangible assets and property, plant and equipment totaled SEK 2,419 M (1,990), equivalent to 1.7 percent (1.6) of Group sales.

## Change in working capital

SEK M	2022	2023
Inventories	–2,340	2,380
Trade receivables	–1,445	–49
Trade payables	–408	–214
Other working capital	1,363	1,720
<b>Change in working capital</b>	<b>–2,831</b>	<b>3,836</b>

## Income before tax and operating cash flow



Material throughput time decreased during the year to an average of 114 days (118). Capital tied up in working capital decreased significantly overall during the year, which had a positive impact on cash flow of SEK 3,836 M (–2,831) overall.

## Relationship between cash flow from operating activities and operating cash flow

SEK M	2022	2023
Cash flow from operating activities	14,357	21,294
Restructuring payments	404	613
Net capital expenditure	–1,990	–2,419
Amortization of lease liabilities	–1,330	–1,543
Reversal of tax paid	4,366	7,289
<b>Operating cash flow</b>	<b>15,808</b>	<b>25,232</b>

## Investments in subsidiaries

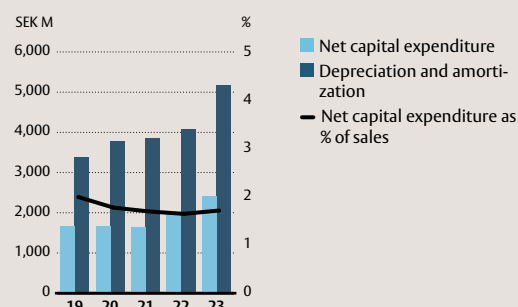
Cash flow from investments in subsidiaries totaled SEK –53,566 M (–8,583), while divestments of subsidiaries generated a positive cash flow of SEK 8,114 M (37). The cash flow effect from acquisitions and divestments therefore totaled SEK –45,453 M (–8,546). This increase is mainly attributable to the acquisition of HHI and the related divestment of Emtex and the Smart Residential business in the US and Canada. Acquired cash and cash equivalents totaled SEK 1,175 M (533).

## Change in net debt

Net debt was mainly affected by the strong positive operating cash flow, acquisition payments, tax payments, dividend to shareholders, and exchange rate effects. The increase in net debt during the year is mainly an effect of the acquisition of HHI.

SEK M	2022	2023
Net debt at 1 January	27,071	31,732
Operating cash flow	–15,808	–25,232
Restructuring payments	404	613
Tax paid on income	4,366	7,289
Acquisitions and divestments	9,012	46,826
Dividend	4,666	5,332
Actuarial gain/loss on post-employment benefit obligations	–1,241	8
Change in lease liabilities	–119	628
Exchange rate differences, etc.	3,380	–3,085
<b>Net debt at 31 December</b>	<b>31,732</b>	<b>64,109</b>

## Capital expenditure



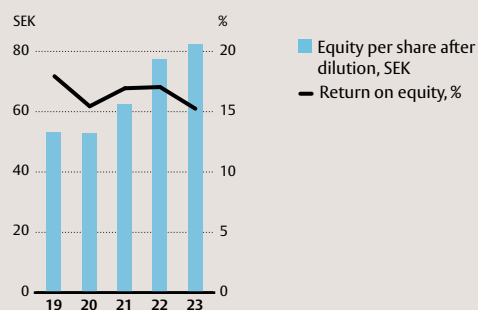
# Consolidated statement of cash flows

SEK M	Note	2022	2023
<b>OPERATING ACTIVITIES</b>			
Operating income		18,532	21,785
<i>Reversal of</i>			
Depreciation, amortization and impairment	8	4,088	5,174
Items affecting comparability	13	–	400
Other non-cash items	31	137	123
Restructuring payments	26	–404	–613
<b>Cash flow before interest and tax</b>		<b>22,353</b>	<b>26,868</b>
Interest paid		–812	–2,136
Interest received		12	14
Tax paid on income		–4,366	–7,289
<b>Cash flow before changes in working capital</b>		<b>17,188</b>	<b>17,458</b>
Change in working capital	31	–2,831	3,836
<b>Cash flow from operating activities</b>		<b>14,357</b>	<b>21,294</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment and intangible assets	14, 15	–1,996	–2,639
Sales of property, plant and equipment and intangible assets	14, 15	6	220
Investments in subsidiaries	34	–8,583	–53,566
Divestments of subsidiaries	31	37	8,114
Other investments and divestments		–26	–27
<b>Cash flow from investing activities</b>		<b>–10,561</b>	<b>–47,899</b>
<b>FINANCING ACTIVITIES</b>			
Dividend		–4,666	–5,332
Long-term loans raised	36	1,997	33,129
Long-term loans repaid	36	–3,378	–3,659
Amortization of lease liabilities		–1,330	–1,543
Purchase of shares in subsidiaries from non-controlling interest		–55	–38
Stock purchase plans		–61	–79
Change in short-term loans, etc.		2,795	2,247
<b>Cash flow from financing activities</b>		<b>–4,699</b>	<b>24,726</b>
<b>CASH FLOW</b>		<b>–904</b>	<b>–1,880</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		4,325	3,417
Cash flow		–904	–1,880
Effect of exchange rate differences in cash and cash equivalents		–5	–71
<b>Cash and cash equivalents at 31 December</b>	36	<b>3,417</b>	<b>1,466</b>

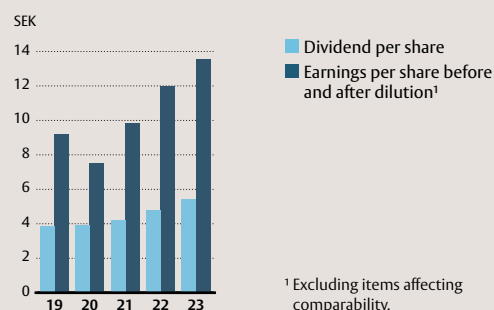
# Changes in consolidated equity

SEK M	Parent company's shareholders					Total
	Share capital	Other contribut- ed capital	Reserves (see Note 33)	Retained earnings incl. net income for the year	Non- controlling interests	
<b>Opening balance 1 January 2022</b>	371	9,675	5,237	54,299	9	69,592
Net income				13,291	5	13,296
Other comprehensive income			6,896	914	-1	7,809
<b>Total comprehensive income</b>			<b>6,896</b>	<b>14,205</b>	<b>4</b>	<b>21,105</b>
Dividend				-4,665	-1	-4,666
Stock purchase plans				-4	-	-4
<b>Total contributions by and distributions to Parent company's shareholders</b>				<b>-4,669</b>	<b>-1</b>	<b>-4,670</b>
Change in non-controlling interest				-	-	-
<b>Total transactions with shareholders</b>				<b>-4,669</b>	<b>-1</b>	<b>-4,670</b>
<b>Closing balance 31 December 2022</b>	<b>371</b>	<b>9,675</b>	<b>12,133</b>	<b>63,835</b>	<b>12</b>	<b>86,026</b>
<b>Opening balance 1 January 2023</b>	<b>371</b>	<b>9,675</b>	<b>12,133</b>	<b>63,835</b>	<b>12</b>	<b>86,026</b>
Net income				13,633	7	13,639
Other comprehensive income			-2,679	-1	-5	-2,685
<b>Total comprehensive income</b>			<b>-2,679</b>	<b>13,632</b>	<b>2</b>	<b>10,954</b>
Dividend				-5,332	-	-5,332
Stock purchase plans				-7	-	-7
<b>Total contributions by and distributions to Parent company's shareholders</b>				<b>-5,338</b>	<b>-</b>	<b>-5,338</b>
Change in non-controlling interest				-	2	2
<b>Total transactions with shareholders</b>				<b>-5,338</b>	<b>2</b>	<b>-5,336</b>
<b>Closing balance 31 December 2023</b>	<b>371</b>	<b>9,675</b>	<b>9,455</b>	<b>72,128</b>	<b>16</b>	<b>91,644</b>

Equity per share after dilution and return on equity



Dividend and earnings per share



<sup>1</sup> Excluding items affecting comparability.



# Income statement – Parent company

SEK M	Note	2022	2023
Administrative expenses	3, 6, 8, 9	-2,961	-3,141
Research and development costs	6, 8, 9	-2,368	-2,396
Other operating income and expenses	4	7,294	8,488
<b>Operating income</b>	9, 35	<b>1,965</b>	<b>2,951</b>
Financial income	10	2,356	1,848
Financial expenses	9, 11	-911	-1,990
<b>Income before appropriations and tax</b>		<b>3,411</b>	<b>2,809</b>
Group contributions		8	1,008
Change in excess depreciation and amortization		341	244
Tax on income	12	-468	-696
<b>Net income</b>		<b>3,292</b>	<b>3,365</b>

# Statement of comprehensive income – Parent company

SEK M	2022	2023
Net income	3,292	3,365
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>3,292</b>	<b>3,365</b>

# Balance sheet – Parent company

SEK M	Note	2022	2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	14	3,982	2,775
Property, plant and equipment	15	44	33
Shares in subsidiaries	17	43,309	49,412
Other financial assets	20	525	503
<b>Total non-current assets</b>		<b>47,860</b>	<b>52,722</b>
<b>Current assets</b>			
Receivables from subsidiaries		18,481	40,566
Other current receivables		273	79
Prepaid expenses and accrued income		55	85
Cash and cash equivalents	36	0	0
<b>Total current assets</b>		<b>18,809</b>	<b>40,730</b>
<b>TOTAL ASSETS</b>		<b>66,669</b>	<b>93,452</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	24	371	371
Revaluation reserve		275	275
Statutory reserve		8,905	8,905
Fund for development expenses		140	58
<i>Non-restricted equity</i>			
Share premium reserve		787	787
Retained earnings including net income for the year		16,626	14,734
<b>Total equity</b>		<b>27,104</b>	<b>25,130</b>
<b>Untaxed reserves</b>			
		1,265	1,021
<b>Non-current liabilities</b>			
Long-term loans	36	15,119	35,550
<b>Total non-current liabilities</b>		<b>15,119</b>	<b>35,550</b>
<b>Current liabilities</b>			
Short-term loans	36	2,982	2,687
Trade payables		190	187
Current liabilities to subsidiaries		19,574	28,204
Other current liabilities		11	45
Accrued expenses and deferred income	28	424	629
<b>Total current liabilities</b>		<b>23,182</b>	<b>31,751</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>66,669</b>	<b>93,452</b>

# Cash flow statement – Parent company

SEK M	Note	2022	2023
<b>OPERATING ACTIVITIES</b>			
Operating income		1,965	2,951
Depreciation and amortization	8	1,529	1,226
Other non-cash items		57	72
<b>Cash flow before interest and tax</b>		<b>3,552</b>	<b>4,250</b>
Interest paid and received		-480	-1,158
Dividends received		2,004	1,139
Tax paid and received		-219	-442
<b>Cash flow before changes in working capital</b>		<b>4,858</b>	<b>3,789</b>
Change in working capital		626	-6
<b>Cash flow from operating activities</b>		<b>5,484</b>	<b>3,783</b>
<b>INVESTING ACTIVITIES</b>			
Investments in property, plant and equipment and intangible assets		-21	-8
Investments in subsidiaries		-3,273	-6,103
Divestments of subsidiaries		351	-
<b>Cash flow from investing activities</b>		<b>-2,942</b>	<b>-6,110</b>
<b>FINANCING ACTIVITIES</b>			
Dividend		-4,665	-5,332
Loans raised		4,037	10,929
Loans repaid		-1,852	-3,192
Stock purchase plans		-61	-79
<b>Cash flow from financing activities</b>		<b>-2,542</b>	<b>2,327</b>
<b>CASH FLOW</b>		<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		0	0
Cash flow		0	0
<b>Cash and cash equivalents at 31 December</b>		<b>0</b>	<b>0</b>

# Change in equity – Parent company

SEK M	Restricted equity				Non-restricted equity			Total
	Share capital	Revaluation reserve	Statutory reserve	Fund for development expenses	Share premium reserve	Retained earnings		
Opening balance 1 January 2022	371	275	8,905	127	787	18,016	28,481	
Net income						3,292	3,292	
<b>Total comprehensive income</b>						<b>3,292</b>	<b>3,292</b>	
Dividend						-4,665	-4,665	
Stock purchase plans						-4	-4	
Reclassifications				13		-13	-	
<b>Total transactions with shareholders</b>				<b>13</b>		<b>-4,682</b>	<b>-4,669</b>	
<b>Closing balance 31 December 2022</b>	<b>371</b>	<b>275</b>	<b>8,905</b>	<b>140</b>	<b>787</b>	<b>16,626</b>	<b>27,104</b>	
Opening balance 1 January 2023	371	275	8,905	140	787	16,626	27,104	
Net income						3,365	3,365	
<b>Total comprehensive income</b>						<b>3,365</b>	<b>3,365</b>	
Dividend						-5,332	-5,332	
Stock purchase plans						-7	-7	
Reclassifications				-82		82	-	
<b>Total transactions with shareholders</b>				<b>-82</b>		<b>-5,257</b>	<b>-5,339</b>	
<b>Closing balance 31 December 2023</b>	<b>371</b>	<b>275</b>	<b>8,905</b>	<b>58</b>	<b>787</b>	<b>14,734</b>	<b>25,130</b>	

# Notes

## NOTE 1 Significant accounting and valuation principles

### Group

The Annual Report of ASSA ABLOY AB (publ.), corporate identity number 556059-3575, contains the consolidated financial statements for the fiscal year 1 January through 31 December 2023, including the nature and focus of the business. The annual report is prepared in Swedish kronor and all amounts are in millions of kronor, unless otherwise stated.

ASSA ABLOY is a Swedish public limited company and a world leader in access solutions, with innovations that enable safe, secure, convenient access solutions for both physical and digital locations. The company is a limited company registered in Sweden, with its registered office in Stockholm, Sweden and is listed on NASDAQ OMX Stockholm. The address of the head office, where the company conducts its main activities, is Klarabergsviadukten 90, 111 64 Stockholm.

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Corporate Groups. The accounting principles are based on IFRS as endorsed by 31 December 2022 and have been applied to all years presented, unless stated otherwise. This Note describes the most significant accounting principles that have been applied in the preparation of the financial statements, which comprise the information provided on pages 44–98.

The presentation currency is Swedish kronor (SEK), and the financial statements are presented in millions of SEK, unless stated otherwise.

### Basis of preparation

ASSA ABLOY's consolidated financial statements have been prepared in accordance with IFRS as endorsed by the EU. The consolidated financial statements have been prepared in accordance with the cost method, except for financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source and rounding differences may therefore arise.

### Key estimates and assessments for accounting purposes

Estimates and assessments are continually evaluated and are based on both historical experience and reasonable expectations about the future.

The Group considers that estimates and assessments relating to impairment testing of goodwill and other intangible assets with indefinite useful life are of material importance to the consolidated financial statements. The Group tests carrying amounts for impairment on an annual basis and where there is an indication of a need for impairment. The recoverable amounts of cash generating units are determined by calculating their values in use. The calculations are based on certain assumptions about the future which, for the Group, are associated with the significant risk of material adjustments in carrying amounts during the next financial year. Material assumptions and the effects of reasonable changes in them are described in Note 14.

The actuarial assumptions made when calculating post-employment employee benefits also have material importance for the consolidated financial statements. These assumptions are also associated with a significant risk of material adjustments to the carrying amounts in the next financial year. Information about the actuarial assumptions can be found in Note 25.

### New and revised standards applied by the Group

The Group has applied the following standards and amendments for the first time for the financial year beginning 1 January 2023:

Disclosure of Accounting policies – Amendments to IAS 1

Definition of Accounting Estimates – amendments to IAS 8

Deferred tax assets and deferred tax liabilities arising from a single transaction – amendments to IAS 12

International Tax Reform – Pillar Two Model Rules – amendments to IAS 12. See further information in Note 12.

The amendments noted above had no impact on the amounts recognized in the comparative period and have had no material effect on the current period.

### New and revised IFRS not yet effective

No new standards or interpretations that have been published but have not come into force as of the closing date are expected to have a material impact on future financial reports.

### Consolidated financial statements

The consolidated financial statements include ASSA ABLOY AB (the Parent company) and all companies over which the Group has control.

### Non-controlling interests

The Group determines on an individual basis for each acquisition whether a non-controlling interest in the acquired company shall be recognized at fair value or at the interest's proportional share of the acquired company's net assets.

### Segment reporting

The most senior executive decision-maker is the President and CEO of the Parent company. The divisions form the operational structure for internal control and reporting and also constitute the Group's segments for external financial reporting. No segments have been aggregated in the Group's reporting.

The Group's business is divided into five divisions. Three divisions are based on products sold in local markets in the respective division: EMEA, Americas and Asia Pacific. Global Technologies and Entrance Systems consist of products sold worldwide.

### Foreign currency translation

Functional currency corresponds to local currency in each country where Group companies operate. Transactions in foreign currencies are translated to functional currency by application of the exchange rates prevailing on the transaction date. Foreign exchange gains and losses arising from the settlement of such transactions are normally recognized in the income statement, as are those arising from translation of monetary balance sheet items in foreign currencies at the year-end rate. Exceptions are transactions relating to qualifying cash flow hedges, which are recognized in other comprehensive income. Receivables and liabilities are measured at the year-end rate.

In translating the accounts of foreign subsidiaries prepared in functional currencies other than the Group's presentation currency, all balance sheet items except net income are translated at the year-end rate and net income is translated at the average rate. The income statement is translated at the average rate for the period. Exchange differences arising from the translation of foreign subsidiaries are recognized as translation differences in other comprehensive income.

IAS 29 was applied for the first time in 2023 for ASSA ABLOY's operations in Turkey, as a business in Turkey was acquired at the end of 2022. The index applied is the consumer price index with base period 2002 from the Turkish Statistical Institute. The revaluation of periods before 2023 is recognized in the translation difference within equity. The application of IAS 29 has not had a material impact on the consolidated financial statements.

The table below shows the weighted average rate and the closing rate for important currencies used in the Group, relative to the Group's presentation currency (SEK).

Country	Currency	Average rate		Closing rate	
		2022	2023	2022	2023
United Arab Emirates	AED	2.74	2.88	2.85	2.72
Argentina	ARS	0.08	0.04	0.06	0.01
Australia	AUD	7.00	7.02	7.10	6.83
Brazil	BRL	1.95	2.12	1.98	2.06
Canada	CAD	7.73	7.83	7.72	7.55
Switzerland	CHF	10.59	11.77	11.31	11.88
Chile	CLP	0.012	0.013	0.012	0.011
China	CNY	1.50	1.49	1.50	1.41
Czech Republic	CZK	0.43	0.48	0.46	0.45
Denmark	DKK	1.43	1.54	1.50	1.48
Euro zone	EUR	10.64	11.44	11.14	11.06
United Kingdom	GBP	12.47	13.15	12.63	12.74
Hong Kong	HKD	1.29	1.35	1.34	1.28
Hungary	HUF	0.027	0.030	0.028	0.029
Israel	ILS	3.00	2.87	2.98	2.76
India	INR	0.128	0.128	0.126	0.120
Kenya	KES	0.085	0.076	0.085	0.064
South Korea	KRW	0.0079	0.0081	0.0083	0.0077
Mexico	MXN	0.50	0.60	0.54	0.59
Malaysia	MYR	2.29	2.32	2.37	2.18
Norway	NOK	1.05	1.01	1.06	0.98
New Zealand	NZD	6.41	6.50	6.62	6.34
Poland	PLN	2.27	2.52	2.38	2.55
Romania	RON	2.16	2.31	2.25	2.22
Thailand	THB	0.29	0.30	0.30	0.29
Turkey	TRY	0.62	0.46	0.56	0.34
US	USD	10.08	10.57	10.46	9.99
South Africa	ZAR	0.62	0.58	0.62	0.54

### Income statement

In the income statement costs are broken down by function.

### Revenue

The Group's revenue mainly consists of product sales. Service related to products sold represents a limited share of revenue. Revenue for the sale of the Group's products is recognized at a given point in time when the customer gains control over the product, usually at the time of delivery. ASSA ABLOY also carries out installation services, which

*Note 1 continued*

are recognized over time. For shorter installation jobs, revenue is recognized in practice upon completion of installation. Revenue from service contracts is recognized over time.

For product sales, a receivable is recognized when the goods have been delivered, since this is usually the point in time when the consideration becomes unconditional. The payment terms for trade receivables differ between geographical markets, types of goods or services, and different customers.

ASSA ABLOY allocates the transaction price for each performance obligation on the basis of a stand-alone selling price. The stand-alone selling price is the price for which the Group would sell the good or service separately to a customer. In cases where a stand-alone selling price is not directly observable, it is usually calculated based on the adjusted market assessment approach or the expected cost plus a margin approach.

Any discounts are allocated proportionately to all performance obligations in the contract, provided there is not observable evidence that the discount does not relate to all performance obligations.

Outstanding performance obligations for contracts with an original expected term of one year or less at the reporting date are recognized at the amount that ASSA ABLOY is entitled to invoice. This is because the Group is entitled to payment from a customer in the amount that directly corresponds to the value to the customer of the entity's performance achieved at the reporting date.

ASSA ABLOY receives payment in advance from customers to a limited extent. No customer contracts within the Group relating to the sale of goods or services are assessed to contain a significant financing component. The Group does not recognize any contract costs since the Group applies the practical expedient permitted by the standard, under which incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

Compensation from insurance and litigation is recognized when it is virtually certain that an inflow of resources will occur.

*Intra-Group sales*

Transactions between Group companies are carried out at arm's length and thus at market prices.

*Government grants*

Grants relating to assets are recognized after reducing the carrying amount of the asset by the amount of the grant.

*Research and development*

ASSA ABLOY has an established process with well-defined steps to define the research and development phases of the Group's product development. The process also serves as a tool to assess when expenditure should be expensed or capitalized.

Research expenditure is expensed as incurred and consists of feasibility studies, requirements definition and specification. Development expenditure is recognized in the balance sheet to the extent that it is expected to generate future economic benefits and provided such benefits can be reliably measured.

The development phase includes product and process design, industrialization and market preparation. Capitalized expenditure is amortized on a straight-line basis over its estimated useful life, usually 3–5 years. Only expenditure on the development of new products is capitalized, while expenditure on the further development of existing products is expensed as incurred.

*Tax on income*

Deferred tax liabilities for temporary differences relating to investments in subsidiaries are not recognized in the consolidated financial statements, since the Parent company can control the time at which the temporary differences are reversed, and it is not considered likely that such reversal will occur in the foreseeable future.

The Group measures each uncertain tax position using either the most likely amount or the expected value, based on the method expected to reflect the outcome in the best way. Assessments are reconsidered when there is new information that affects earlier judgments.

*Cash flow statement*

The cash flow statement has been prepared according to the indirect method.

*Cash and cash equivalents*

Cash and cash equivalents include cash and bank balances, and short-term financial investments that mature within three months of the acquisition date and are subject to a negligible risk of fluctuation in value.

*Goodwill and other acquisition-related intangible assets*

Goodwill is allocated to cash-generating units (CGUs), which consist of the Group's five divisions except for Global Technologies, whose two business units, HID Global and Global Solutions, each constitute a CGU.

The Group's CGUs are tested for impairment annually and where there is an indication of a need for impairment. Cash generating units are subject to systematic annual impairment testing using a valuation model based on discounted future cash flows. Other acquisition-related intangible assets consist chiefly of various types of intellectual property rights, such as brands, technology and customer relationships. Identifiable acquisition-related intellectual property rights are initially recognized at fair value at the acquisition date and subsequently at cost less accumulated amortization and impairment losses. Amortization is on a straight-line basis over the estimated useful life and amounts to 5–12 years for technology and 8–15 years for customer relationships. Acquisition-related intangible assets with an indefinite useful life are tested for impairment annually, and where there is an indication of a need for impairment, in the same way as goodwill.

*Other intangible assets*

An intangible asset that is not acquisition-related is initially recognized at cost and is amortized over its estimated useful life, usually between three and five years.

*Property, plant and equipment*

Property, plant and equipment are recognized at cost less accumulated depreciation and impairment losses. Land is not depreciated. For other assets, cost is depreciated on a straight-line basis over the estimated useful life, which for the Group results in the following average depreciation periods:

- Buildings 25–50 years
- Land improvements 10–25 years
- Machinery 7–10 years
- Equipment 3–6 years

Gain or loss on the disposal of property, plant and equipment is recognized in the income statement as 'Other operating income' or 'Other operating expenses'.

*Leases*

Within the Group there are a large number of current leases for which the Group is the lessee, mostly relating to offices, premises and vehicles. The Group recognizes a right-of-use asset and a lease liability corresponding to the present value of future lease payments in the balance sheet on the day the leased asset is made available for use. In calculating the present value, the Group's incremental borrowing rate by currency is used. When measuring right-of-use and lease liability, the Group made estimates and assumptions such as whether any options to extend or terminate a lease agreement will be exercised.

After the initial date, the right-of-use asset is measured at cost and depreciated on a straight-line basis over the lease term, or over the period of use of the underlying asset if the lease transfers ownership of the underlying asset to the Group by the end of the lease term. Depreciation is recognized as an expense in profit or loss, while interest expense attributable to the lease liability is recognized in net financial items.

In the statement of cash flows the lease payments are split between interest paid in cash flow from operating activities and amortization of lease liabilities in financing activities. Operating cash flow includes amortization of lease liabilities as an operating component.

The Group does not recognize any right of use or lease liability regarding obligations for short-term leases and low-value leases. Lease payments relating to such leases are reported as operating expenses over the lease term.

*Inventories*

Inventories are valued in accordance with the 'first in, first out' principle at the lower of cost and net realizable value at the reporting date.

*Financial assets at amortized cost*

Financial assets at amortized cost mainly comprise trade receivables and cash and cash equivalents.

*Financial assets at fair value through profit or loss*

At the reporting date, this category consists of shares and participations and derivatives with a positive fair value that are not used for hedge accounting.

*Financial liabilities at fair value through profit or loss*

This category includes derivatives with a negative fair value that are not used for hedge accounting and deferred considerations. Liabilities are measured at fair value on a continuous basis and changes in value are recognized in the income statement.

Significant deferred considerations are discounted to present value. Acquisition-related transaction costs are expensed as incurred.

*Financial liabilities at amortized cost*

Amortized cost is determined based on the effective interest rate calculated when the loan was raised. Accordingly, surplus values and negative surplus values as well as direct issue expenses are allocated over the term of the loan. Non-current loan liabilities have an anticipated term of more than one year, while current loan liabilities have a term of less than one year.

## Note 1 continued

**Recognition and measurement of financial assets and liabilities**

Acquisitions and sales of financial assets are recognized on the trade date, the date on which the Group commits to purchase or sell the asset.

**Impairment of financial assets**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. Under this approach, a provision is made for lifetime expected credit losses for the trade receivable. For calculation of expected credit losses, the trade receivables are grouped based on the number of days past due. Expected credit losses on trade receivables that are not past due are primarily based on actual credit losses from recent years.

Impairment that would be considered for other financial assets that are within the scope of expected credit losses has not been assessed to be material.

**Derivative instruments and hedging**

Derivative instruments are recognized in the balance sheet at the transaction date and are measured at fair value, both initially and in subsequent revaluations. The method for recognizing profit or loss depends on whether the derivative instrument is designated as a hedging instrument, and if so, the nature of the hedged item. For derivatives not designated as hedging instruments, changes in value are recognized on a continuous basis through profit or loss under financial items, either as income or expense.

The fair value of forward exchange contracts is calculated at net present value based on prevailing forward rates on the reporting date, while interest rate swaps are measured by estimating future discounted cash flows.

For information on the fair value of derivative instruments, see Note 36, 'Financial risk management and financial instruments'. Derivatives at fair value, with a maturity of more than 12 months, are classified as non-current interest-bearing liabilities or receivables. Other derivatives are classified as current interest-bearing liabilities and investments respectively.

**Fair value hedges**

For derivatives that are designated and qualify as fair value hedges, changes in value of both the hedged item and the hedging instrument are recognized on a continuous basis in the income statement (under financial items). Fair value hedges are used to hedge interest rate risk in borrowing linked to fixed interest terms. If the hedge would no longer qualify for hedge accounting, the fair value adjustment of the carrying amount is dissolved through profit or loss over the remaining term using the effective interest method.

**Cash flow hedges**

For derivatives that are designated and qualify as cash flow hedges, changes in value of the hedging instrument are recognized on a continuous basis in other comprehensive income for the part relating to the effective portion of the hedges. Gain or loss arising from ineffective portions of derivatives is recognized directly in the income statement under financial items. When a hedging instrument expires, is sold or no longer qualifies for hedge accounting, and accumulated gains or losses relating to the hedge are recognized in equity, these gains/losses remain in equity and are taken to income, while the forecast transaction is finally recognized in the income statement. When a forecast transaction is no longer expected to occur, the accumulated gain or loss recognized in equity is immediately transferred to other comprehensive income in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss recognized in other comprehensive income is recognized directly under financial items.

**Net investment hedges**

For derivatives that are designated and qualify as net investment hedges, the portion of value changes in fair value designated as effective is recognized in other comprehensive income. The ineffective portion of the gain or loss is recognized directly in profit or loss for the period under financial items. Accumulated gain or loss in other comprehensive income is recognized in the income statement when the foreign operation, or part thereof, is sold.

**Financial guarantees**

Financial guarantees are recognized as financial liabilities when they are issued. The liability is recognized initially at fair value and subsequently at the higher of:

- The amount calculated using the model for expected credit losses in accordance with IFRS 9 Financial Instruments, and
- The amount originally recognized less accumulated accruals, where applicable.

The fair value of financial guarantee contracts is calculated as the present value of the difference between future contractual net cash flows (as per the debt instrument) and the payments that would be demanded without the guarantee. Alternatively, the guarantee contract is measured at the estimated amount that would be paid to a third party for the third party to assume the liability.

**Assets and liabilities of disposal group classified as held for sale**

Assets and liabilities are classified as held for sale when their carrying amounts will principally be recovered through a sale and when such a sale is considered highly probable. They are recognized at the lower of carrying amount and fair value less selling expenses. As of the reporting date the Group had no assets or liabilities classified as held for sale.

**Equity-based incentive programs**

The Group has equity-based remuneration plans in the form of ASSA ABLOY's incentive program. Detailed information about the structure of the various programs can be found in Note 35 Employees. For the long-term incentive program, personnel costs during the vesting period are recognized based on the shares' fair value on the allotment date, that is, when the company and the employees entered into an agreement on the terms and conditions for the program.

Fair value is based on the share price on the allotment date; a reduction in fair value relating to the anticipated dividend has not been made as the participants are compensated for this. The employees pay a price equivalent to the share price on the investment date. The vesting terms are not stock market based and affect the number of shares that ASSA ABLOY will give to the employee on allotment. If an employee stops investing in the program, all remaining personnel costs are recognized in the income statement. Personnel costs for shares relating to the performance-based program are calculated on each accounting date based on an assessment of the probability of the performance targets being achieved. The costs are calculated based on the number of shares that ASSA ABLOY expects to need to settle at the end of the vesting period. When allocating shares, social security contributions must be paid in some countries to the value of the employee's benefit. This value is based on fair value on each accounting date and recognized as a provision for social security contributions.

The long-term incentive programs are essentially equity settled and an amount equivalent to the personnel cost is recognized against retained earnings in equity. In the income statement, the personnel cost is allocated to the respective function.

**Climate-related issues**

ASSA ABLOY has analyzed its climate-related risks and opportunities through two of the scenarios identified by the UN Intergovernmental Panel on Climate Change (IPCC):

- RCP 2.6 – Carbon emissions peak around 2020
- RCP 6 – Carbon emissions increase by 2060

For further information about the scenario analysis, see page 17 of the sustainability report.

The risks identified include supply chain uncertainty and material shortages. In preparing the consolidated financial information, ASSA ABLOY analyzed the impact of these scenarios on the estimates and assumptions used. The assessment included:

- The impact of climate change on the analysis of impairment indicators and the cash flow projections used in the impairment testing of goodwill and intangible assets with indefinite useful lives. See Note 14 for information about the assumptions used.
- The impact of climate change on the recognition of provisions for environmental commitments.

For 2023, climate change was not assessed as having a material impact on the financial statements or on the estimates and assumptions made in the preparation of the annual report.

**Parent company accounting policies**

The Group's Parent company, ASSA ABLOY AB, is responsible for Group management and provides Group-wide functions. The Parent company's revenue consists of intra-Group franchise and royalty revenues. The significant balance sheet items consist of shares in subsidiaries, intra-Group receivables and liabilities, and external borrowing. The Parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's RFR 2 Accounting for Legal Entities. RFR 2 requires the Parent company, in its annual accounts, to apply all the International Financial Reporting Standards (IFRS) adopted by the EU in so far as this is possible within the framework of the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation states which exceptions from and additions to IFRS should be made.

**Revenue**

The Parent company's revenue consists of intra-Group franchise and royalty revenues. These are recognized in the income statement as 'Other operating income' to make clear that the Parent company has no product sales like other Group companies with external operations.

*Note 1 continued***Dividend**

Dividend revenue is recognized when the right to receive payment is considered certain.

**Research and development costs**

Research and development costs are expensed as incurred, with the exception of large product development projects, which have been capitalized.

**Intangible assets**

Intangible assets comprise patented technology and other intangible assets. Intangible assets are amortized over a maximum of five years, except for acquisition-related intangible assets, which are amortized over 5–10 years.

**Property, plant and equipment**

Property, plant and equipment owned by the Parent company are recognized at cost less accumulated depreciation and any impairment losses in the same way as for the Group. They are depreciated over their estimated useful life, which entails 5–10 years for equipment and 3–5 years for IT equipment.

**Trade receivables**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The Parent company applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. However, the expected credit losses attributable to the Parent company's trade receivables have been assessed to be immaterial.

**Pension obligations**

The Parent company's pension obligations are recognized in accordance with the simplification rule in RFR 2, which means that defined benefit pensions are recognized as a defined contribution plan, and are covered by taking out insurance with an insurance company.

**Leases**

The Parent company recognizes leases in accordance RFR 2, which means that lease payments are expensed in a straight line over the lease term.

**Shares in subsidiaries**

Shares in subsidiaries are recognized at cost less impairment plus acquisition costs. When there is an indication that the value of shares and interests in subsidiaries or associates has fallen, the recoverable amount is calculated. If this is lower than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in Financial expenses in the income statement.

**Group contributions**

The Parent company recognizes Group contributions in accordance with RFR 2. Group contributions received and paid are recognized under appropriations in the income statement. The tax effect of Group contributions is recognized in accordance with IAS 12 in the income statement.

**Contingent liabilities**

The Parent company has guarantees on behalf of its subsidiaries. Such an obligation is classified as a financial guarantee in accordance with IFRS. For these guarantees, the Parent company applies the alternative rule in RFR 2, reporting these guarantees as a contingent liability.

**NOTE 2 Revenue from contracts with customers and segment information****Disaggregation of revenue from contracts with customers***Sales by product group*

SEK M	EMEIA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Group	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Mechanical locks, lock systems and fittings	10,934	11,653	10,984	15,691	5,005	5,286	372	416	8	9	-789	-780	26,515	32,275
Electromechanical and electronic locks	7,098	8,002	7,432	9,281	2,496	2,193	18,958	22,510	1,179	1,304	-1,453	-1,128	35,709	42,161
Security doors and hardware	4,284	4,722	9,852	12,953	2,147	2,606	15	173	3,850	3,984	-145	-150	20,002	24,288
Entrance automation	542	454	76	84	176	200	-	-	37,891	41,369	-118	-114	38,567	41,992
<b>Total</b>	<b>22,858</b>	<b>24,831</b>	<b>28,344</b>	<b>38,009</b>	<b>9,824</b>	<b>10,284</b>	<b>19,344</b>	<b>23,099</b>	<b>42,928</b>	<b>46,665</b>	<b>-2,505</b>	<b>-2,173</b>	<b>120,793</b>	<b>140,716</b>

*Sales by continent*

SEK M	EMEIA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Group	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Europe	19,433	21,211	101	85	630	568	5,227	6,243	16,706	18,395	-907	-841	41,191	45,661
North America	566	691	25,605	34,201	2,202	2,436	9,378	11,089	23,735	25,136	-1,140	-871	60,346	72,682
Central and South America	97	99	2,491	3,448	49	48	714	900	90	159	-33	-37	3,406	4,617
Africa	1,100	973	14	10	9	14	417	662	43	68	-47	-36	1,537	1,691
Asia	1,515	1,689	124	249	4,089	4,284	2,612	2,894	1,221	1,509	-231	-226	9,330	10,399
Oceania	147	168	9	17	2,845	2,934	996	1,310	1,133	1,399	-147	-162	4,983	5,666
<b>Total</b>	<b>22,858</b>	<b>24,831</b>	<b>28,344</b>	<b>38,009</b>	<b>9,824</b>	<b>10,284</b>	<b>19,344</b>	<b>23,099</b>	<b>42,928</b>	<b>46,665</b>	<b>-2,505</b>	<b>-2,173</b>	<b>120,793</b>	<b>140,716</b>

**Customer sales by country**

SEK M	Group		SEK M	Group	
	2022	2023		2022	2023
US	54,093	64,522	Czech Republic	551	643
France	6,250	7,409	South Africa	654	637
United Kingdom	5,658	6,410	Turkey	378	579
Canada	4,097	5,540	Chile	442	492
Germany	4,768	5,380	Singapore	455	491
Sweden	5,044	5,018	Colombia	346	401
Australia	4,046	4,646	Hong Kong	351	380
China	3,067	3,165	Portugal	313	378
Netherlands	2,650	3,051	Israel	371	360
Mexico	2,156	2,620	Philippines	306	330
Brazil	1,475	2,218	Taiwan	224	311
Belgium	1,723	1,924	Japan	234	284
Finland	1,839	1,859	Hungary	317	282
Switzerland	1,553	1,674	Estonia	266	268
Denmark	1,507	1,619	Thailand	216	266
Spain	1,420	1,599	Romania	294	262
Poland	1,351	1,521	Croatia	174	228
Norway	1,381	1,341	Guatemala	178	206
South Korea	1,145	1,290	Indonesia	228	198
Italy	998	1,236	Peru	131	191
India	890	1,163	Malaysia	173	186
New Zealand	904	976	Costa Rica	121	185
Ireland	747	925	Malta	184	162
Austria	834	886	Egypt	248	149
Saudi Arabia	479	669	Other countries	3,006	3,522
United Arab Emirates	560	664	<b>Total</b>	<b>120,793</b>	<b>140,716</b>



Note 2 continued

### Revenue recognition

Of the Group's revenue in 2023, SEK 19,365 M (16,960) has been recognized over time, while SEK 121,351 M (103,833) related to commitments transferred at a certain point in time.

### Contract assets and contract liabilities

The Group recognizes the following revenue-related contract assets and contract liabilities:

#### Contract assets

SEK M	Group	
	2022	2023
Accrued revenue	920	974
<b>Total</b>	<b>920</b>	<b>974</b>

#### Contract liabilities

SEK M	Group	
	2022	2023
Non-current advances from customers and deferred revenue	63	70
Current advances from customers and deferred revenue	2,738	3,474
<b>Total</b>	<b>2,801</b>	<b>3,543</b>

Contract assets increased by SEK 54 M during the year, of which acquired companies contributed SEK 6 M. Contract liabilities have increased by SEK 742 M. Acquired and discontinued companies resulted in a net increase in contract liabilities of SEK 118 M during the year. The total contract liability at 31 December 2022 of SEK 2,801 M was to a large extent recognized as income in 2023.

### Remaining performance obligations

The total transaction price allocated to unsatisfied performance obligations at the reporting date amounts to SEK 22,974 M. Of this amount, SEK 21,497 M is expected to be recognized as revenue in 2024, while an estimated SEK 1,477 M will be recognized as revenue in 2025 or later.

At 31 December 2022 the total transaction price allocated to unsatisfied performance obligations was SEK 28,166 M.

### Segment assets and liabilities

SEK M	EMEIA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Group	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
<b>Segment assets</b>	26,210	27,179	27,483	74,774	13,198	12,074	31,711	31,487	48,158	47,870	3,715	2,514	150,474	195,898
- of which goodwill	12,956	13,232	15,416	32,382	6,058	5,379	19,041	18,989	22,401	22,891	-	-	75,873	92,873
Unallocated assets													4,090	453
<b>Total assets</b>													<b>154,564</b>	<b>196,351</b>
<b>Segment liabilities</b>	6,996	7,476	7,869	12,705	4,264	3,237	6,342	6,111	9,912	11,395	29,846	61,466	65,229	102,388
Unallocated liabilities													3,309	2,319
<b>Total</b>													<b>68,538</b>	<b>104,707</b>

### NOTE 3 Auditors' fees

SEK M	Group		Parent company	
	2022	2023	2022	2023
<b>Audit assignment</b>				
EY	72	90	10	11
Others	28	33	–	–
<b>Audit-related services in addition to audit assignment</b>				
EY	1	0	1	0
<b>Tax advice</b>				
EY	3	3	–	–
Others	19	27	3	3
<b>Other services</b>				
EY	14	6	1	4
Others	13	7	2	2
<b>Total</b>	<b>149</b>	<b>166</b>	<b>17</b>	<b>20</b>

The auditors' fee for EY in Sweden during the year was SEK 14 M (14) and the fee for extra services was SEK 0 M (1).

### NOTE 4 Other operating income and expenses

SEK M	Group	
	2022	2023
Change in insurance reserve	87	66
Remeasurement of deferred considerations	41	30
Profit/loss on sales of non-current assets	8	59
Profit/loss on sales of subsidiaries	–8	0
Restructuring costs	–	–42
Business-related taxes	–86	–65
Transaction expenses from acquisitions	–506	–923
Exchange differences	–27	–113
Other, net	–223	–405
<b>Total</b>	<b>–714</b>	<b>–1,393</b>

In addition to the above, the significant item Capital gain on divestment of subsidiaries is recognized separately in the income statement.

#### Parent company

Other operating income in the Parent company consists mainly of franchise and royalty revenues from subsidiaries.

### NOTE 5 Share of earnings in associates

SEK M	Group	
	2022	2023
Goal Co., Ltd	22	7
Saudi Crawford Doors Ltd	1	–
PT Jasinindo Arjo Wiggins Security	3	11
SARA Loading Bay Ltd	0	–
<b>Total</b>	<b>26</b>	<b>18</b>

### NOTE 6 Recognition of leases for the Parent company

The Parent company recognizes leases in accordance RFR 2, which means that lease payments are expensed in a straight line over the lease term. Leases in the Parent company mainly relate to rented premises and cars.

SEK M	Parent company	
	2022	2023
Lease payments during the year	16	19
<b>Total</b>	<b>16</b>	<b>19</b>
<b>Nominal value of agreed future lease payments:</b>		
Due for payment in:		
(2023) 2024	18	18
(2024) 2025	18	18
(2025) 2026	2	5
(2026) 2027	0	–
(2027) 2028	–	–
<b>Total</b>	<b>38</b>	<b>41</b>

### NOTE 7 Expenses by nature and function

In the income statement, expenses are broken down by function, except for significant items that have been recognized separately: impairment of goodwill and other acquisition-related intangible assets is attributable to the Selling expenses function, which amounts to SEK 23,668 M, including these impairments. The expenses per function broken down into the main natures are shown below.

SEK M	Group	
	2022	2023
Remuneration of employees (Note 35)	33,763	40,783
Direct material costs	44,847	50,364
Depreciation, amortization and impairment (Notes 8, 14, 15)	4,088	7,646
Other purchase expenses	18,876	22,350
<b>Total</b>	<b>101,573</b>	<b>121,144</b>

### NOTE 8 Depreciation, amortization and impairment

SEK M	Group		Parent company	
	2022	2023	2022	2023
Intangible assets	1,288	4,195	1,516	1,210
Machinery	700	905	–	–
Equipment	489	544	13	16
Buildings	258	393	–	–
Land improvements	8	3	–	–
Right-of-use assets	1,346	1,606	–	–
<b>Total</b>	<b>4,088</b>	<b>7,646</b>	<b>1,529</b>	<b>1,226</b>

### NOTE 9 Exchange differences in the income statement

SEK M	Group		Parent company	
	2022	2023	2022	2023
Exchange differences recognized in operating income	–27	–102	22	48
Exchange differences recognized in financial expenses	6	30	–1	2
<b>Total</b>	<b>–21</b>	<b>–72</b>	<b>21</b>	<b>50</b>

### NOTE 10 Financial income

SEK M	Group		Parent company	
	2022	2023	2022	2023
Dividends received from subsidiaries	–	–	2,001	1,136
Dividends received from associates	–	–	3	3
Capital gain/loss on sale of subsidiaries	–	–	48	0
Fair value adjustments shares and interests	–	–	–	–
Intra-Group interest income	–	–	304	709
External interest income and similar items	35	139	–	–
Other financial income	24	17	0	0
<b>Total</b>	<b>59</b>	<b>157</b>	<b>2,356</b>	<b>1,848</b>

## NOTE 11 Financial expenses

SEK M	Group		Parent company	
	2022	2023	2022	2023
Interest expenses <sup>1</sup>	-784	-2,289	-788	-1,849
Interest expenses on lease liabilities	-87	-183	-	-
Interest expenses on pension provisions, net	-48	-52	-	-
Exchange differences on financial items	6	30	-1	2
Other financial expenses	-157	-194	-122	-143
<b>Total</b>	<b>-1,070</b>	<b>-2,687</b>	<b>-911</b>	<b>-1,990</b>

<sup>1</sup> Of which SEK 253 M (35) is attributable to changes in value of derivative instruments, not hedge accounting, for the Group.

## NOTE 12 Tax on income

SEK M	Group		Parent company	
	2022	2023	2022	2023
Current tax	-4,703	-6,321	-431	-676
Tax attributable to prior years	70	118	0	2
Withholding tax	-18	-15	-1	-1
Deferred tax	426	604	-36	-22
<b>Total</b>	<b>-4,225</b>	<b>-5,615</b>	<b>-468</b>	<b>-696</b>

Explanation for the difference between nominal Swedish tax rate and effective tax rate based on income before tax:

Percent	Group		Parent company	
	2022	2023	2022	2023
Swedish income tax rate	21	21	21	21
Effect of foreign tax rates	2	3	-	-
Non-taxable income/non-deductible expenses	1	1	-9	-4
Exercised/new, not yet measured tax loss carry-forwards	1	1	-	-
Tax attributable to prior years	-	-1	-	-
Items affecting comparability (see Note 13)	-	6	-	-
Other	-1	-1	-	-
<b>Effective tax rate in income statement</b>	<b>24</b>	<b>29</b>	<b>12</b>	<b>17</b>

### OECD Pillar Two model rules

ASSA ABLOY is subject to the OECD Pillar Two model rules. The legislation requires the Group to pay an additional tax on the difference between their GloBE effective tax rate per jurisdiction and the minimum tax rate of 15 percent. Pillar Two legislation has been adopted in Sweden, the jurisdiction where ASSA ABLOY is registered.

As the Pillar Two legislation only enters into force on 1 January 2024, there is no current tax effect for the year ending 31 December 2023. The Group applies the exemption to recognize and disclose deferred tax assets and liabilities related to income taxes from Pillar Two, as set out in the amendments to IAS 12 issued in May 2023.

A majority of the entities in the Group have an effective tax rate exceeding 15 percent. Therefore, ASSA ABLOY expects to be subject to the additional tax in only a few jurisdictions. The few jurisdictions for which the Group expects to be subject to additional tax are typically jurisdictions with a nominal corporate tax rate below 15 percent, or jurisdictions with a nominal corporate tax rate of around 15 percent. This is due to the effect of specific adjustments planned in the Pillar Two legislation, which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of IAS 12.

ASSA ABLOY has evaluated its exposure to Pillar Two legislation for when it enters into force. This assessment indicates that the total potential additional tax levied on the Group will be insignificant.

## NOTE 13 Earnings per share

### Earnings per share before and after dilution

SEK M	Group	
	2022	2023
Earnings attributable to the Parent company's shareholders	13,291	13,633
Net profit	13,291	13,633
Weighted average number of outstanding shares (thousands)	1,110,776	1,110,776
<b>Earnings per share (SEK)</b>	<b>11.97</b>	<b>12.27</b>

None of the Group's outstanding long-term incentive programs are expected to result in significant dilution in the future.

### Earnings per share before and after dilution and excluding items affecting comparability

SEK M	Group	
	2022	2023
Earnings attributable to the Parent company's shareholders	13,291	13,633
<b>Items affecting comparability</b>		
Impairment of goodwill and other acquisition-related intangible assets	-	2,271
Tax effect of the impairment of goodwill and other acquisition-related intangible assets	-	-143
Capital gain from the divestment of Emtek and Smart Residential, including exit costs	-	-3,588
Tax effect of the capital gain from the divestment of Emtek and Smart Residential, including exit costs	-	1,522
Restructuring costs	-	1,250
Tax effect of restructuring costs	-	-253
Recognition of fair value measurement in the acquisition of HHI	-	466
Tax effect of recognition of fair value measurement in the acquisition of HHI	-	-117
<b>Total items affecting comparability after tax</b>	<b>-</b>	<b>1,409</b>
- of which items affecting comparability before tax	-	400
- of which tax effect of items affecting comparability	-	1,009
Net profit excluding items affecting comparability	13,291	15,042
Weighted average number of outstanding shares (thousands)	1,110,776	1,110,776
<b>Earnings per share excluding items affecting comparability (SEK)</b>	<b>11.97</b>	<b>13.54</b>

## NOTE 14 Intangible assets

2023, SEK M	Group			Parent company	
	Goodwill	Brands	Other intangible assets	Total	Intangible assets
<b>Opening accumulated acquisition cost</b>	<b>80,728</b>	<b>10,217</b>	<b>15,285</b>	<b>106,230</b>	<b>11,959</b>
Purchases	–	1	270	270	3
Acquisitions of subsidiaries	25,464	16,625	7,250	49,340	–
Divestments of subsidiaries	–3,218	–253	–255	–3,725	–
Sales, disposals and adjustments	–	–3	–175	–178	–
Reclassifications	–	28	–8	20	–
Exchange rate differences	–3,882	–1,182	–693	–5,756	–
<b>Closing accumulated acquisition cost</b>	<b>99,092</b>	<b>25,433</b>	<b>21,675</b>	<b>146,200</b>	<b>11,962</b>
<b>Opening accumulated amortization and impairment</b>	<b>–4,854</b>	<b>–1,323</b>	<b>–9,155</b>	<b>–15,333</b>	<b>–7,976</b>
Divestments of subsidiaries	–	–	135	135	–
Sales, disposals and adjustments	–	–	135	135	–
Depreciation and amortization	–	–2	–1,624	–1,626	–1,135
Impairment	–1,741	–86	–660	–2,487	–75
Impairment recognized in restructuring reserve	–	0	–82	–82	–
Exchange rate differences	376	89	297	762	–
<b>Closing accumulated amortization and impairment</b>	<b>–6,219</b>	<b>–1,322</b>	<b>–10,956</b>	<b>–18,496</b>	<b>–9,187</b>
<b>Carrying amount</b>	<b>92,873</b>	<b>24,112</b>	<b>10,719</b>	<b>127,704</b>	<b>2,775</b>

2022, SEK M	Group			Parent company	
	Goodwill	Brands	Other intangible assets	Total	Intangible assets
<b>Opening accumulated acquisition cost</b>	<b>67,084</b>	<b>9,151</b>	<b>14,525</b>	<b>90,759</b>	<b>11,955</b>
Purchases	–	0	267	268	4
Acquisitions of subsidiaries	7,190	280	523	7,994	–
Divestments of subsidiaries	–10	–	0	–10	–
Sales, disposals and adjustments	–	–39	–1,575	–1,614	–
Reclassifications	–	1	230	231	–
Exchange rate differences	6,463	824	1,316	8,603	–
<b>Closing accumulated acquisition cost</b>	<b>80,728</b>	<b>10,217</b>	<b>15,285</b>	<b>106,230</b>	<b>11,959</b>
<b>Opening accumulated amortization and impairment</b>	<b>–4,582</b>	<b>–1,282</b>	<b>–8,559</b>	<b>–14,423</b>	<b>–6,460</b>
Divestments of subsidiaries	–	–	–	–	–
Sales, disposals and adjustments	–	38	1,522	1,560	–
Depreciation and amortization	–	–3	–1,270	–1,273	–1,516
Impairment	–	–	–15	–15	–
Impairment recognized in restructuring reserve	–	–	–0	–0	–
Exchange rate differences	–273	–77	–832	–1,182	–
<b>Closing accumulated amortization and impairment</b>	<b>–4,854</b>	<b>–1,323</b>	<b>–9,155</b>	<b>–15,333</b>	<b>–7,976</b>
<b>Carrying amount</b>	<b>75,873</b>	<b>8,894</b>	<b>6,130</b>	<b>90,897</b>	<b>3,982</b>

Other intangible assets consist mainly of customer relations and technology. The carrying amount of intangible assets with an indefinite useful life, excluding goodwill, amounts to SEK 24,077 M (8,857) and relates to brands.

Useful life has been defined as indefinite where the time period, during which an asset is deemed to contribute economic benefits, cannot be determined.

#### Impairment testing of goodwill and intangible assets with indefinite useful life

Goodwill and intangible assets with an indefinite useful life are allocated to the Group's Cash Generating Units (CGUs). Since 2023, the Group has had six CGUs, equivalent to the Group's five divisions except for Global Technologies, whose two business units, HID Global and Global Solutions, each constitute a CGU. As a result of the acquisitions and strategy in recent years, Global Solutions and HID Global have started to differ in terms of business model and technology, and their cash flows have become more distinct from each other.

For each cash-generating unit, the Group tests goodwill and intangible assets with an indefinite useful life for impairment annually and when events or circumstances indicate that the carrying amount may not be recoverable. Recoverable amounts for Cash Generating Units have been determined by calculating value in use. These calculations are based on estimated future cash flows, which in turn are based on financial forecasts

for a six-year period. Cash flows beyond the forecast period are extrapolated using estimated growth rates according to the information below.

Material assumptions used to calculate values in use:

- Forecast operating margin.
- Growth rate for extrapolating cash flows beyond the forecast period.
- Discount rate after tax used for estimated future cash flows.

Management has determined the forecast operating margin based on previous results and expectations of future market development. A growth rate of 3 percent (3) has been used for all CGUs to extrapolate cash flows beyond the forecast period. This growth rate is considered to be a conservative estimate. Further, an average discount rate in local currency after tax has been used in the calculations. The difference in value compared with using a discount rate before tax is not deemed to be material. The discount rate has been determined by calculating the weighted average cost of capital (WACC) for each cash generating unit.

The impact of climate-related risks on future cash flows has also been considered at CGU level, including commitments for capital and operating expenditure. No significant financial impact on the current year's impairment assessment was identified.

## Note 14 continued

## 2023

Overall, the discount rate after tax used varied between 8.0 and 9.0 percent (EMEIA 8.0 percent, Americas 8.0 percent, Asia Pacific 9.0 percent, HID Global 8.0 percent, Global Solutions 8.0 percent and Entrance Systems 8.0 percent).

During the year, impairment of goodwill and other intangible assets in the amount of SEK 2,271 M was reported, mainly attributable to Citizen ID in the Global Technologies division.

Goodwill and intangible assets with an indefinite useful life were allocated to the Cash Generating Units as summarized in the table below:

2023, SEK M	EMEIA	Americas	Asia Pacific	HID Global	Global Solutions	Entrance Systems	Total
Goodwill	13,232	32,382	5,379	16,179	2,810	22,891	92,873
Intangible assets with indefinite useful life	409	15,743	1,238	939	125	5,624	24,077
<b>Total</b>	<b>13,642</b>	<b>48,125</b>	<b>6,617</b>	<b>17,118</b>	<b>2,935</b>	<b>28,514</b>	<b>116,950</b>

## 2022

Overall, the discount rate after tax used varied between 8.0 and 9.0 percent (EMEIA 8.0 percent, Americas 8.0 percent, Asia Pacific 9.0 percent, Global Technologies 8.0 percent and Entrance Systems 8.0 percent).

Goodwill and intangible assets with an indefinite useful life were allocated to the Cash Generating Units as summarized in the following table:

2022, SEK M	EMEIA	Americas	Asia Pacific	Global Technologies	Entrance Systems	Total
Goodwill	12,957	15,416	6,058	19,041	22,401	75,873
Intangible assets with indefinite useful life	280	915	1,046	995	5,621	8,857
<b>Total</b>	<b>13,237</b>	<b>16,331</b>	<b>7,104</b>	<b>20,036</b>	<b>28,022</b>	<b>84,730</b>

## Sensitivity analysis

A sensitivity analysis has been carried out for each Cash Generating Unit. The results of this analysis are summarized below.

## 2023

If the estimated operating margin after the end of the forecast period had been one percentage point lower than the management's estimate, the total recoverable amount would have been 5 percent lower (EMEIA 5 percent, Americas 4 percent, Asia Pacific 8 percent, HID Global 4 percent, Global Solutions 5 percent, and Entrance Systems 5 percent).

If the estimated growth rate used to extrapolate cash flows beyond the forecast period had been one percentage point lower than the basic assumption of 3 percent, the total recoverable amount would have been 13 percent lower (EMEIA 13 percent, Americas 13 percent, Asia Pacific 10 percent, HID Global 13 percent, Global Solutions 13 percent, and Entrance Systems 13 percent).

If the estimated weighted capital cost used for the Group's discounted cash flows had been one percentage point higher than the basic assumption of 8.0 to 9.0 percent, the total recoverable amount would have been 17 percent lower (EMEIA 17 percent, Americas 17 percent, Asia Pacific 15 percent, HID Global 17 percent, Global Solutions 17 percent, and Entrance Systems 17 percent).

These calculations are hypothetical and should not be viewed as an indication that these factors are any more or less likely to change. The sensitivity analysis should therefore be interpreted with caution.

None of the hypothetical cases above would lead to an impairment of goodwill in an individual Cash Generating Unit.

## 2022

If the estimated operating margin after the end of the forecast period had been one percentage point lower than the management's estimate, the total recoverable amount would have been 5 percent lower (EMEIA 5 percent, Americas 4 percent, Asia Pacific 8 percent, Global Technologies 5 percent, and Entrance Systems 5 percent).

If the estimated growth rate used to extrapolate cash flows beyond the forecast period had been one percentage point lower than the basic assumption of 3 percent, the total recoverable amount would have been 13 percent lower (EMEIA 13 percent, Americas 13 percent, Asia Pacific 11 percent, Global Technologies 13 percent, and Entrance Systems 13 percent).

If the estimated weighted capital cost used for the Group's discounted cash flows had been one percentage point higher than the basic assumption of 8.0 to 9.0 percent, the total recoverable amount would have been 17 percent lower (EMEIA 17 percent, Americas 17 percent, Asia Pacific 16 percent, Global Technologies 17 percent, and Entrance Systems 17 percent).

These calculations are hypothetical and should not be viewed as an indication that these factors are any more or less likely to change. The sensitivity analysis should therefore be interpreted with caution.

None of the hypothetical cases above would lead to an impairment of goodwill in an individual Cash Generating Unit.

## NOTE 15 Property, plant and equipment

2023, SEK M	Group					Parent company	
	Buildings	Land and land improvements	Machinery	Equipment	Construction in progress	Total	Equipment
<b>Opening accumulated acquisition cost</b>	<b>7,787</b>	<b>1,258</b>	<b>12,205</b>	<b>5,664</b>	<b>1,232</b>	<b>28,146</b>	<b>147</b>
Purchases	310	1	363	407	1,287	2,369	5
Acquisitions of subsidiaries	524	79	530	214	75	1,422	-
Divestments of subsidiaries	-83	-16	-156	-53	-30	-339	-
Sales and disposals	-103	-19	-227	-190	-45	-585	-2
Reclassifications	144	14	693	146	-1,018	-20	-
Exchange rate differences	-209	-33	-459	-181	-45	-927	-
<b>Closing accumulated acquisition cost</b>	<b>8,369</b>	<b>1,284</b>	<b>12,949</b>	<b>6,007</b>	<b>1,456</b>	<b>30,066</b>	<b>151</b>
<b>Opening accumulated depreciation and impairment</b>	<b>-4,431</b>	<b>-128</b>	<b>-9,145</b>	<b>-4,336</b>	<b>-</b>	<b>-18,040</b>	<b>-104</b>
Divestments of subsidiaries	24	2	118	38	-	182	-
Sales and disposals	69	-	225	169	-	463	2
Depreciation and amortization	-289	-3	-797	-525	-	-1,613	-16
Impairment	-23	-	-84	-4	-	-111	-
Impairment recognized in restructuring reserve	-81	-	-24	-16	-	-120	-
Reclassifications	-	-	-	-	-	-	-
Exchange rate differences	114	2	352	165	-	633	-
<b>Closing accumulated depreciation and impairment</b>	<b>-4,616</b>	<b>-127</b>	<b>-9,354</b>	<b>-4,508</b>	<b>-</b>	<b>-18,606</b>	<b>-118</b>
<b>Carrying amount</b>	<b>3,753</b>	<b>1,157</b>	<b>3,596</b>	<b>1,499</b>	<b>1,456</b>	<b>11,460</b>	<b>33</b>

2022, SEK M	Group					Parent company	
	Buildings	Land and land improvements	Machinery	Equipment	Construction in progress	Total	Equipment
<b>Opening accumulated acquisition cost</b>	<b>6,747</b>	<b>1,329</b>	<b>11,101</b>	<b>4,992</b>	<b>935</b>	<b>25,103</b>	<b>130</b>
Purchases	220	15	283	363	846	1,728	17
Acquisitions of subsidiaries	110	32	75	73	43	333	-
Divestments of subsidiaries	-	0	0	-1	-	-1	-
Sales and disposals	-254	-34	-1,253	-539	-30	-2,110	-
Reclassifications	125	-204	378	156	-678	-223	-
Exchange rate differences	839	121	1,621	621	115	3,317	-
<b>Closing accumulated acquisition cost</b>	<b>7,787</b>	<b>1,258</b>	<b>12,205</b>	<b>5,664</b>	<b>1,232</b>	<b>28,146</b>	<b>147</b>
<b>Opening accumulated depreciation and impairment</b>	<b>-3,920</b>	<b>-162</b>	<b>-8,395</b>	<b>-3,873</b>	<b>-</b>	<b>-16,350</b>	<b>-90</b>
Divestments of subsidiaries	-	-	-	-	-	-	-
Sales and disposals	260	51	1,245	545	-	2,102	-
Depreciation and amortization	-242	-8	-650	-464	-	-1,364	-13
Impairment	-16	0	-50	-25	-	-90	-
Impairment recognized in restructuring reserve	-	-	-3	-1	-	-3	-
Reclassifications	-	-	-	-	-	-	-
Exchange rate differences	-514	-9	-1,293	-518	-	-2,334	-
<b>Closing accumulated depreciation and impairment</b>	<b>-4,431</b>	<b>-128</b>	<b>-9,145</b>	<b>-4,336</b>	<b>-</b>	<b>-18,040</b>	<b>-104</b>
<b>Carrying amount</b>	<b>3,355</b>	<b>1,130</b>	<b>3,061</b>	<b>1,328</b>	<b>1,232</b>	<b>10,106</b>	<b>44</b>

## NOTE 16 Right-of-use assets

The following amounts regarding right-of-use assets are recognized in the balance sheet.

SEK M	Group	
	2022	2023
Buildings	2,990	4,253
Machinery	24	32
Vehicles	698	894
Other equipment	91	117
<b>Total</b>	<b>3,804</b>	<b>5,296</b>

Additions to right-of-use assets for 2023 amounted to SEK 2,287 M (1,255).

The following amounts related to leases are recognized in the income statement:

SEK M	Group	
	2022	2023
<b>Amortization attributable to right-of-use assets:</b>		
Buildings	-969	-1,164
Machinery	-10	-11
Vehicles	-337	-396
Other equipment	-30	-34
<b>Operating expenses attributable to:</b>		
Short-term leases	-64	-54
Leases of low-value assets	-18	-23
Variable lease payments are not included in lease liabilities	-20	-30
<b>Interest expenses relating to:</b>		
Lease liabilities	-87	-183
<b>Total</b>	<b>-1,535</b>	<b>-1,896</b>

The total cash flow attributable to leases in 2023 was SEK 1,726 M (1,417).

## NOTE 17 Shares in subsidiaries

Company name	Corporate identity number, Registered office	Parent company		Carrying amount, SEK M
		Number of shares	Share of equity, %	
ASSA Sverige AB	556061-8455, Eskilstuna	70	100	197
ASSA ABLOY Entrance Systems AB	556204-8511, Landskrona	1,000	100	287
ASSA ABLOY Global Solutions AB	556666-0618, Stockholm	1,306,891	100	475
ASSA ABLOY Kredit AB	556047-9148, Stockholm	400	100	6,036
ASSA ABLOY Holding AB	559180-8646, Stockholm	6,500	100	7,147
ASSA ABLOY Försäkrings AB	516406-0740, Stockholm	60,000	100	185
ASSA ABLOY Asia Holding AB	556602-4500, Stockholm	1,000	100	189
ASSA ABLOY OY	1094741-7, Joensuu	800,000	100	4,257
ASSA ABLOY Norge A/S	979207476, Moss	150,000	100	538
ASSA ABLOY Danmark A/S	CVR 10050316, Herlev	60,500	100	376
ASSA ABLOY Deutschland GmbH	HR B 66227, Berlin	1	100	1,086
ASSA ABLOY Nederland Holding B.V.	52153924, Raamsdonksveer	180	100	771
ASSA ABLOY France SAS	412140907, R.C.S. Versailles	15,184,271	100	1,964
HID Global Switzerland S.A.	CH-232-0730018-2, Granges	2,500	100	47
ASSA ABLOY Entrance Systems Austria GmbH	A-2320 Schwechat	1	100	109
ASSA ABLOY Ltd	2096505, Willenhall	1,330,000	100	3,091
HID Global Ireland Teoranta	364896, Galway	501,000	100	205
Mul-T-Lock Ltd	520036583, Yavne	13,787,856	100	901
ASSA ABLOY Holdings (SA) Ltd	1948/030356/06, Roodepoort	100,220	100	217
ASSA ABLOY Inc	039347-83, Oregon	100	100	9,157
ABLOY Canada Inc.	1148165260, Montreal	1	100	0
ASSA ABLOY of Canada Ltd	104722749 RC0003, Ontario	9,621	100	511
ASSA ABLOY Australia Pacific Pty Ltd	ACN 095354582, Oakleigh, Victoria	48,190,000	100	844
Cerramex, S.A de C.V	CER8805099Y6, Mexico	4	0 <sup>1</sup>	0
ASSA ABLOY Mexico, S.A de CV	AAM961204CI1, Mexico	50,108,549	100	1,329
Cerraduras y Candados Phillips S.A de C.V	CCP910506LK2, Mexico	112	0 <sup>1</sup>	0
ASSA ABLOY Colombia S.A.S	860009826-8, Bogota	3,115,080	100	203
ASSA ABLOY Asia Pacific Ltd	53451, Hong Kong	1	99 <sup>1</sup>	72
ASSA ABLOY Entrance Systems IDDS AB	556071-8149, Landskrona	25,000,000	100	5,323
ASSA ABLOY Portugal, Unipessoal, Lda (Portugal)	PT500243700, Alfragide	1	100	0
ASSA ABLOY Holding Italia S.p.A.	IT01254420597, Rome	650,000	100	1,019
HID SA (Argentina)	CUIT 30-61783980-2, Buenos Aires	2,400	2 <sup>1</sup>	0
HID Global SAS	FR21341213411, Nanterre	1,000,000	100	2,672
ASSA ABLOY East Africa Ltd	C.20402, Nairobi	13,500	100	90
Omni-ID Ltd	6163600, Bristol	2,200,000	100	26
ASSA ABLOY Industrietore GmbH	574125b, Schwechat	1,000	100	0
Stormlane Limited	752101, Galway	1,000,000	100	88
<b>Total</b>				<b>49,412</b>

<sup>1</sup> The Group's holdings amount to 100 percent.

## NOTE 18 Investments in associates

Company name	Country of registration	Number of shares	Group		Carrying amount 2022, SEK M	Carrying amount 2023, SEK M
			Share of equity 2022, %	Share of equity 2023, %		
Goal Co., Ltd	Japan	2,778,790	46	46	618	557
PT Jasuindo Arjo Wiggins Security	Indonesia	1,533,412	49	49	39	46
SARA Loading Bay Ltd	United Kingdom	4,990	50	50	13	13
Saudi Crawford Doors Ltd	Saudi Arabia	800	40	40	5	5
Others					1	1
<b>Total</b>					<b>676</b>	<b>622</b>

## NOTE 19 Deferred tax

SEK M	Group	
	2022	2023
<b>Deferred tax assets</b>		
Non-current assets	292	288
Pension provisions	101	232
Tax loss carryforwards etc.	70	84
Other deferred tax assets	913	2,345
Offset deferred tax assets	-63	-1,087
<b>Deferred tax assets</b>	<b>1,313</b>	<b>1,863</b>
<b>Deferred tax liabilities</b>		
Non-current assets	2,148	2,197
Pension provisions	187	192
Other deferred tax liabilities	514	1,689
Offset deferred tax liabilities	-63	-1,087
<b>Deferred tax liabilities</b>	<b>2,785</b>	<b>2,991</b>
<b>Deferred tax assets, net</b>	<b>-1,472</b>	<b>-1,128</b>

The items Other deferred tax assets and Other deferred tax liabilities include deferred tax on right-of-use assets and lease liabilities from leases amounting to SEK 1,034 M and SEK 1,004 M respectively.

## Change in deferred tax

SEK M	Group	
	2022	2023
<b>Opening balance</b>	<b>-1,317</b>	<b>-1,472</b>
Acquisitions and divestments	-108	-276
Recognized in income statement	426	604
Actuarial gain/loss on post-employment benefit obligation	-326	7
Exchange differences	-146	9
<b>Closing balance</b>	<b>-1,472</b>	<b>-1,128</b>

The Group's total tax loss carryforwards amount to SEK 6,274 M, of which SEK 5,757 M (5,797) are tax loss carryforwards for which deferred tax assets have not been measured, as the extent to which it is likely that future taxable profit will be available against which the tax loss carryforwards can be utilized is deemed uncertain. The unmeasured losses originate from companies in the following countries; Angola SEK 3 M, Austria SEK 33 M, Australia SEK 6 M, Belgium SEK 28 M, Brazil SEK 547 M, Switzerland SEK 20 M, China SEK 2,897 M, Czech Republic SEK 3 M, Germany SEK 47 M, Denmark SEK 48 M, France SEK 920 M, United Kingdom SEK 276 M, Ghana SEK 2 M, Hong Kong SEK 11 M, Indonesia SEK 11 M, Ireland SEK 129 M, Israel SEK 47 M, India SEK 63 M, Italy SEK 377 M, Kenya SEK 2 M, St Lucia SEK 2 M, Malta SEK 10 M, Mexico SEK 17 M, Malaysia SEK 17 M, Nigeria SEK 5 M, Netherlands SEK 54 M, Portugal SEK 66 M, Slovakia SEK 67 M, Thailand SEK 4 M, Turkey SEK 2 M, Tanzania SEK 14 M, Uganda SEK 30 M.

Of the total tax loss carryforwards and other tax credits, SEK 3,392 M is due within five years, while SEK 2,882 M has no due date.

## NOTE 20 Other financial assets

SEK M	Group		Parent company	
	2022	2023	2022	2023
Investments in associates	-	-	461	461
Other shares and interests	93	115	-	-
Non-current interest-bearing receivables	223	223	-	-
Other non-current receivables	57	75	64	41
<b>Total</b>	<b>373</b>	<b>412</b>	<b>525</b>	<b>503</b>

## NOTE 21 Inventories

SEK M	Group	
	2022	2023
Materials and supplies	6,582	5,777
Work in progress	3,769	3,689
Finished goods	8,731	8,981
Advances paid	135	156
<b>Total</b>	<b>19,217</b>	<b>18,603</b>

Impairment of inventories during the year amounted to SEK 1,434 M (545).

## NOTE 22 Trade receivables

SEK M	Group	
	2022	2023
Trade receivables	21,905	23,844
Loss allowance	-2,145	-2,910
<b>Total</b>	<b>19,760</b>	<b>20,934</b>

## Trade receivables by currency

SEK M	Group	
	2022	2023
USD	8,641	9,446
EUR	4,430	4,711
GBP	971	1,058
CAD	523	743
SEK	740	717
AUD	624	603
CNY	894	592
BRL	245	324
Other currencies	2,692	2,740
<b>Total</b>	<b>19,760</b>	<b>20,934</b>

## Maturity analysis

SEK M	Group	
	2022	2023
Current trade receivables	14,847	16,759
<i>Trade receivables due:</i>		
< 3 months	4,503	4,719
3-12 months	1,412	1,136
>12 months	1,142	1,230
	<b>7,058</b>	<b>7,085</b>
<i>Impaired trade receivables:</i>		
Not yet due	-303	-767
<i>Trade receivables due:</i>		
< 3 months	-311	-639
3-12 months	-386	-275
>12 months	-1,145	-1,228
	<b>-2,145</b>	<b>-2,910</b>
<b>Total</b>	<b>19,760</b>	<b>20,934</b>

## Change in loss allowance for trade receivables

SEK M	Group	
	2022	2023
<b>Opening balance</b>	<b>1,537</b>	<b>2,145</b>
Acquisitions and divestments of subsidiaries	20	743
Actual losses	-175	-351
Reversal of unused amounts	-296	-211
Provision for bad debts	904	727
Exchange rate differences	155	-143
<b>Closing balance</b>	<b>2,145</b>	<b>2,910</b>

## NOTE 23 Parent company's equity and proposed distribution of earnings

The Parent company's equity is split between restricted and non-restricted equity. Restricted equity consists of share capital, revaluation reserve, statutory reserve and the fund for development expenses. The statutory reserve contains premiums (amounts received from share issues that exceed the nominal value of the shares) relating to shares issued up to 2005. Non-restricted equity consists of share premium reserves, retained earnings and net income for the year.

Earnings of SEK 15,521,542,672 are at the disposal of the Annual General Meeting. The Board of Directors proposes a dividend for the 2023 financial year of SEK 5.40 per share, SEK 5,998,192,204 in total, and that the remainder, SEK 9,523,350,468, be carried forward to the new financial year.



**NOTE 24 Share capital, number of shares and dividend per share**

	Number of shares, thousands			Share capital, SEK K
	Series A shares	Series B shares	Total	
Opening balance at 1 January 2022	57,525	1,055,052	1,112,576	370,859
<b>Closing balance at 31 December 2022</b>	<b>57,525</b>	<b>1,055,052</b>	<b>1,112,576</b>	<b>370,859</b>
Number of votes, thousands	575,259	1,055,052	1,630,311	
Opening balance at 1 January 2023	57,525	1,055,052	1,112,576	370,859
<b>Closing balance at 31 December 2023</b>	<b>57,525</b>	<b>1,055,052</b>	<b>1,112,576</b>	<b>370,859</b>
Number of votes, thousands	575,259	1,055,052	1,630,311	

All shares have a par value of around SEK 0.33 (0.33) and give shareholders equal rights to the company's assets and earnings. All shares are entitled to dividends subsequently determined. Each Series A share carries ten votes and each Series B share one vote. All issued shares are fully paid.

The weighted average number of shares was 1,110,776 (1,110,776) during the year. None of the Group's outstanding long-term incentive programs are expected to result in significant dilution in the future. The total number of treasury shares at 31 December 2023 amounted to 1,800,000. No shares have been repurchased during the year.

The dividend paid during the financial year totaled SEK 5,332 M (4,665), equivalent to SEK 4.80 (4.20) per share.

**NOTE 25 Post-employment employee benefits**

Post-employment employee benefits include pensions and medical benefits. Pension plans are classified as either defined benefit plans or defined contribution plans. Pension obligations in the balance sheet mainly relate to defined benefit plans. ASSA ABLOY has defined benefit pension plans in a number of countries. The most comprehensive defined benefit plans are in the US, the UK and Switzerland.

The defined benefit plans in the US, the United Kingdom and Switzerland are backed by pension fund assets. Unfunded plans for post-employment medical benefits also exist in the US, and are recognized in the same way as defined benefit pension plans.

The operations of pension funds are regulated by national regulations and practice. The responsibility for monitoring the pension plans and their assets rests mainly with the boards of the pension funds, but can also rest more directly with the company. The Group has an overall policy for the limits within which asset allocation should be made. Each pension fund adjusts its local asset allocation according to the nature of the local pension obligation, particularly the remaining term and the breakdown between active members and pensioners. The Group has not changed the processes used for managing these risks.

The investments are well diversified so that depreciation of an individual investment should not have any material impact on the plan assets. The majority of assets are invested in shares as the Group considers that shares produce the best long-term return at an acceptable risk level. The total allocation to shares should not, however, exceed 60 percent of total assets. Fixed income assets are invested in a combination of ordinary government bonds and corporate bonds but also in inflation-indexed bonds. The average term of these is normally somewhat shorter than the term of the underlying liability.

**Specification of defined benefit pension plans, post-employment medical benefits and plan assets by country**

Specification of defined benefits, SEK M	United Kingdom		Switzerland		US		Other countries		Total	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Present value of funded obligations	3,537	3,506	1,412	1,619	1,944	1,831	515	638	7,408	7,595
Fair value of plan assets	-4,181	-4,171	-1,247	-1,358	-2,068	-2,061	-221	-153	-7,717	-7,742
<b>Net value of funded plans</b>	<b>-643</b>	<b>-665</b>	<b>165</b>	<b>261</b>	<b>-124</b>	<b>-230</b>	<b>295</b>	<b>486</b>	<b>-308</b>	<b>-147</b>
Present value of unfunded obligations	-	-	-	-	-	-	1,127	1,082	1,127	1,082
Present value of unfunded medical benefits	-	-	-	-	521	479	4	3	524	483
<b>Net value of defined benefit pension plans</b>	<b>-643</b>	<b>-665</b>	<b>165</b>	<b>261</b>	<b>396</b>	<b>250</b>	<b>1,425</b>	<b>1,571</b>	<b>1,343</b>	<b>1,418</b>
Provisions for defined contribution pension plans	-	-	-	-	5	6	3	11	8	17
<b>Total</b>	<b>-643</b>	<b>-665</b>	<b>165</b>	<b>261</b>	<b>401</b>	<b>255</b>	<b>1,428</b>	<b>1,583</b>	<b>1,351</b>	<b>1,435</b>

**Key actuarial assumptions**

Key actuarial assumptions (weighted average), %	United Kingdom		Switzerland		US	
	2022	2023	2022	2023	2022	2023
Discount rate	5.0	4.8	1.9	1.7	5.1	4.9
Expected annual salary increases	n/a	n/a	1.5	1.5	n/a	n/a
Expected annual pension increases	1.9	2.1	0.0	0.0	n/a	n/a
Expected annual medical benefit increases	n/a	n/a	n/a	n/a	5.0	5.0
Expected annual inflation	2.6	2.6	2.0	1.25	3.0	3.0

Bonds should not account for less than 30 percent of assets. A small proportion of assets is also invested in real estate and alternative investments, mainly hedge funds.

At 31 December 2023, shares accounted for 25 percent (24) and fixed income securities for 43 percent (43) of plan assets, while other assets accounted for 32 percent (33). The actual return on plan assets in 2023 was SEK 427 M (-1,381), while the effect of changes in assumptions of pension liabilities totaled SEK 93 M (-2,861).

Swedish Group companies calculate tax on pension costs based on the difference between pension expense determined in accordance with IAS 19 and liability in accordance with the regulations applicable in the legal entity.

**Amounts recognized in the income statement**

Pension costs, SEK M	2022	2023
Defined contribution pension plans	846	957
Defined benefit pension plans	170	171
Post-employment medical benefit plans	25	30
<b>Total</b>	<b>1,042</b>	<b>1,158</b>
<i>of which, included in:</i>		
Operating income	995	1,106
Net financial items	48	52

**Amounts recognized in the balance sheet**

Pension provisions, SEK M	2022	2023
Provisions for defined benefit pension plans	819	935
Provisions for post-employment medical benefit plans	524	483
Provisions for defined contribution pension plans	8	17
<b>Total</b>	<b>1,351</b>	<b>1,435</b>

**Pensions with Alecta**

Commitments for old-age pensions and family pensions for salaried employees in Sweden are secured in part through insurance with Alecta. According to UFR 10, this is a defined benefit plan that covers many employers. For the 2023 financial year, the company has not had access to information making it possible to report this plan as a defined benefit plan. Pension plans in accordance with ITP secured through insurance with Alecta are therefore reported as defined contribution plans. The year's pension contributions that are contracted to Alecta total SEK 14 M (19), of which SEK 8 M (10) relates to the Parent company. Pension contributions are expected to remain largely unchanged in 2024.

Alecta's surplus can be distributed to policyholders and/or the insured. As at 31 December 2023, Alecta's surplus expressed as the collective consolidation level amounted preliminarily to 159 percent (172 percent as at 31 December 2022). The collective consolidation level consists of the market value of Alecta's assets as a percentage of its insurance commitments calculated according to Alecta's actuarial calculation assumptions, which do not comply with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 175 percent. If the consolidation level deviates from this range, measures in the form of an adjustment of the premium level should be taken to return to the normal range.

Note 25 continued

## Movement in obligations

2023, SEK M	Post-employment medical benefits	Defined benefit pension plans	Plan assets	Total
<b>Opening balance 1 January 2023</b>	<b>524</b>	<b>8,535</b>	<b>-7,717</b>	<b>1,343</b>
Acquisitions and divestments	-	62	33	95
<i>Recognized in the income statement:</i>				
Current service cost	4	122	-	126
Past service cost	-	18	-	18
Interest expense/income	26	361	-336	52
<b>Total recognized in the income statement</b>	<b>30</b>	<b>501</b>	<b>-336</b>	<b>196</b>
<i>Recognized in other comprehensive income:</i>				
Return on plan assets, excluding amounts included above	-	-	-91	-91
Gain/loss from change in demographic assumptions	-	-128	-	-128
Gain/loss from change in financial assumptions	-16	171	-	155
Experience-based gains/losses	0	72	-	72
<b>Actuarial gain/loss on post-employment benefit obligations</b>	<b>-16</b>	<b>115</b>	<b>-91</b>	<b>8</b>
Exchange rate differences	-23	17	-23	-29
<b>Total recognized in other comprehensive income</b>	<b>-39</b>	<b>131</b>	<b>-114</b>	<b>-21</b>
<i>Contributions and payments:</i>				
Employer contributions	-	-	-103	-103
Employee contributions	0	104	-96	8
Payments	-33	-657	590	-100
<b>Total payments</b>	<b>-33</b>	<b>-553</b>	<b>391</b>	<b>-196</b>
<b>Closing balance 31 December 2023</b>	<b>482</b>	<b>8,677</b>	<b>-7,742</b>	<b>1,418</b>

2022, SEK M	Post-employment medical benefits	Defined benefit pension plans	Plan assets	Total
<b>Opening balance 1 January 2022</b>	<b>606</b>	<b>9,102</b>	<b>-6,981</b>	<b>2,727</b>
Acquisitions and divestments	-	1,540	-1,660	-120
<i>Recognized in the income statement:</i>				
Current service cost	6	139	-	145
Past service cost	-	-2	-	-2
Interest expense/income	19	211	-182	48
<b>Total recognized in the income statement</b>	<b>25</b>	<b>349</b>	<b>-182</b>	<b>191</b>
<i>Recognized in other comprehensive income:</i>				
Return on plan assets, excluding amounts included above	-	-	1,564	1,564
Gain/loss from change in demographic assumptions	-	-271	-	-271
Gain/loss from change in financial assumptions	-159	-2,395	-	-2,554
Experience-based gains/losses	-0	20	-	20
<b>Actuarial gain/loss on post-employment benefit obligations</b>	<b>-160</b>	<b>-2,645</b>	<b>1,564</b>	<b>-1,241</b>
Exchange rate differences	88	745	-641	192
<b>Total recognized in other comprehensive income</b>	<b>-72</b>	<b>-1,900</b>	<b>923</b>	<b>-1,049</b>
<i>Contributions and payments:</i>				
Employer contributions	-	-	-241	-241
Employee contributions	0	77	-78	-1
Payments	-36	-632	504	-164
<b>Total payments</b>	<b>-35</b>	<b>-555</b>	<b>185</b>	<b>-405</b>
<b>Closing balance 31 December 2022</b>	<b>524</b>	<b>8,535</b>	<b>-7,717</b>	<b>1,343</b>

## Plan assets allocation

Plan assets	2022	2023
Publicly traded shares	1,841	1,900
Government bonds	1,109	896
Corporate bonds	2,049	2,003
Inflation-linked bonds	171	458
Property	472	421
Cash and cash equivalents	174	93
Alternative investments	36	-
Insurance contracts and other assets	1,864	1,971
<b>Total</b>	<b>7,717</b>	<b>7,742</b>

## Sensitivity analysis of defined benefit obligations and post-employment medical benefits

The effect on defined benefit obligations and post-employment medical benefits of a 0.5 percentage point change in some actuarial assumptions, change in percent	+0.5%	-0.5%
Discount rate	-5.6%	6.6%
Inflation	2.3%	-2.5%
Pension increases	2.1%	-1.9%
Expected annual medical benefit increases	3.3%	-3.0%

Sensitivity analyses for the main assumptions affecting the recognized pension liability are presented above. Note however that the sensitivity analysis is not intended to express an opinion by ASSA ABLOY on the likelihood of these occurring. For 2024, ASSA ABLOY's assessment of the effects of future cash flows is that only minor contributions to the pension plans will be required.

## NOTE 26 Other provisions

SEK M	Group		
	Restruc- turing reserve	Other	Total
<b>Opening balance at 1 January 2023</b>	<b>294</b>	<b>650</b>	<b>944</b>
Provisions for the year	1,250	253	1,503
Acquisitions of subsidiaries	57	46	103
Divestments of subsidiaries	-	-4	-4
Reversal of non-utilized amounts	-	-15	-15
Payments	-613	-70	-683
Utilized without cash flow effect	-202	-	-202
Exchange rate differences	-20	0	-20
<b>Closing balance at 31 December 2023</b>	<b>767</b>	<b>860</b>	<b>1,627</b>

SEK M	Group		
	Restruc- turing reserve	Other	Total
<b>Opening balance at 1 January 2022</b>	<b>658</b>	<b>595</b>	<b>1,254</b>
Provisions for the year	-	77	77
Acquisitions of subsidiaries	-	18	18
Divestments of subsidiaries	-	-	-
Reversal of non-utilized amounts	-	-10	-10
Payments	-404	-49	-453
Utilized without cash flow effect	-3	-	-3
Exchange rate differences	43	19	61
<b>Closing balance at 31 December 2022</b>	<b>294</b>	<b>650</b>	<b>944</b>

Balance sheet breakdown:	Group	
	2022	2023
Other non-current provisions	530	891
Other current provisions	414	736
<b>Total</b>	<b>944</b>	<b>1,627</b>

The restructuring reserve relates mainly to the ongoing restructuring program launched in 2023. The restructuring reserve is expected to be used over the next two years. The non-current part of the reserve totaled SEK 339 M. For further information on the restructuring programs, see the Report of the Board of Directors.

Other provisions mainly relate to legal obligations including future environment-related measures.

## NOTE 27 Other current liabilities

SEK M	Group	
	2022	2023
VAT and excise duties	856	1,033
Employee withholding tax	152	187
Advances received	1,917	2,048
Social security contributions and other taxes	97	120
Current deferred considerations	546	789
Other current liabilities	858	841
<b>Total</b>	<b>4,426</b>	<b>5,017</b>

## NOTE 28 Accrued expenses and deferred income

SEK M	Group		Parent company	
	2022	2023	2022	2023
Personnel-related expenses	4,603	5,218	203	194
Customer-related expenses	2,152	2,093	-	-
Deferred income	821	1,426	-	-
Accrued interest expenses	183	500	111	340
Other	3,734	4,915	111	95
<b>Total</b>	<b>11,492</b>	<b>14,152</b>	<b>424</b>	<b>629</b>

## NOTE 29 Assets pledged against liabilities to credit institutions

SEK M	Group		Parent company	
	2022	2023	2022	2023
Real estate mortgages	17	8	-	-
Other mortgages and collateral	86	69	-	-
<b>Total</b>	<b>103</b>	<b>77</b>	<b>-</b>	<b>-</b>

## NOTE 30 Contingent liabilities

SEK M	Group		Parent company	
	2022	2023	2022	2023
Guarantees on behalf of subsidiaries	-	-	12,484	16,015
Other guarantees and contingent liabilities	127	103	-	-
<b>Total</b>	<b>127</b>	<b>103</b>	<b>12,484</b>	<b>16,015</b>

In addition to the guarantees shown in the table above, the Group has a large number of minor bank guarantees for performance of obligations in operating activities. No material liabilities are expected as a result of these guarantees.

Maturity profile – guarantees, SEK M	Group	
	2022	2023
<1 year	116	76
>1 <2 years	2	2
>2 <5 years	3	18
>5 years	7	7
<b>Total</b>	<b>127</b>	<b>103</b>

## NOTE 31 Cash flow items

SEK M	Group	
	2022	2023
<b>Adjustments for non-cash items</b>		
Profit/loss on sales of non-current assets	-8	-59
Profit/loss on sales of subsidiaries	8	0
Change in pension provisions	143	144
Share of earnings in associates	-26	-18
Dividend from associates	5	3
Remeasurement of deferred considerations	-41	-30
Other	57	82
<b>Adjustments for non-cash items</b>	<b>137</b>	<b>123</b>
<b>Change in working capital</b>		
Inventories increase/decrease (-/+)	-2,340	2,380
Trade receivables increase/decrease (-/+)	-1,445	-49
Trade payables increase/decrease (+/-)	-408	-214
Other working capital increase/decrease (-/+)	1,363	1,720
<b>Change in working capital</b>	<b>-2,831</b>	<b>3,836</b>
<b>Divestments of subsidiaries</b>		
Purchase prices received, net	40	8,294
Cash and cash equivalents in divested subsidiaries	-3	-180
<b>Change in consolidated cash and cash equivalents due to divestments</b>	<b>37</b>	<b>8,114</b>

## NOTE 32 Significant events after the financial year-end

There have been no significant business-related events for the Group since the year-end.

**NOTE 33 Reserves**

SEK M	Hedging reserve			Total
	Cash flow hedges	Fair value hedges	Exchange rate differences	
<b>Opening balance 1 January 2022</b>	-250	-	5,487	5,237
Other comprehensive income in associates	-	-	-11	-11
Cash flow hedges	1	-	-	1
Exchange rate differences	-	-	6,918	6,918
Tax attributable to reserves	-	-	-11	-11
<b>Closing balance 31 December 2022</b>	<b>-249</b>	<b>-</b>	<b>12,383</b>	<b>12,133</b>
<b>Opening balance 1 January 2023</b>	-249	-	12,383	12,133
Other comprehensive income in associates	-	-	-63	-63
Cash flow hedges	-66	-	-	-66
Net investment hedges	-	-	-	-
Cost of hedging	-21	-2	-	-23
Exchange rate differences	0	-	-2,532	-2,532
Tax attributable to reserves	-	-	5	5
<b>Closing balance 31 December 2023</b>	<b>-335</b>	<b>-2</b>	<b>9,793</b>	<b>9,455</b>

Cash flow hedges include net investment hedges. Of the closing balance, SEK 255 M represents amounts related to closed hedging relationships for net investments where the hedged item remains.

**NOTE 34 Business combinations****Consolidated acquisitions, 2023**

Acquired business	Division	Number of employees	2022 sales (SEK M)	Consolidation month
GuardRFID	Global Technolog.	<50	60	2023-02
Crewsight	Global Technolog.	<50	<50	2023-02
Connexient	Global Technolog.	<50	<50	2023-03
Alexander & Wilks	EMEIA	<50	<50	2023-04
Mottura Serrature	EMEIA	120	300	2023-05
Southwest Entrances	Entrance Systems	<50	70	2023-05
Iberon	Global Technolog.	<50	<50	2023-06
Hardware and Home Improvement (HHI)	Americas	7,000	16,600	2023-06
Kinetron	EMEIA	<50	<50	2023-07
Sunray Engineering	EMEIA	70	150	2023-07
Cleveland Door Controls	Entrance Systems	<50	<50	2023-07
Atlas Security	Entrance Systems	<50	<50	2023-09
Access Technology	Global Technolog.	<50	<50	2023-09
Enkoa	Global Technolog.	<50	<50	2023-09
Lawrence Hardware and Gallery Specialist	Americas	50	200	2023-09
Evolis	Global Technolog.	380	1,200	2023-09
Inovadoor	Entrance Systems	100	100	2023-09
Forté	Americas	340	200	2023-09
Securitech Group	Americas	50	160	2023-10
Char	Global Technolog.	<50	<50	2023-10
DS Security	Global Technolog.	<50	60	2023-11
Ghost Controls	Entrance Systems	<50	300	2023-12
Leone Fence	Entrance Systems	60	300	2023-12
ZeroSSL	Global Technolog.	<50	<50	2023-12

A description of some of the major acquisitions made in 2023 is given below, and on the next page some of the Group's major acquisitions in 2022. See the Report of the Board of Directors for further information about acquisitions.

**2023****Mottura Serrature**

Mottura Serrature, a manufacturer of high security residential armored lock cases and security cylinders, was acquired in May 2023. The company is headquartered near Turin, Italy. Intangible assets in the form of brands and customer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

**Hardware and Home Improvement (HHI)**

The acquisition of the Hardware and Home Improvement (HHI) division of Spectrum Brands was completed in June 2023. Headquartered in California, US, the business is a leading supplier of security, plumbing, and builders' hardware products to the North American residential segment. Intangible assets in the form of technology, customer relationships, and brands were disclosed in the acquisition analysis. See also the table below. On the reporting date the acquisition analysis is preliminary and will be concluded within one year of the acquisition date.

**Evolis**

Evolis, a manufacturer of ID card printers and consumables, was acquired in September 2023. The company is headquartered in Angers, France. On the reporting date the acquisition analysis is preliminary with respect to valuation of intangible assets, and will be concluded within one year of the acquisition date.

**Ghost Controls**

Ghost Controls, a supplier of automated residential gate openers, was acquired in December 2023. The company is headquartered in Florida, US. On the reporting date the acquisition analysis is preliminary with respect to valuation of intangible assets, and will be concluded within one year of the acquisition date.

**Leone Fence**

Leone Fence, a manufacturer, distributor and installer of fencing products for commercial and residential applications, was acquired in December 2023. The company is headquartered in Ontario, Canada. On the reporting date the acquisition analysis is preliminary with respect to valuation of intangible assets, and will be concluded within one year of the acquisition date.

SEK M	2022	2023	
	Total	Total	of which HHI
<b>Purchase prices</b>			
Cash paid for acquisitions during the year	8,945	54,292	47,742
Holdbacks and conditional considerations for acquisitions during the year	864	508	43
Adjustment of purchase prices for acquisitions in prior years	2	10	-
<b>Total</b>	<b>9,812</b>	<b>54,810</b>	<b>47,785</b>
<b>Acquired assets and liabilities at fair value</b>			
Intangible assets	803	24,422	22,401
Property, plant and equipment	333	1,480	948
Right-of-use assets	144	1,166	1,106
Pension assets	120	-	-
Deferred tax assets	90	301	273
Other financial assets	12	193	192
Inventories	1,312	4,098	3,377
Current receivables and investments	948	2,305	1,599
Cash and cash equivalents	533	1,175	584
Deferred tax liabilities	-203	-550	-339
Pension provisions	-	-101	-90
Other non-current liabilities	-174	-1,794	-1,378
Current liabilities	-1,297	-3,350	-2,676
<b>Total</b>	<b>2,621</b>	<b>29,346</b>	<b>25,997</b>
<b>Goodwill</b>			
<b>Total</b>	<b>7,190</b>	<b>25,464</b>	<b>21,789</b>
<b>Change in cash and cash equivalents due to acquisitions</b>			
Cash paid for acquisitions during the year	8,945	54,292	47,742
Cash and cash equivalents in acquired subsidiaries	-533	-1,175	-584
Consideration paid relating to acquisitions from previous year	171	449	-
<b>Change in cash and cash equivalents due to acquisitions</b>	<b>8,583</b>	<b>53,566</b>	<b>47,158</b>
Net sales from acquisition date	2,211	9,499	8,389
EBIT from acquisition date	33	891	740
Net income from acquisition date	15	331	205

The table above includes fair value adjustments of acquired net assets from acquisitions made in previous years.

Acquisition analyses were prepared for all acquisitions in 2023, some of which are preliminary and will be completed within one year of the acquisition date. The net sales of acquired units for 2023 totaled SEK 19,276 M (7,047) and net income amounted to SEK 810 M (832). Acquisition-related costs for 2023 totaled SEK 923 M (506) and have been reported as other operating expenses in the income statement.

Note 34 continued

## 2022

### Caldwell

Caldwell, a manufacturer of fenestration hardware for window manufacturers, was acquired in June 2022. The company is headquartered in Rochester, US. Intangible assets in the form of technology, brands and customer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

### Arran Isle

Arran Isle, a leading designer, manufacturer and distributor of door and window hardware, was acquired in June 2022. The company is headquartered in the UK. Intangible assets in the form of brands and customer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

### Control iD

Control iD, a leading developer of hardware and software solutions for access control and time and attendance in Brazil, was acquired in October 2022. The company is headquartered in Sao Paulo, Brazil. Intangible assets in the form of technology, brands and cus-

tomer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

### D&D Technologies

D&D Technologies, a leading designer and manufacturer of premium gate hardware, was acquired in October 2022. The company is headquartered in Sydney, Australia. Intangible assets in the form of technology, brands and customer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

### Bird Home Automation

Bird Home Automation, a German manufacturer of high-quality IP door intercom for single and multi-family buildings, for indoor station or smartphone control, was acquired in October 2022. The company is headquartered in Berlin, Germany. Intangible assets in the form of technology, brands and customer relationships have been disclosed in the purchase price allocation. Residual goodwill mainly relates to synergies and other intangible assets that do not meet the criteria for separate reporting.

## NOTE 35 Employees

### Salaries, wages, other remuneration and social security costs

SEK M	Group		Parent company	
	2022	2023	2022	2023
Salaries, wages and other remuneration	26,231	32,097	297	316
Social security costs	7,533	8,686	147	178
– of which pensions	995	1,125	55	56
<b>Total</b>	<b>33,763</b>	<b>40,783</b>	<b>444</b>	<b>493</b>

### Remuneration and other benefits of the Executive Team in 2023, SEK thousands

Name	Fixed salary	Variable salary	Stock-related benefits	Other benefits	Pension costs
Nico Delvaux, President and CEO	23,234	17,243	8,940	202	8,007
Other members of the Executive Team (9 positions)	63,703	40,279	13,900	3,308	11,909
<b>Total remuneration and benefits</b>	<b>86,937</b>	<b>57,522</b>	<b>22,840</b>	<b>3,510</b>	<b>19,916</b>

Total remuneration and other benefits of the Executive Team amounted to SEK 154.7 M in 2022.

### Fees to Board members in 2023 (including committee work), SEK thousands

Name and post	Board of Directors	Remuneration Committee	Audit Committee	Total
Johan Hjertsonsson, Chairman	3,000	165	–	3,165
Carl Douglas, Vice Chairman	1,115	–	–	1,115
Erik Ekudden, Board member	890	82	–	972
Sofia Schörling Högberg, Board member	890	–	–	890
Lena Olving, Board member	890	–	243	1,133
Victoria Van Camp, Board member	890	–	243	1,133
Joakim Weidemanis, Board member	890	–	–	890
Susanne Pahlén Åklundh, Board member	890	–	352	1,242
Employee representatives (4)	–	–	–	–
<b>Total</b>	<b>9,455</b>	<b>247</b>	<b>838</b>	<b>10,540</b>

Total fees to Board members amounted to SEK 11.0 M in 2022.

### Salaries and remuneration for the Board of Directors and the Parent company's Executive Team

Salaries and other remuneration for the Board of Directors and the Parent company's Executive Team for 2023 totaled SEK 70 M (65), excluding pension costs and social security costs. Pension costs amounted to SEK 10 M (10). Pension obligations for several senior executives are secured through pledged endowment insurances.

### Guidelines for remuneration to senior executives

The current guidelines for remuneration to senior executives that were adopted at the 2022 Annual General Meeting are shown below. The Board has not proposed any new guidelines for the 2024 AGM.

### Scope

The Board of Directors proposes that the Annual General Meeting adopts the following guidelines for the remuneration and other employment conditions of the President and CEO and other members of the ASSA ABLOY Executive Team (the 'Executive Team').

These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2022 Annual General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Employment conditions of a member of the Executive Team that is employed or resident outside Sweden or that is not a Swedish citizen, 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.

### Promotion of ASSA ABLOY's business strategy, long-term interests and sustainability

One of the strategies for value creation followed by ASSA ABLOY is Evolution through people. With the objective that ASSA ABLOY shall continue to be able to recruit and retain competent employees, the basic principle being that remuneration and other employment conditions shall be offered on market conditions and be competitive, taking into account both global remuneration practice and practice in the home country of each member of the Executive Team. These guidelines enable ASSA ABLOY to offer the Executive Team a total remuneration that is on market conditions and competitive. Prerequisites are thereby established for successful implementation of the Group's business strategy, which at the overall level is to lead the trend towards the world's most innovative and well-designed access solutions, as well as safeguarding ASSA ABLOY's long-term interests, including its sustainability. More information about ASSA ABLOY's business strategy and ASSA ABLOY's sustainability report is available on ASSA ABLOY's website [assaabloy.com](http://assaabloy.com).

ASSA ABLOY has ongoing share-based long-term incentive programs in place that have been resolved by the General Meeting and which are therefore excluded from these guidelines. Future share-based long-term incentive programs proposed by the Board of Directors and submitted to the General Meeting for approval will be excluded for the same reason. The purpose of the share-based long-term incentive program is to strengthen ASSA ABLOY's ability to recruit and retain competent employees, to contribute to ASSA ABLOY providing a total remuneration that is on market conditions and competitive, and to align the interests of the shareholders with the interests of the employees concerned. Through a share-based long-term incentive program, the employees' remuneration is tied to ASSA ABLOY's future earnings and value growth. At present the performance criteria used is linked to earnings per share. The programs are further conditional upon the participant's own investment and holding period of several years. More information about these programs is available on ASSA ABLOY's website [assaabloy.com](http://assaabloy.com).

### Types of remuneration

The total yearly remuneration to the members of the Executive Team shall be on market conditions and be competitive and also reflect each member of the Executive Team's responsibility and performance. The total yearly remuneration shall consist of fixed base salary, variable cash remuneration, pension benefits and other benefits (which are specified below excluding social security costs). Additionally, the General Meeting may – and irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The variable cash remuneration shall be linked to predetermined and measurable targets, which are further described below, and may amount to not more than 75 percent of the yearly base salary. In order to ensure that the remuneration levels are in line with market conditions and competitive, taking into account the current market conditions in the

*Note 35 continued*

US, the variable cash remuneration for members of the Executive Team employed in the US may amount to no more than 100 percent of the yearly base salary.

Additional variable cash remuneration may be paid in specific cases in the form of remuneration with lump sums, provided that such remuneration is only provided on an individual basis for the purpose of recruiting senior executives. Such remuneration may not exceed an amount corresponding to 100 percent of the yearly base salary and the maximum variable cash remuneration, and may not be paid more than once per year per individual.

The members of the Executive Team shall be covered by defined contribution pension plans, for which pension premiums are based on each member's yearly base salary and are paid by ASSA ABLOY during the period of employment. The pension premiums shall amount to not more than 35 percent of the yearly base salary.

Other benefits, such as company car, life insurance, extra health insurance or occupational healthcare, should be payable to the extent this is considered to be in line with market conditions in the market concerned for each member of the Executive Team. Premiums and other costs relating to such benefits may totally amount to not more than 10 percent of the yearly base salary. Furthermore, housing allowance benefit may be added in line with ASSA ABLOY's policies and costs relating to such benefit may totally amount to not more than 25 percent of the yearly base salary. Premiums and other costs relating to other benefits and housing allowance benefit may, however, totally amount to not more than 30 percent of the yearly base salary.

**Criteria for awarding variable cash remuneration**

The variable cash remuneration shall be linked to predetermined and measurable financial targets, such as earnings per share (EPS), earnings before interest and taxes (EBIT), cash flow and organic growth and can also be linked to strategical and/or functional targets individually adjusted on the basis of responsibility and function. These targets shall be designed so as to contribute to ASSA ABLOY's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or promoting the senior executive's long-term development within ASSA ABLOY.

The Remuneration Committee shall for the Board of Directors prepare, monitor and evaluate matters regarding variable cash remuneration to the Executive Team. Ahead of each yearly measurement period for the criteria for awarding variable cash remuneration the Board of Directors shall, based on the work of the Remuneration Committee, establish the criteria that are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. Evaluations regarding fulfillment of financial targets shall be based on the determined financial basis for the relevant period.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. Paid variable cash remuneration can be claimed back when such right follows from general principles of law.

**Duration of employment and termination of employment**

The members of the Executive Team shall be employed until further notice. If notice of termination is made by ASSA ABLOY, the notice period may not exceed 12 months for the CEO and 6 months for the other members of the Executive Team. If the CEO is given notice, ASSA ABLOY is liable to pay, including severance pay and remuneration under the notice period, the equivalent of maximum 24 months' base salary and other employment benefits. If any other member of the Executive Team is given notice, ASSA ABLOY is liable to pay a maximum of 6 months' base salary and other employment benefits plus severance pay amounting to a maximum of an additional 12 months' base salary. If notice of termination is made by a member of the Executive Team, the notice period may not exceed 6 months, with no right to severance pay.

A member of the Executive Team may, for such time when the member is not entitled to severance pay, be compensated for non-compete undertakings. Such compensation shall amount to not more than 60 percent of the monthly base salary at the time of the termination and shall only be paid as long as the non-compete undertaking is applicable, at longest a period of 12 months.

**Remuneration and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, remuneration and employment conditions for employees of ASSA ABLOY have been taken into account by including information on the employees' total remuneration, 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 Executive Team. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual 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 to the Executive Team, the application of the guidelines for remuneration to the Executive Team as well as the applicable remuneration structures and remuneration levels in ASSA ABLOY. The members of the Remuneration Committee are independent of the company and its management. The CEO

and other members of the Executive Team 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 of Directors 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 ASSA ABLOY's long-term interests, including its sustainability, or to ensure ASSA ABLOY's 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 to the guidelines and how the views of shareholders have been taken into consideration**

These guidelines, which are proposed for the 2022 Annual General Meeting, correspond to a large extent to the guidelines resolved upon by the 2020 Annual General Meeting. However, in the guidelines now proposed, an option to pay additional variable cash remuneration has been introduced and, in addition, the maximum level for variable cash remuneration for members of the Executive Team employed in the US has been adjusted. See also the section 'Types of remuneration' above. No comments or questions on the remuneration guidelines have emerged in connection with general meeting proceedings.

**Long-term incentive programs**

At the 2010 Annual General Meeting, it was decided to launch a long-term incentive program (LTI 2010) for senior executives and other key employees in the Group. The purpose was to create the prerequisites for retaining and recruiting qualified employees to the Group, to contribute to providing a total remuneration that is on market conditions and competitive and align the interests of the shareholders with the interests of the employees concerned.

At the 2011 to 2023 Annual General Meetings, it was decided to implement further long-term incentive programs for senior executives and other key employees in the Group. The incentive programs were named LTI 2011 to LTI 2023. LTI 2011 to LTI 2017 were based on similar terms to LTI 2010. LTI 2018 to LTI 2023 were based on similar principles as the earlier programs, but with an extended measurement period of three years for the performance-based condition and removal of matching shares.

For each Series B share acquired by the CEO within the framework of LTI 2021, LTI 2022 and LTI 2023, the company has awarded six performance-based share awards. For each Series B share acquired by other members of the Executive Team, the company has awarded five performance-based share awards. For other participants, the company has awarded four performance-based share awards.

In accordance with the terms of the three programs (LTI 2021–LTI 2023), employees have acquired a total of 436,271 Series B shares in ASSA ABLOY AB, of which 178,473 Series B shares were acquired in 2023 within the framework of LTI 2023.

Each performance-based share award for LTI 2021, LTI 2022 and LTI 2023 entitles the holder to receive one Series B share in the company free of charge three years after allotment, provided that the holder, with certain exceptions, at the time of the release of the interim report for the first quarter 2024 (LTI 2021), first quarter 2025 (LTI 2022) and first quarter 2026 (LTI 2023) is still employed by the Group and has maintained the shares acquired within the framework of the respective program. In addition to these conditions, the number of performance-based share awards that entitle the holder to Series B shares in the company depends on the annual development of ASSA ABLOY's earnings per share based on the target levels, as defined by the Board of Directors, during the measurement period 1 January 2021 – 31 December 2023 (LTI 2021), the measurement period 1 January 2022 – 31 December 2024 (LTI 2022) and the measurement period 1 January 2023 – 31 December 2025 (LTI 2023), where each year during the measurement period is compared to the previous year. The outcomes are calculated yearly, whereby one third of the performance-based share awards is measured against the outcome for the first year in the measurement period, one third is measured against the outcome for the second year in the measurement period and one third is measured against the outcome for the third year in the measurement period. The outcome for each year is measured linearly. Unless the minimum target level in the interval is achieved for the year, none of the relevant performance-based share awards will give the right to any Series B shares. If the maximum target level in the interval is achieved, each performance-based share award linked to the relevant year entitles the holder to one Series B share at the end of the three-year vesting period, provided that the other conditions are met.

The performance-based condition was fulfilled to 100 percent for LTI 2021. Fulfillment of the performance-based condition for LTI 2022 and LTI 2023, respectively, is intended to be presented in the Annual Report for the financial years 2024 and 2025, respectively.

Outstanding performance-based share awards for LTI 2023 total 751,581. The total number of outstanding performance-based share awards for LTI 2021, LTI 2022 and LTI 2023 amounted to 1,750,723 on the reporting date of 31 December 2023.

Fair value is based on the share price on the respective allotment date. The present value calculation is based on data from an external party. Fair value is also adjusted for performance-based share awards not expected to be realized at the end of the vesting period of the respective program. The company further assesses the probability of the performance targets being met when calculating the compensation expense.

## Note 35 continued

The fair value of ASSA ABLOY's Series B share on the allotment date for LTI 2023 of 9 June 2023 was SEK 255.90. The fair value of ASSA ABLOY's Series B share on the allotment date for LTI 2022 of 2 June 2022 was SEK 242.70. The fair value of ASSA ABLOY's Series B share on the allotment date for LTI 2021 of 9 June 2021 was SEK 259.86.

The total cost of the Group's long-term incentive programs (LTI 2020-LTI 2023) excluding social security costs amounted to SEK 72 M (57) in 2023. In April 2023, vesting of the long-term incentive program LTI 2020 took place equivalent to 314,857 Series B shares (230,910) at a total market value at the time of vesting of SEK 79 M (61). The payment referred to above for the vested shares in LTI 2020 was recognized in equity.

**Notice and severance pay**

If the CEO is given notice, the company is liable to pay the equivalent of a maximum of 24 months' base salary and other employment benefits. If one of the other members of the Executive Team is given notice, the company is liable to pay a maximum six months' base salary and other employment benefits plus an additional twelve months' base salary.

**Average number of employees per country, broken down by gender**

	Group					
	2022			2023		
	Total	of which women	of which men	Total	of which women	of which men
US	12,674	3,666	9,008	13,615	4,081	9,534
China	6,079	2,376	3,703	5,793	2,227	3,566
Mexico	2,208	636	1,572	3,396	1,169	2,227
France	2,868	736	2,132	3,053	808	2,244
United Kingdom	2,951	818	2,133	2,831	805	2,027
Sweden	2,123	624	1,500	2,244	668	1,576
Brazil	1,539	493	1,046	2,144	790	1,354
Germany	1,890	496	1,395	1,919	528	1,391
India	1,684	253	1,431	1,917	201	1,715
Poland	1,459	339	1,120	1,469	364	1,104
Australia	1,342	361	980	1,385	389	996
Netherlands	1,282	272	1,010	1,294	265	1,028
Czech Republic	1,286	500	786	1,283	494	789
Canada	890	287	604	977	239	738
Finland	999	291	708	952	275	677
Philippines	58	22	36	945	520	425
Malaysia	933	443	490	912	423	489
Romania	718	305	414	785	292	493
Belgium	761	150	611	725	144	581
Switzerland	698	146	552	686	137	548
South Africa	658	276	382	647	273	374
Spain	618	164	454	637	167	470
South Korea	622	176	447	540	140	400
Italy	432	107	325	483	124	359
Turkey	172	50	122	440	221	219
New Zealand	409	113	296	428	121	307
Thailand	377	276	101	422	310	112
Denmark	407	81	326	419	78	340
Ireland	304	105	200	385	136	250
United Arab Emirates	380	37	343	383	54	329
Portugal	381	221	160	380	222	158
Norway	364	72	292	356	71	285
Chile	283	86	197	287	89	198
Hungary	293	64	230	280	65	215
Others	2,325	792	1,533	2,435	880	1,555
<b>Total</b>	<b>52,463</b>	<b>15,828</b>	<b>36,634</b>	<b>56,845</b>	<b>17,771</b>	<b>39,073</b>

	Parent company					
	2022			2023		
	Total	of which women	of which men	Total	of which women	of which men
Sweden	259	89	170	263	103	160
<b>Total</b>	<b>259</b>	<b>89</b>	<b>170</b>	<b>263</b>	<b>103</b>	<b>160</b>

**Gender distribution of Board of Directors and Executive Team**

	2022			2023		
	Total	of which women	of which men	Total	of which women	of which men
Board of Directors <sup>1</sup>	9	4	5	8	4	4
Executive Team	10	2	8	10	2	8
– of which Parent company's Executive Team	2	0	2	2	0	2
<b>Total</b>	<b>19</b>	<b>6</b>	<b>13</b>	<b>18</b>	<b>6</b>	<b>12</b>

<sup>1</sup> Excluding employee representatives.

**NOTE 36 Financial risk management and financial instruments****Financial risk management**

ASSA ABLOY is exposed to a variety of financial risks due to its international business operations. Financial risk management is carried out in accordance with the Group's financial policy. The principles for financial risk management are described below.

**Organization and activities**

ASSA ABLOY's financial policy, which is determined by the Board of Directors, provides a framework of guidelines and regulations for the management of financial risks and financial activities.

ASSA ABLOY's financial activities are coordinated centrally and the majority of financial transactions are conducted by the subsidiary ASSA ABLOY Financial Services AB, which is the Group's internal bank. External financial transactions are conducted by Treasury. Treasury achieves significant economies of scale when negotiating agreements for borrowing, interest risk management and management of currency flows.

**Capital structure**

The objective of the Group's capital structure is to safeguard its ability to continue as a going concern, and to generate good returns for shareholders and benefits for other stakeholders. Maintaining an optimal capital structure enables the Group to keep capital costs at a low level. The Group can adjust the capital structure based on the requirements that arise by varying the dividend paid to shareholders, returning capital to shareholders, issuing new shares or selling assets to reduce debt. The capital requirement is assessed on the basis of factors such as the net debt/equity ratio.

Net debt is defined as interest-bearing liabilities, including negative market values of derivatives, plus pension provisions and lease obligations, less cash and cash equivalents, and other interest-bearing investments including positive market values of derivatives. The table 'Net debt and equity' shows the position at 31 December.

**Net debt and equity**

SEK M	Group	
	2022	2023
Non-current interest-bearing receivables	-223	-223
Short-term investments	0	-236
Derivative instruments – Positive market values	-139	-926
Cash and cash equivalents	-3,417	-1,466
Long-term loans	20,523	49,917
Short-term loans	9,304	9,833
Lease liabilities	3,907	5,443
Pension provisions	1,351	1,435
Derivative instruments – negative market values	428	331
<b>Total</b>	<b>31,732</b>	<b>64,109</b>
<b>Equity</b>	<b>86,026</b>	<b>91,644</b>
<b>Debt/equity ratio</b>	<b>0.37</b>	<b>0.70</b>

**Rating**

Another important variable in the assessment of the Group's capital structure is the credit rating assigned by credit rating agencies to the Group's debt. It is essential to maintain a solid credit rating in order to have access to both long-term and short-term financing from the capital markets. ASSA ABLOY maintains both a long-term and a short-term credit rating from S&P Global and a short-term rating from Moody's. In anticipation of the acquisition of HHI, S&P Global assessed that there was an elevated risk of a downgrade of the long-term credit rating and assigned a rating of A-, with a negative outlook. After the acquisition had been finally completed, the A- rating was confirmed and the outlook was raised to stable.

Note 36 continued

Agency	Short-term	Outlook	Long-term	Outlook
Standard & Poor's	A2	Stable	A-	Stable
Moody's	P2	Stable	n/a	

**Maturity profile – financial instruments<sup>1</sup>**

SEK M <sup>2</sup>	31 December 2022				31 December 2023			
	<1 year	>1 <2 years	>2 <5 years	>5 years	<1 year	>1 <2 years	>2 <5 years	>5 years
Long-term bank loans	-597	-381	-3,176	-1,913	-1,005	-6,454	-5,736	-4,144
Long-term capital market loans	-3,660	-3,824	-8,647	-4,486	-4,569	-4,811	-15,677	-21,180
Short-term bank loans	-1,553				-1,730			
Commercial papers and short-term capital market loans	-3,668				-4,951			
Derivatives (outflow)	-23,200				-29,059			
Derivatives, hedge accounting (outflow)	-95	-32	-71	-14	-910	-902	-7,949	-1,140
<b>Total by period</b>	<b>-32,772</b>	<b>-4,236</b>	<b>-11,894</b>	<b>-6,413</b>	<b>-42,224</b>	<b>-12,167</b>	<b>-29,363</b>	<b>-26,464</b>
Cash and cash equivalents incl. interest-bearing receivables	3,417				1,783			
Non-current interest-bearing receivables	15	19	235	2	39	7	199	
Derivatives (inflow)	23,037				29,059			
Derivatives, hedge accounting (inflow)	128	118	299	48	743	743	8,051	1,088
Deferred considerations	-546	-395	-94		-789	-233	-23	
Trade receivables	19,760				20,934			
Trade payables	-10,469				-11,320			
Lease liabilities	-1,298	-977	-1,367	-478	-1,622	-1,287	-1,947	-1,510
<b>Net total</b>	<b>1,272</b>	<b>-5,471</b>	<b>-12,822</b>	<b>-6,841</b>	<b>-3,396</b>	<b>-12,936</b>	<b>-23,083</b>	<b>-26,886</b>
Confirmed credit facilities	61,400	-48,962	-12,438		10,336		-12,340	
<b>Adjusted maturity profile<sup>1</sup></b>	<b>62,672</b>	<b>-54,433</b>	<b>-25,259</b>	<b>-6,841</b>	<b>6,940</b>	<b>-12,936</b>	<b>-35,423</b>	<b>-26,886</b>

<sup>1</sup> For maturity profile of guarantees, see Note 30.

<sup>2</sup> The amounts in the table are undiscounted and include future known interest payments. The exact amounts are therefore not all found in the balance sheet.

**Financing risk and maturity profile**

Financing risk is defined as the risk of being unable to meet payment obligations as a result of inadequate liquidity or difficulties in obtaining external financing. ASSA ABLOY manages financing risk at Group level. Treasury is responsible for external borrowings and external investments. ASSA ABLOY strives to have access to both short-term and long-term loan facilities at all times. In accordance with the financial policy, the available loan facilities, including available cash and cash equivalents, should include a reserve (facilities available but not utilized) equivalent to at least 10 percent of the Group's total annual sales.

**Maturity profile**

The 'Maturity profile' table above shows the maturities for ASSA ABLOY's financial instruments, including confirmed credit facilities. The maturities are not concentrated to a particular date in the immediate future. An important component of liquidity planning is the Group's Multi-Currency Revolving Credit Facility totaling EUR 1,200 M. The maturity for EUR 1,116 M is April 2026 A smaller portion, EUR 84 M, matures in April 2024. This credit facility was wholly unutilized at year-end. To secure the financing of the HHI acquisition, credit facilities totaling USD 4,250 M were agreed. Most of these have been replaced by bank loans and bonds, while unutilized portions have been canceled.

Moreover, existing financial assets are also taken into account in the table. The table shows cash flows and known future interest payments relating to the Group's financial instruments at the reporting date, and these amounts are therefore not found in the balance sheet.

**Cash and cash equivalents and other interest-bearing receivables**

Current interest-bearing investments totaled SEK 2 M (1,061) at year-end. In addition to cash and cash equivalents, ASSA ABLOY has interest-bearing receivables of SEK 459 M (223) with a maturity of more than three months and financial derivatives with a positive market value of SEK 926 M (139) which are included in the definition of net financial debt. Cash and cash equivalents are mainly invested in bank accounts, deposits in banks or interest-bearing instruments with high liquidity from issuers with a credit rating of at least A- according to S&P Global or a similar rating agency. The average term for cash and cash equivalents was 5 days (5) at year-end 2023.

The Parent company's cash and cash equivalents are held in a sub-account to the Group account.

SEK M	Group		Parent company	
	2022	2023	2022	2023
Cash and bank balances	2,356	1,463	0	0
Short-term investments with maturity less than 3 months	1,060	2	-	-
<b>Cash and cash equivalents</b>	<b>3,417</b>	<b>1,466</b>	<b>0</b>	<b>0</b>
Short-term investments with maturity more than 3 months	0	236	-	-
Non-current interest-bearing receivables	223	223	-	-
Positive market value of derivatives	139	926	-	-
<b>Total</b>	<b>3,780</b>	<b>2,851</b>	<b>0</b>	<b>0</b>

**Interest rate risks in interest-bearing assets**

Treasury manages interest rate risk in interest-bearing assets. Derivative instruments such as interest rate swaps and FRAs (Forward Rate Agreements) may be used to manage interest rate risk. These interest-bearing assets are mostly short-term. The fixed interest term for such short-term investments was 90 days (12) at year-end 2023. A downward change in the yield curve of one percentage point would reduce the Group's interest income by around SEK 0 M (10) and consolidated equity by SEK 0 M (8).

**Interest-bearing liabilities**

The Group's long-term loan financing increased significantly in 2023 as a result of the HHI acquisition. The financing mainly consists of a GMTN Program of SEK 38,365 M (18,416), of which SEK 35,679 M (15,712) is long-term, a bilateral bank loan of USD 500 M (0) and loans from financial institutions such as the European Investment Bank (EIB) totaling USD 658 M, of which USD 641 M (315) is long-term, and the Nordic Investment Bank of EUR 235 M (135). Five new issues under the GMTN Program for a total of SEK 23,695 M with maturities of 3.25 to 12 years were made during the year. Other changes in long-term loans are mainly due to some of the originally long-term loans now having less than 1 year to maturity. The size of the loans has also been affected by currency fluctuations, mainly due to a weaker USD, which reduced the volume of loans.

The Group's short-term loan financing mainly consists of two Commercial Paper Programs for a maximum USD 1,000 M (1,000) and SEK 5,000 M (5,000) respectively. At the year-end, the outstanding balance under the Commercial Paper Programs was SEK 4,906 M (3,650). In addition to the credit facilities described under the Maturity profile section, substantial credit commitments exist, mainly in the form of a Multi-Currency Revolving Credit Facility of EUR 1,200 M (1,200). At year-end the average time to maturity for the Group's interest-bearing liabilities, excluding pension provisions and lease obligations, was 52 months (37).

Some of the Group's main financing agreements contain a customary Change of Control clause. This clause means that lenders have the right in certain circumstances to demand the renegotiation of conditions or to terminate the agreements should control of the company change.



## Note 36 continued

## External financing/net debt

Credit lines/facilities	Amount, SEK M	Maturity	Carrying amount, SEK M	Currency	Amount 2022	Amount 2023	Of which Parent company, SEK M
Multi-Currency RCF	12,340	Apr 2026	–	EUR	1,116	1,116	–
Term loan facility	4,996	Oct 2025	4,996	USD	500	–	–
Bank loan EIB	342	Oct 2025 <sup>3</sup>	342	USD	51	34	–
Bank loan EIB	2,633	Mar 2027 <sup>3</sup>	2,633	USD	263	263	–
Bank loan EIB	3,426	Aug 2030 <sup>3</sup>	3,426 <sup>1</sup>	USD	–	343	–
Bank loan NIB	746	Jun 2026	746	EUR	68	68	–
Bank loan NIB	746	Jun 2028	746	EUR	68	68	–
Bank loan NIB	1,105	Jun 2029	1,105	EUR	–	100	–
Global MTN Program	107,885	Feb 2025	553	EUR	50	50	553
		Mar 2025	328 <sup>2</sup>	EUR	30	30	332
		Jun 2025	999	USD	100	100	999
		Jun 2025	553	EUR	50	50	553
		Jun 2025	300	USD	30	30	300
		Oct 2025	500	SEK	500	500	500
		Dec 2025	466 <sup>2</sup>	USD	50	50	500
		Mar 2026	221	EUR	20	20	221
		Sep 2026	6,725 <sup>1 2</sup>	EUR	–	600	6,601
		Oct 2026	274	SEK	275	275	274
		Oct 2026	150	SEK	150	150	150
		Nov 2026	564 <sup>2</sup>	CHF	50	50	594
		Feb 2027	332	EUR	30	30	332
		Feb 2027	551	EUR	50	50	551
		Mar 2027	2,496 <sup>1</sup>	SEK	–	2,500	2,496
		Jun 2027	285 <sup>2</sup>	NOK	300	300	293
		Sep 2027	551	EUR	50	50	551
		Oct 2027	185 <sup>2</sup>	NOK	200	200	195
		Oct 2027	1,006	USD	100	100	999
		May 2029	165	EUR	15	15	165
		Jun 2029	100	USD	10	10	100
		Aug 2029	110	EUR	10	10	110
		Oct 2029	289 <sup>2</sup>	EUR	28	28	308
		Oct 2029	286	EUR	26	26	286
		Dec 2029	912 <sup>2</sup>	USD	100	100	991
		Mar 2030	331	EUR	30	30	331
		Apr 2030	770	EUR	70	70	770
		Jun 2030	999	USD	–	100	999
		Sep 2030	6,718 <sup>2</sup>	EUR	–	600	6,589
		Feb 2031	110	EUR	10	10	110
		Aug 2034	1,094	EUR	100	100	1,094
		Sep 2035	6,755 <sup>2</sup>	EUR	–	600	6,561
Other long-term loans	243		243				0
<b>Total long-term loans/facilities</b>	<b>134,463</b>		<b>49,917</b>				<b>35,404</b>
Multi-Currency RCF	929		–	EUR	84	84	–
US Private Placement Program	785		785	USD	75	75	–
Global MTN Program	2,686		2,686	SEK	3,243	2,686	2,686
Global CP Program	9,992		2,971	SEK	1,774	2,971	–
Swedish CP Program	5,000		1,934	SEK	1,876	1,934	–
Other bank loans	1,220		1,220				–
Overdraft facility	3,604		273				–
<b>Total short-term loans/facilities</b>	<b>24,223</b>		<b>9,833</b>				<b>2,686</b>
<b>Total loans/facilities</b>	<b>158,645</b>		<b>59,750</b>				<b>38,091</b>
Cash and cash equivalents			–1,466				
Non-current and current interest-bearing investments			–459				
Derivative financial instruments			–595				
Pension provisions			1,435				
Lease liabilities			5,443				
<b>Net debt</b>			<b>64,109</b>				

<sup>1</sup> The loan is subject to cash flow hedging, in whole or in part.

<sup>2</sup> The loan is subject to fair value hedging, in whole or in part.

<sup>3</sup> The loans are amortizing. In the table the average dates of maturity of the loans have been stated.

## Note 36 continued

## Change in loans

SEK M	Long-term loans	Short-term loans	Total
<b>Opening balance 1 January 2023</b>	<b>20,523</b>	<b>9,304</b>	<b>29,826</b>
<b>Cash flow from financing activities</b>			
Long-term loans raised	33,129	–	33,129
Long-term loans repaid	–	–3,659	–3,659
Net change in short-term loans	–	608	608
<b>Total</b>	<b>33,129</b>	<b>–3,052</b>	<b>30,078</b>
<b>Changes without cash flow impact</b>			
Acquisitions of subsidiaries	2	3	4
Divestments of subsidiaries	–	–	–
Reclassifications	–3,727	3,727	–
Unrealized exchange differences	–269	–77	–347
Other changes	421	–	421
Exchange rate differences	–151	–71	–232
<b>Total</b>	<b>–3,735</b>	<b>3,581</b>	<b>–154</b>
<b>Closing balance 31 December 2023</b>	<b>49,917</b>	<b>9,833</b>	<b>59,750</b>

SEK M	Long-term loans	Short-term loans	Total
<b>Opening balance 1 January 2022</b>	<b>20,195</b>	<b>5,042</b>	<b>25,237</b>
<b>Cash flow from financing activities</b>			
Long-term loans raised	1,997	–	1,997
Long-term loans repaid	–	–3,378	–3,378
Net change in short-term loans	–	3,907	3,907
<b>Total</b>	<b>1,997</b>	<b>528</b>	<b>2,526</b>
<b>Changes without cash flow impact</b>			
Acquisitions of subsidiaries	26	1	27
Divestments of subsidiaries	–	–	–
Reclassifications	–3,253	3,253	–
Unrealized exchange differences	1,910	374	2,284
Other changes	–361	–	–361
Exchange rate differences	9	105	114
<b>Total</b>	<b>–1,669</b>	<b>3,733</b>	<b>2,064</b>
<b>Closing balance 31 December 2022</b>	<b>20,523</b>	<b>9,304</b>	<b>29,826</b>

## Interest rate risks in borrowing

Changes in interest rates have a direct impact on ASSA ABLOY's net interest expense. Treasury is responsible for identifying and managing the Group's interest rate exposure. Treasury analyzes the Group's interest rate exposure and calculates the impact on income of changes in interest rates on a rolling 12-month basis. The Group strives for a mix of fixed rate and variable rate borrowings in the loan portfolio, and uses interest rate swaps and cross currency swaps to adjust the fixed interest term. The financial policy stipulates that the average fixed interest term should normally be within the interval of 12 to 36 months. At year-end, the average fixed interest term on gross debt, excluding pension liabilities and lease commitments, was around 31 months (22). An upward change in the yield curve of one percentage point would increase the Group's interest expense by around SEK 291 M (126) and reduce consolidated equity by SEK 218 M (93).

## Change in lease liabilities

SEK M	Group	
	2022	2023
<b>Opening balance</b>	<b>3,515</b>	<b>3,907</b>
Acquisitions of subsidiaries	173	1,155
Divestments of subsidiaries	–	–62
New and terminated leases	1,213	2,177
Amortization of lease liabilities	–1,330	–1,543
Exchange rate differences	336	–191
<b>Closing balance</b>	<b>3,907</b>	<b>5,443</b>

Balance sheet breakdown:	Group	
	2022	2023
Non-current lease liabilities	2,624	4,001
Current lease liabilities	1,284	1,443
<b>Total</b>	<b>3,907</b>	<b>5,443</b>

## Currency composition

The currency composition of ASSA ABLOY's borrowing depends on the currency composition of the Group's assets and other liabilities. Currency swaps and cross currency swaps are used to achieve the desired currency composition.

## Net debt by currency

SEK M	31 December 2022		31 December 2023	
	Net debt excl. derivatives	Net debt incl. derivatives	Net debt excl. derivatives	Net debt incl. derivatives
USD	12,574	9,383	21,050	33,770
SEK	3,592	2,337	5,851	9,616
EUR	12,616	11,188	34,125	7,919
AUD	97	2,990	200	2,490
CAD	88	97	134	2,109
GBP	–658	2,152	–577	2,075
CNY	874	2,303	346	1,534
KRW	351	791	380	600
BRL	618	640	812	812
CHF	514	–3,601	748	810
PLN	41	822	42	588
Other	1,025	2,630	998	1,786
<b>Total</b>	<b>31,732</b>	<b>31,732</b>	<b>64,109</b>	<b>64,109</b>

## Currency risk

Currency risk affects ASSA ABLOY mainly through translation of capital employed and net debt, translation of the income of foreign subsidiaries, and the impact on income of flows of goods between countries with different currencies.

## Transaction exposure

Currency risk in the form of transaction exposure, or exports and imports of goods respectively, is relatively limited in the Group, even though it can be significant for individual business units. The main principle is to allow currency fluctuations to have an impact on the business as quickly as possible. As a result of this strategy, current currency flows are not normally hedged.

## Transaction flows relating to major currencies (import + and export –)

Currency, SEK M	Currency exposure	
	2022	2023
AUD	957	676
CAD	846	1,227
CHF	–790	–795
CNY	–1,830	–2,712
CZK	–656	–910
EUR	2,271	2,208
GBP	1,140	1,185
MXN	–290	–1,031
SEK	–710	–1,312
USD	1,871	4,204

## Translation exposure in income

The table below shows the impact on the Group's income before tax of a reasonably possible change, in this case a 10 percent weakening of the Swedish krona (SEK) in relation to the major currencies, with all other variables constant.

## Impact on income before tax of a 10 percent weakening of SEK

Currency, SEK M	2022	2023
AUD	61	83
BRL	8	25
CAD	58	66
CHF	73	72
CNY	–52	–17
DKK	14	22
EUR	304	298
HKD	55	48
MXN	25	28
NOK	27	24
USD	1,227	1,544

## Note 36 continued

**Translation exposure in the balance sheet**

The impact of translation of equity is limited by the fact that a large part of financing is in local currency.

The capital structure in each country is optimized based on local legislation. Whenever possible, according to local conditions, gearing per currency should generally aim to be the same as for the Group as a whole to limit the impact of fluctuations in individual currencies. Treasury uses currency derivatives and loans to achieve appropriate financing and to eliminate undesirable currency exposure.

The 'Net debt by currency' table on page 96 shows the use of currency derivatives in relation to financing in major currencies. Forward exchange contracts are used to neutralize the exposure arising between external debt and internal requirements.

**Financial credit risk**

Financial risk management exposes ASSA ABLOY to certain counterparty risks. Such exposure may arise from the investment of surplus cash as well as from investment in debt instruments and derivative instruments.

ASSA ABLOY's policy is to minimize the potential credit risk relating to surplus cash by using cash flow from subsidiaries to repay the Group's loans. This is primarily achieved through cash pools put in place by Treasury. Around 97 percent (97) of the Group's sales were settled through cash pools in 2023. Smaller amounts may be held in other local banks for shorter time periods depending on how customers choose to pay. The Group can also invest surplus cash in the short term in banks to match borrowing and cash flow. The banks in which surplus cash is deposited have a high credit rating. In light of this and the short terms of the investments the effect of the calculated credit risk is assessed to be negligible.

Derivative instruments are allocated between banks based on risk levels defined in the financial policy, in order to limit counterparty risk. Treasury only enters into derivative contracts with banks that have a high credit rating.

ISDA agreements (full netting of transactions in case of counterparty default) have been entered into with respect to interest rate and currency derivatives. The table on page 98 shows the impact of this netting.

**Commercial credit risk**

The Group's trade receivables are distributed across a large number of customers who are spread globally. No single customer accounts for more than 2 percent of the Group's sales. The concentration of credit risks associated with trade receivables is considered to be limited, but the concentration of credit risks increased during the year through the acquisition of HHI, which has a more concentrated customer base. The fair value of trade receivables is equivalent to the carrying amount. Credit risks relating to operating activities are managed locally at company level and monitored at division level. For more information see Note 22 and the section 'Impairment of financial assets' in the information on accounting principles.

**Commodity risk**

The Group is exposed to price risks relating to purchases of certain commodities (primarily metals) used in production. Forward contracts are not used to hedge commodity purchases.

**Fair value of financial instruments**

Derivative financial instruments such as forward exchange contracts and forward rate agreements are used to the extent necessary. The use of derivative instruments is limited to reducing exposure to financial risks.

The positive and negative fair values in the 'Outstanding derivative financial instruments' table on page 98 show the fair values of outstanding instruments at year-end, based on available fair values, and are the same as the carrying amounts in the balance sheet. The nominal value is equivalent to the gross value of the contracts.

For accounting purposes, financial instruments are classified into measurement categories in accordance with IFRS 9. The table 'Financial instruments' on page 98 provides an overview of financial assets and liabilities, measurement category, and carrying amount and fair value per item.

**Risk management through hedge accounting**

During the year the Group used hedge accounting in its financial risk management. Hedges can be divided into cash flow hedges, fair value hedges and net investment

hedges. Changes in these hedges can be seen in the table below. For information regarding the effects of cash flow hedging, which includes net investment hedging, in other comprehensive income, see Note 33. Fair value hedges are used to manage interest rate risk that arises when the Group takes out loans at a fixed interest rate. Cash flow hedges for interest rate risk in loans with variable interest rates are used to adjust the interest rate risk for variable interest rates. Net investment hedges are used to manage currency risk that arises through investments in foreign subsidiaries.

Interest rate risk related to the long-term loans is hedged using interest rate swaps. For a number of loans, cross currency swaps are also used to hedge both interest rate and currency exposures related to the borrowing. For risks related to net investments in foreign subsidiaries, hedge accounting is only applied to manage currency risk; no other related risks are managed by the hedges that are applied.

ASSA ABLOY does not hedge 100% of its long-term loans or its net investments. Instead, the decision on when hedge accounting is appropriate is taken on a case-by-case basis, in accordance with the risk levels described in the financial policy.

For fair value hedges the Group mainly uses interest rate swaps with critical terms that are equivalent to the hedged item, such as reference rate, settlement days, maturity date and nominal amounts. This approach ensures an economic relationship between the hedging items and the hedging instruments. Hedging relationship effectiveness is tested through periodic forward-looking evaluation to ensure that an economic relationship still exists. Examples of identified sources of ineffectiveness in the hedging relationship include if a credit risk adjustment in the interest rate swap is not matched by an equivalent adjustment to the loan, or if for some reason differences in the critical terms between the interest rate swap and the loan should arise. As the Group also uses cross currency swaps, inefficiencies may arise if the currency basis spread between different currencies changes. This inefficiency is recognized in other comprehensive income. All critical terms matched during the year. No inefficiencies occurred due to non-compliance with the critical terms. The changes that have occurred to date following the reference rate reform (IBOR reform) had no significant impact on the Group's hedge relationships in 2023.

**Hedging instruments**

SEK M	Cash flow hedges	Cash flow hedges	Fair value hedges	Fair value hedges
	2022	2023	2022	2023
Carrying amount of hedged item – fair value	–	–	4,197	12,336
Carrying amount of hedged item – cash flow	1,103	12,219	–	–
Nominal amount of hedging instrument	1,103	12,219	4,197	12,336
Maturity	2023	2026 to 2033	2023 to 2029	2025 to 2035
Hedge ratio	1:1	1:1	1:1	1:1
Total effect of hedging on hedged item	–	–	163	–542
Accrued remaining amount for terminated hedges (interest rate hedges)	–	–	108	83
Accrued remaining amount for terminated hedges (net investment hedges)	–255	–255	–	–
Change in value, hedging instruments since 1 January	–	554	–239	86
Change in value of hedged items	–	–	239	–88
Cost of hedging for currency basis spread	–	–21	–	–2
Ineffectiveness recognized in profit or loss	0	0	0	0

Changes in the value of fair value hedged items are recognized against long-term loans; changes in value of hedging instruments are recognized against accrued revenue or expenses, respectively; ineffectiveness, if any, is recognized against interest income or expenses, respectively. Changes in value of hedge instruments in cash flow hedges of interest rate risks and currency risks are recognized in Other comprehensive income. Any ineffectiveness is recognized against interest income or interest expenses or currency gains or losses, respectively. Changes in value of net investment hedges are recognized in the hedging reserve in equity. Changes in value from changes in the currency basis spread are recognized as a hedging cost in other comprehensive income.

**Disclosures of offsetting of financial assets and liabilities**

SEK M	2022					2023				
	Gross amount	Amounts netted in the balance sheet	Net amounts in the balance sheet	Amount covered by netting agreement but not offset	Net amount	Gross amount	Amounts netted in the balance sheet	Net amounts in the balance sheet	Amount covered by netting agreement but not offset	Net amount
Financial assets	142	–	142	91	51	926	–	926	311	615
Financial liabilities	432	–	432	91	341	331	–	331	311	20

Netted financial assets and financial liabilities only consist of derivative instruments.

Note 36 continued

## Outstanding derivative financial instruments at 31 December

Instrument, SEK M	31 December 2022			31 December 2023		
	Positive fair value <sup>2</sup>	Negative fair value <sup>2</sup>	Nominal value	Positive fair value <sup>2</sup>	Negative fair value <sup>2</sup>	Nominal value
Forward exchange contracts	138	268	9,894	293	170	19,857
Interest rate derivatives <sup>1</sup> , fair value hedges	–	164	4,198	326	94	6,808
Interest rate derivatives <sup>1</sup> , cash flow hedges	4	–	1,103	–	67	4,677
Currency interest rate derivatives, fair value hedges	–	–	–	–	310	5,529
Currency interest rate derivatives, cash flow hedges	–	–	–	617	–	7,542
<b>Total</b>	<b>142</b>	<b>432</b>	<b>15,195</b>	<b>1,236</b>	<b>643</b>	<b>44,412</b>

<sup>1</sup> For interest rate derivatives, only one leg is included in nominal value.<sup>2</sup> Assets are recognized against accrued revenue and liabilities against accrued expenses.

## Financial instruments: carrying amounts and fair values by measurement category

SEK M	2022		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at amortized cost</b>				
Trade receivables	19,760	19,760	20,934	20,934
Other financial assets at amortized cost	289	289	534	534
Cash and cash equivalents	3,417	3,417	1,466	1,466
<b>Financial assets at fair value through profit or loss</b>				
Shares and interests	93	93	115	115
<b>Derivative financial instruments</b>				
Hedge accounting	4	4	633	633
Held for trading	138	138	293	293
<b>Total financial assets</b>	<b>23,701</b>	<b>23,701</b>	<b>23,975</b>	<b>23,975</b>
<b>Financial liabilities at amortized cost</b>				
Trade payables	10,469	10,469	11,320	11,320
Lease liabilities <sup>1</sup>	3,907	3,907	5,443	5,443
Long-term loans – hedge accounting	3,652	3,652	19,222	19,222
Long-term loans – non-hedge accounting <sup>1</sup>	16,871	15,851	30,695	29,988
Short-term loans – hedge accounting	256	256	–	–
Short-term loans – non-hedge accounting <sup>1</sup>	9,047	9,016	9,834	9,781
<b>Financial liabilities at fair value through profit or loss</b>				
Deferred considerations	1,034	1,034	1,045	1,045
<b>Derivative financial instruments</b>				
Hedge accounting	164	164	161	161
Held for trading	268	268	170	170
<b>Total financial liabilities</b>	<b>45,668</b>	<b>44,617</b>	<b>77,890</b>	<b>77,129</b>

<sup>1</sup> Last year's figures have been corrected as they contained incomplete data.

The fair value of long-term borrowing is based on observable data by discounting cash flows to market rate, which is deemed to correspond with level 2 according to the fair

value hierarchy. The fair value of current receivables and current liabilities is considered to correspond to the carrying amount.

## Financial instruments: measured at fair value

SEK M	2022				2023			
	Carrying amounts	Quoted prices (level 1)	Observable data (level 2)	Non-observable data (level 3)	Carrying amounts	Quoted prices (level 1)	Observable data (level 2)	Non-observable data (level 3)
<b>Financial assets</b>								
Derivative financial instruments	142	–	142	–	926	–	926	–
<b>Financial liabilities</b>								
Derivative financial instruments	432	–	432	–	331	–	331	–
Deferred considerations	1,034	–	–	1,034	1,045	–	–	1,045

Measurement at fair value is classified hierarchically in three different levels based on input data used in measurement of the instruments. Deferred considerations relate to additional payments for acquired companies. The size of a deferred consideration is usually linked to the earnings and sales trend in an acquired company during a specific period of time. Deferred consideration is measured on the day of acquisition based on

the best judgment of management regarding future outcomes. Discounting takes place in the case of significant amounts. Belongs to level 3 in the hierarchy.

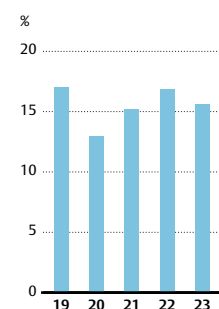
For derivatives, the present value of future cash flows is calculated based on observable yield curves and exchange rates on the balance sheet date. Belongs to level 2 in the hierarchy.

# Five years in summary

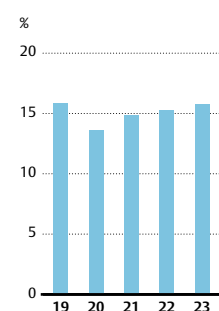
Amounts in SEK M unless stated otherwise	2019	2020	2021	2022	2023
<b>Sales and income</b>					
Sales	94,029	87,649	95,007	120,793	140,716
Organic growth, %	3	-8	11	12	3
Acquisitions and divestments, %	3	4	2	2	8
Operating income (EBIT) excluding items affecting comparability	14,920	11,916	14,181	18,532	22,185
Operating income (EBIT)	14,608	12,458	14,181	18,532	21,785
Income before tax (EBT)	13,571	11,676	13,538	17,521	19,254
Net income	9,997	9,172	10,901	13,296	13,639
<b>Cash flow</b>					
Cash flow from operating activities	12,665	13,658	12,456	14,357	21,294
Cash flow from investing activities	-5,464	-6,741	-3,094	-10,561	-47,899
Cash flow from financing activities	-7,301	-4,558	-7,813	-4,699	24,726
Cash flow	-100	2,359	1,549	-904	-1,880
Operating cash flow	14,442	14,560	13,265	15,808	25,232
<b>Capital employed and financing</b>					
- Goodwill	57,662	58,344	62,502	75,873	92,873
- Other intangible assets	12,693	14,108	13,834	15,024	34,831
- Property, plant and equipment	8,498	8,026	8,753	10,106	11,460
- Right-of-use assets	3,731	3,513	3,436	3,804	5,296
- Other capital employed	10,399	5,867	8,796	13,244	12,060
Adjusted capital employed	92,983	89,858	97,321	118,052	156,520
- Restructuring reserve	-778	-1,224	-658	-294	-767
Capital employed	92,204	88,634	96,663	117,758	155,753
Non-controlling interests	11	9	9	12	16
Shareholders' equity, excluding non-controlling interest	59,143	58,870	69,582	86,014	91,629
<b>Data per share, SEK</b>					
Earnings per share before and after dilution	9.00	8.26	9.81	11.97	12.27
Earnings per share before and after dilution and excluding items affecting comparability	9.22	7.54	9.81	11.97	13.54
Shareholders' equity per share after dilution	53.25	53.00	62.64	77.44	82.49
Dividend per share	3.85	3.90	4.20	4.80	5.40 <sup>1</sup>
Price of Series B share at year-end	219.00	202.50	276.20	223.70	290.30
<b>Key figures</b>					
Operating margin (EBIT), % excluding items affecting comparability	15.9	13.6	14.9	15.3	15.8
Operating margin (EBIT), %	15.5	14.2	14.9	15.3	15.5
Profit margin (EBT), %	14.4	13.3	14.2	14.5	13.7
Cash conversion	1.04	1.31	0.98	0.90	1.28
Return on capital employed, %	16.2	12.5	15.2	16.9	15.6
Return on equity, %	18.0	15.5	17.0	17.1	15.3
Equity ratio, %	50.1	50.1	53.5	55.7	46.7
Debt/equity ratio	0.56	0.51	0.39	0.37	0.70
Net debt/EBITDA	1.8	1.9	1.5	1.4	2.3
Total number of shares, thousands	1,112,576	1,112,576	1,112,576	1,112,576	1,112,576
Number of outstanding shares, thousands	1,110,776	1,110,776	1,110,776	1,110,776	1,110,776
Weighted average number of outstanding shares, before and after dilution, thousands	1,110,776	1,110,776	1,110,776	1,110,776	1,110,776
Average number of employees	48,992	48,471	50,934	52,463	56,845

<sup>1</sup> Dividend proposed by the Board of Directors.

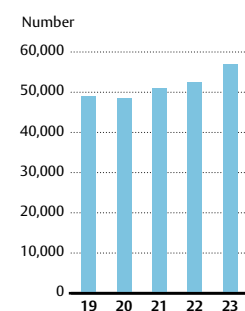
## Return on capital employed



## Operating margin (EBIT)<sup>2</sup>



## Average number of employees



<sup>2</sup> Excluding items affecting comparability.

# Comments on five years in summary

## 2019

Organic growth was 3 percent, driven by good growth in the Americas and Global Technologies divisions. Growth was particularly strong in the US on robust demand for smart locks in the private residential market, as well as the commercial business segments. Growth in Europe and Asia was generally mixed. The trend for the emerging markets continued to be relatively weak.

The product development initiative accelerated during the year with large investments in R&D, as reflected by the 27 percent of sales which relate to products that are less than three years old.

Operating income for the year, excluding items affecting comparability, increased by 12 percent and cash flow remained strong. Earnings per share after full dilution, excluding items affecting comparability, increased 14 percent.

Acquisition activity continued to be high during the year; at the same time, an agreement was also signed for the acquisition of agta record, the largest acquisition since 2011.

## 2020

Demand was negatively impacted during the year by the Covid-19 pandemic. Organic growth was -8 percent for the Group, with a negative sales trend in all divisions. Cost-saving measures and staff cuts have largely offset the negative impact on earnings from lower sales. A new restructuring program was also launched at the end of the year, with plans to close about ten plants and about thirty offices for a two-year period. The operating cash flow remained strong thanks to, among other things, cost reductions and reduced working capital.

Demand was generally more stable in the more mature markets in Europe and the US compared with the trend in the emerging markets, especially in Asia, the Middle East and Africa. The focus on product development and innovation continued with undiminished strength. Major investments were made in R&D, where the full workforce was kept intact during the year.

Operating income for the year, excluding items affecting comparability, decreased by 20 percent. Cash flow remained strong. Acquisition activity continued to be high during the year; for example, the acquisition of agta record was completed.

## 2021

The mature markets in the US and Europe gradually recovered during the year despite the continuation of the Covid-19 pandemic and restrictions in many countries. The continued restrictions in Asia meant weaker recovery of demand. Organic growth was very strong for the Group as a whole at 11 percent, with a positive sales trend in all divisions.

However, rising material costs and scarcity of certain components presented an operational challenge and had a negative impact on sales and income. Operating income excluding items affecting comparability increased overall by 19 percent, and the operating margin was 14.9 percent (13.6). Operating cash flow remained strong during the year.

Acquisition activity was high, with thirteen businesses acquired, primarily in the US and Europe. Additional acquisition agreements were signed during the year, primarily

for HHI, a leading provider in the North American residential segment. The Nordic locksmith and security solution installer CERTEGO was divested.

The focus on product development and innovation continued at a high level during the year, including the launch of more than 400 new products on the market.

Sustainability remains a priority area for ASSA ABLOY. New initiatives were introduced during the year in our effort to meet the Group's sustainability targets for 2025, with continued reductions in emissions, waste and water consumption.

## 2022

Demand was strong in most major market regions apart from Asia during the year. The markets in both the Americas and Europe developed well. Demand remained weak in Asia, primarily in respect of China. Organic growth was very strong for the Group as a whole at 12 percent. Growth in electromechanical products continued to develop well.

Business operations were affected negatively by rising inflation, high material costs and supply chain disruption. However, it was possible to manage these challenges successfully thanks to the excellent engagement of our employees. Operating income increased by 31 percent, and the operating margin was 15.3 percent (14.9). Operating cash flow remained strong.

Acquisition activity was very high during the year, with 21 businesses acquired, primarily in the US and Europe.

The focus on product development and innovation continued undiminished during the year, partly in the form of major recruitment initiatives.

Sustainability remains a priority area for ASSA ABLOY. Among other things, the Group had its sustainability targets confirmed by the Science Based Targets initiative (SBTi) during the year.

## 2023

Organic growth was good during the year, despite gradually weaker demand from the private residential market in general. The North American market continued to develop well during the year in the commercial business segments. In Europe, demand was stable. Demand remained weak in Asia. Overall, organic growth amounted to 3 percent. Growth in electromechanical products continued to develop well.

Operating income improved owing to strong growth in fixed currency, good leverage from sales price in relation to material costs combined with continuous efficiency enhancements and cost savings. A new restructuring program was launched early in the year. Operating income excluding items affecting comparability increased by 20 percent, and the equivalent operating margin was 15.8 percent (15.3). Operating cash flow remained very strong thanks to good earnings and a reduction in working capital tied up.

Acquisition activity was very high during the year, with 24 businesses acquired, primarily in the US and Europe. The acquisition of HHI was the largest acquisition in ASSA ABLOY's history and significantly strengthens its presence in the private residential market in North America. In connection with the acquisition of HHI, Emtek and the Smart Residential business in the US and Canada were divested.

Earnings per share, excluding items affecting comparability, increased by 13 percent compared with the previous year.

# Definitions of key ratios

## Organic growth

Change in sales for comparable units after adjustments for acquisitions, divestments and exchange rate effects.

## Operating margin (EBITDA)

Operating income before depreciation, amortization and impairment as a percentage of sales.

## Operating margin (EBITA)

Operating income before amortization of intangible assets recognized in business combinations, as a percentage of sales.

## Operating margin (EBIT)

Operating income as a percentage of sales.

## Profit margin (EBT)

Income before tax as a percentage of sales.

## Items affecting comparability

Restructuring costs and significant non-recurring operating expenses such as revaluation of previously owned shares in associates and goodwill impairment.

## Operating cash flow

Cash flow from operating activities excluding restructuring payments and tax paid on income minus net capital expenditure and repayment of lease liabilities. See the table on operating cash flow for detailed information.

## Cash conversion

Operating cash flow in relation to income before tax excluding items affecting comparability.

## Net capital expenditure

Investments in, less sales of, intangible assets and property, plant and equipment.

## Capital employed

Total assets less interest-bearing assets and non-interest-bearing liabilities, including deferred tax liability.

## Average adjusted capital employed

Average capital employed excluding restructuring reserves for the last twelve months.

## Net debt

Interest-bearing liabilities less interest-bearing assets. See the table on net debt for detailed information.

## Net debt/EBITDA

Net debt at the end of the period in relation to EBITDA for the last twelve months.

## Debt/equity ratio

Net debt in relation to equity.

## Equity ratio

Shareholders' equity as a percentage of total assets.

## Shareholders' equity per share

Equity excluding non-controlling interests in relation to number of outstanding shares.

## Return on equity

Net income attributable to parent company's shareholders for the last twelve months as a percentage of average parent company's shareholders' equity for the same period.

## Return on capital employed

Operating income (EBIT), excluding items affecting comparability, for the last twelve months as a percentage of average adjusted capital employed.

## Earnings per share before and after dilution

Net income attributable to parent company's shareholders divided by weighted average number of outstanding shares. None of the Group's outstanding long-term incentive programs are expected to result in significant dilution in the future.

## Earnings per share before and after dilution, excluding items affecting comparability

Net income attributable to parent company's shareholders, excluding items affecting comparability, net of tax, divided by weighted average number of outstanding shares. None of the Group's outstanding long-term incentive programs are expected to result in significant dilution in the future.

# Board of Directors and CEO assurance

The Board of Directors and the President and CEO declare that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and give a true and fair view of the Group's financial position and results. The parent company's annual accounts 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.

The Report of the Board of Directors for the Group and the parent company gives a true and fair view of the development of the Group's and the parent company's business operations, financial position and results, and describes material risks and uncertainties to which the parent company and the other companies in the Group are exposed.

Stockholm, 6 March 2024

*Johan Hjertonsson*  
Chairman

*Carl Douglas*  
Vice Chairman

*Nico Delvaux*  
President and CEO

*Erik Ekudden*  
Board member

*Sofia Schörling Högberg*  
Board member

*Lena Olving*  
Board member

*Victoria Van Camp*  
Board member

*Joakim Weidemanis*  
Board member

*Susanne Pahlén Åklundh*  
Board member

*Rune Hjältn*  
Board member  
Employee representative

*Bjarne Johansson*  
Board member  
Employee representative

Our audit report was issued on 8 March 2024

Ernst & Young AB

*Hamish Mabon*  
Authorized Public Accountant  
Auditor in charge



# Auditor's report

This is a translation from the Swedish original.

To the general meeting of the shareholders of ASSA ABLOY AB (publ),  
corporate identity number 556059-3575.

## Report on the annual accounts and consolidated accounts

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### Opinions

We have audited the annual accounts and consolidated accounts of ASSA ABLOY AB (publ) except the corporate governance statement on the pages 51–61 for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 44–98 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 31 December 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 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 51–61. 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 Matters

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.

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## Goodwill and other intangible assets with indefinite use of life

### Description

The value of goodwill and other intangibles with an indefinite useful life as of 31 December 2023 amounted to 117 billion SEK. The Company performs an annual impairment test as well as whenever impairment indicators are identified. The recoverable amount for each cash-generating unit is determined as the value in use, which is calculated based on the discounted present value of future cash flows. Key assumptions in these calculations include forecast operating results, growth rates to extrapolate future cash flows and discount rates to be applied on future estimated cash flows. Applied discount rate (also referred to as "WACC- Weighted Average Cost of Capital") is presented in note 14.

An impairment test is a complex process and contains a high degree of judgment regarding future cash flows and other assumptions, not least because it is based on estimates of how the Company's business will be affected by future market developments and by other economic events. Therefore, we have assessed valuation of goodwill and other intangibles assets with an indefinite useful life to be a key audit matter.

### How our audit addressed this key audit matter

In our audit we have evaluated and reviewed key assumptions, the application of recognized valuation practices, discount rate (and other source data that the Company has applied. We have made an independent evaluation of whether there is a risk that reasonably probable events would give rise to a situation where the value in use would be lower than the carrying amount. In this assessment, we have also compared the company's historical forecasts in the impairment tests with the amounts that is the actual outcome, in order to assess the company's historical precision in its estimates and assessments. We have included valuation experts with appropriate skills in the team performing our review. Finally, we have evaluated disclosures provided in note 14, specifically with regards to the disclosure of which of the stated assumptions that are most sensitive in calculating the value in use and the sensitivity analysis for those key assumptions.

## Provisions – Restructuring programs

### Description

The restructuring program is described in the Report of Board of Directors in the annual report in note 26. The outgoing balance as per December 31, 2023 amounts to 0.8 billion SEK. A provision for restructuring measures is recognized when the Group has established a detailed plan and either implementation has begun, or the main features of the measures have been communicated to the parties involved. In our audit we have focused on the recognition in the proper period and valuation of the restructuring provision as they require management's judgment and estimates.

Because of the significant amount and considerable estimates involved, we have assessed restructuring provision to be a key audit matter.

### How our audit addressed this key audit matter

We have reviewed the company's process for identifying restructuring projects and the estimated costs for these projects. Our audit procedures include evaluating if the restructuring programs in all material respects are in line with the accounting principles for provisions, i.e. IAS 37. We have evaluated if there is an obligation that represent future obligations. We have challenged management's assumptions that there are basis for the restructuring provisions with the aim of assessing the reasonability of the provisions. Based on risk and materiality, we have reconciled the parameters in the calculation against supporting documentation. This includes, among other things, the examination of minutes, agreements, calculations and communication with employees. We have evaluated management's assessments of remaining cashflows by reviewing their quarterly project updates. Finally, we have evaluated the disclosures provided regarding restructuring activities in note 26.

## 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 1–43, 99–101 and 108–113. The other information also consists of the compensation report that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director

are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the

group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Report on the audit of the administration and the proposed appropriations of the company's profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ASSA ABLOY 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 (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accor-

dance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined 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 Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) according to the Swedish Securities Market Act (2007:528) for ASSA ABLOY 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 ASSA ABLOY 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.

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### **The auditor's examination of the ESEF report, continued**

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the ESEF report in accordance with Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQM 1 *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and 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 legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the ESEF report, i.e. if the file containing the ESEF report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

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### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 51–61 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is 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 stan-

dards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

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

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Ernst & Young AB with Hamish Mabon as auditor in charge, Box 7850, 103 99 Stockholm was appointed auditor of ASSA ABLOY AB (publ) by the general meeting of the shareholders on 26 April 2023 and has been the company's auditor since the 29 April 2020.

Stockholm March 8 2024

Ernst & Young AB

*Hamish Mabon*  
Authorized Public Accountant

# The ASSA ABLOY share

## Share price trend

The stock market developed positively in the beginning of the year, up more than 13 percent in January. This was driven by signs that peak inflation had been reached in the US, China's easing of covid restrictions as well as expectations of a less severe energy crisis. After weaker development in February and March, followed by a more turbulent development in April and May, the stock market (OMX Stockholm PI) was up around 8 percent as of June 30. The ASSA ABLOY share price also had a positive development and was up almost 16 percent during the first half of the year.

The stock market saw a small rebound during the summer but was back to a negative trend in the beginning of the fall as recession fears intensified. With central banks signaling their "higher for longer" stance on interest rates in combination with geo-political turbulence in the Middle East, the stock market continued to fall in September and October. However, towards the end of the year, after evidence of lower inflation, central banks stopped hiking interest rates and signaled lower rates for 2024. As a result, the stock market recovered substantially in November and December.

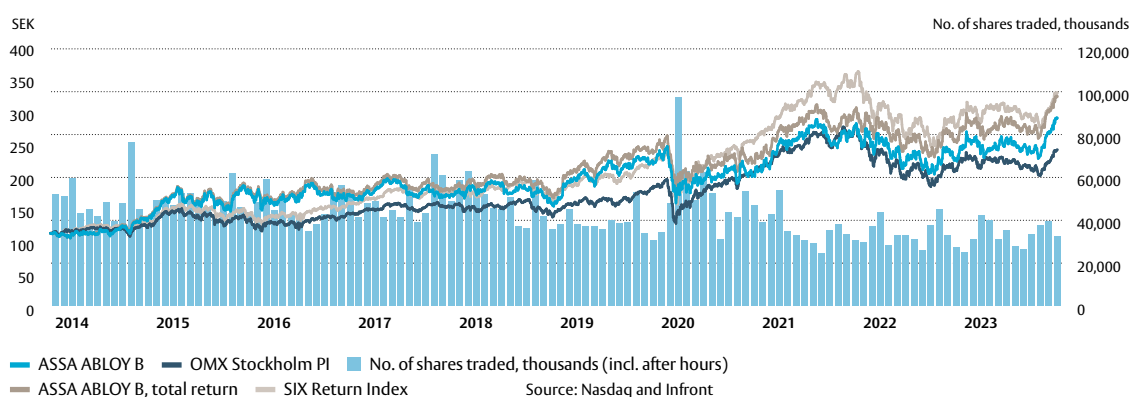
For the full year, the OMX Stockholm PI index increased 13 percent, while ASSA ABLOY's share price closed at SEK 290.30, an increase of 28 percent.

The highest closing price for ASSA ABLOY Series B share during the year was SEK 290.50 recorded on 27 December 2023 and the lowest price of SEK 226.10 was recorded on 2 January 2023. At year-end, market capitalization amounted to SEK 322,981 M (248,883), calculated on both Series A and Series B shares.

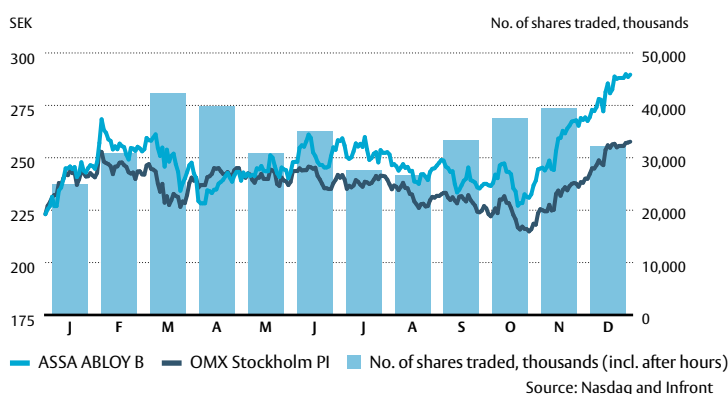
## Listing and trading

ASSA ABLOY's Series B share has been listed on Nasdaq Stockholm, Large Cap since 8 November 1994, under the ISIN code SE 0007100581. Turnover of the Series B share on Nasdaq Stockholm in 2023 amounted to 400 million shares (404), equivalent to a turnover rate of 38 percent (38). The implementation of the EU's Markets in Financial Instruments Directive (MiFID) in 2007 has changed the structure of equity trading in Europe and trading now takes place on both regulated markets and other trading platforms. The trading of shares in Swedish companies is now more fragmented with a large proportion of shares traded on markets other than Nasdaq Stockholm.

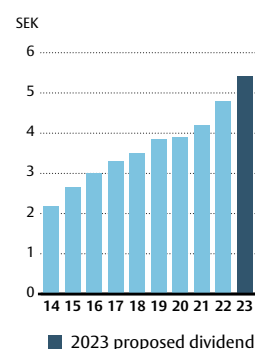
## Share price and turnover 2014–2023



## Share price and turnover 2023



## Dividend per share 2014–2023



## Data per share

SEK/share <sup>1</sup>	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Earnings after tax and dilution	5.79	6.93	7.09 <sup>2</sup>	7.77	8.09 <sup>2</sup>	9.22 <sup>2</sup>	7.54 <sup>2</sup>	9.81	11.97	13.54 <sup>2</sup>
Dividend	2.17	2.65	3.00	3.30	3.50	3.85	3.90	4.20	4.80	5.40 <sup>3</sup>
Dividend yield, % <sup>4</sup>	1.6	1.5	1.8	1.9	2.2	1.8	1.9	1.5	2.1	1.9
Dividend, % <sup>5</sup>	37.4	38.2	42.3	42.5	43.3	41.8	51.7	42.8	40.1	39.9
Share price at year-end	138.27	178.00	169.10	170.40	158.15	219.00	202.50	276.20	223.70	290.30
Highest share price	139.17	189.00	190.10	197.10	193.90	231.40	246.50	288.20	281.80	290.50
Lowest share price	105.63	135.00	148.40	163.80	155.85	154.45	159.35	200.20	203.70	226.10
Equity	32.50	37.43	42.51	45.60	46.71	53.25	53.00	62.64	77.44	82.49
Number of shares, millions	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6	1,112.6

<sup>1</sup> Adjustments made for new issues and stock split (3:1) in 2015 for all historical periods prior to 2015.

<sup>2</sup> Excluding items affecting comparability.

<sup>3</sup> Dividend proposed by the Board of Directors.

<sup>4</sup> Dividend as percentage of share price at year-end.

<sup>5</sup> Dividend as percentage of earnings per share after tax and dilution, excluding items affecting comparability.

## Ownership structure

The number of shareholders at the end of 2023 was 57,080 (50,515) and the ten largest shareholders accounted for 35.7 percent (35.8) of the share capital and 56.1 percent (56.2) of the votes. Shareholders with more than 50,000

shares, a total of 419 shareholders, accounted for 97 percent (98) of the share capital and 98 percent (98) of the votes. Investors outside Sweden, owning 64.5 percent (64.2) of the share capital, accounted for 44.0 percent (43.8) of the votes, and were mainly in the US and the UK.

## ASSA ABLOY's ten largest shareholders

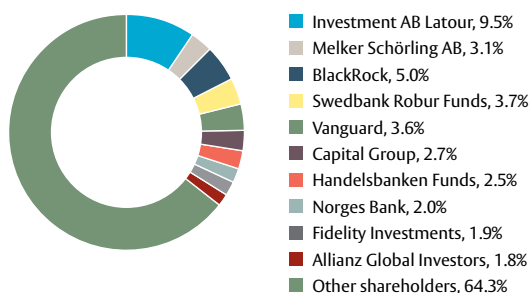
Based on the share register at 31 December 2023.

Shareholders	Series A shares	Series B shares	Total number of shares	Share capital <sup>1</sup> , %	Votes <sup>1</sup> , %
Investment AB Latour	41,595,729	63,900,000	105,495,729	9.5	29.4
Melker Schörling AB	15,930,240	18,120,992	34,051,232	3.1	10.9
BlackRock		55,202,488	55,202,488	5.0	3.4
Swedbank Robur Funds		40,624,752	40,624,752	3.7	2.5
Vanguard		40,270,860	40,270,860	3.6	2.5
Capital Group		30,595,441	30,595,441	2.7	1.9
Handelsbanken Funds		27,535,386	27,535,386	2.5	1.7
Norges Bank		21,935,161	21,935,161	2.0	1.3
Fidelity Investments		20,796,108	20,796,108	1.9	1.3
Allianz Global Investors		20,543,919	20,543,919	1.8	1.3
Other shareholders		715,525,258	715,525,258	64.3	43.9
<b>Total number</b>	<b>57,525,969</b>	<b>1,055,050,365</b>	<b>1,112,576,334</b>	<b>100.0</b>	<b>100.0</b>

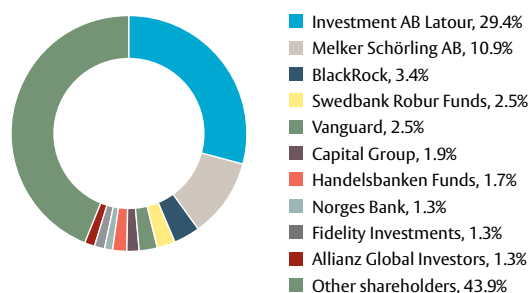
<sup>1</sup> Based on the number of outstanding shares and votes of 1,112,576,334 and 1,630,310,055 respectively.

Source: Modular Finance AB and Euroclear Sweden AB.

## Ownership structure (share capital)



## Ownership structure (votes)



### Share capital and voting rights

The share capital amounted to SEK 370,858,778 at year-end 2023, distributed among a total of 1,112,576,334 shares, comprising 57,525,969 Series A shares and 1,055,050,365 Series B shares. All shares have a par value of around SEK 0.33 and give shareholders equal rights to the company's assets and earnings. The total number of votes amounted to 1,630,310,055. Each Series A share carries ten votes and each Series B share one vote.

### Repurchase of own shares

Since 2010, the Board of Directors has requested and received a mandate from the Annual General Meeting to repurchase and transfer ASSA ABLOY Series B shares. The aim has been, among other things, to secure the company's undertakings in connection with its long-term incentive programs (LTI). The 2023 Annual General Meeting authorized the Board of Directors to acquire, during the period until the next Annual General Meeting, a maximum number of Series B shares so that after each repurchase ASSA ABLOY holds a maximum 10 percent of the total number of shares in the company.

ASSA ABLOY holds a total of 1,800,000 Series B shares after repurchase. The cost for these shares amounts to SEK 103 M. The shares account for around 0.2 percent of the share capital and each share has a par value of around SEK 0.33. No shares were repurchased in 2023.

### Dividend and dividend policy

The objective of the dividend policy is that, in the long-term, the dividend should be equivalent to 33-50 percent of income after standard tax, but taking into account ASSA ABLOY's long-term financing requirements.

The Board of Directors proposes a dividend to shareholders of SEK 5.40 per share (4.80) for the 2023 financial year. The dividend is proposed to be paid in two equal installments, the first with the record date of 26 April 2024 and the second with the record date of 11 November 2024. If the proposal is adopted at the Annual General Meeting, the first installment is estimated to be paid on 2 May 2024 and the second installment on 14 November 2024.

The proposal is equivalent to a total dividend yield on the Series B share of 1.9 percent (2.1). In 2023 the total return on the ASSA ABLOY share, defined as market price movement plus reinvested dividends, was 32 percent compared with the reinvested SIX Return Index in Stockholm, which was up 19 percent. Over the ten-year period 2014–2023, the total return on ASSA ABLOY's Series B share was 186 percent, compared with the reinvested SIX Return Index in Stockholm, which increased by 192 percent.

### Changes in share capital

Year	Transaction	Series A shares	Series C shares	Series B shares	Share capital, SEK <sup>1</sup>
1989			20,000		2,000,000
1994	Split 100:1			2,000,000	2,000,000
1994	Bonus issue				
1994	Non-cash issue	1,746,005	1,428,550	50,417,555	53,592,110
1996	New share issue	2,095,206	1,714,260	60,501,066	64,310,532
1996	Conversion of Series C shares into Series A shares	3,809,466		60,501,066	64,310,532
1997	New share issue	4,190,412		66,541,706	70,732,118
1998	Converted debentures	4,190,412		66,885,571	71,075,983
1999	Converted debentures before split	4,190,412		67,179,562	71,369,974
1999	Bonus issue				
1999	Split 4:1	16,761,648		268,718,248	285,479,896
1999	New share issue	18,437,812		295,564,487	314,002,299
1999	Converted debentures after split and new share issues	18,437,812		295,970,830	314,408,642
2000	Converted debentures	18,437,812		301,598,383	320,036,195
2000	New share issue	19,175,323		313,512,880	332,688,203
2000	Non-cash issue	19,175,323		333,277,912	352,453,235
2001	Converted debentures	19,175,323		334,576,089	353,751,412
2002	New share issue	19,175,323		344,576,089	363,751,412
2002	Converted debentures	19,175,323		346,742,711	365,918,034
2010	Converted debentures	19,175,323		347,001,871	366,177,194
2011	Converted debentures	19,175,323		349,075,055	368,250,378
2012	Converted debentures	19,175,323		351,683,455	370,858,778
2015	Split 3:1	57,525,969		1,055,050,365	370,858,778

<sup>1</sup> SEK 1 per share before split in 2015 – number of shares at the end of the period and around SEK 0.33 per share after split in 2015. Number of shares at the end of the period 1,112,576,334 (including repurchase of own shares).



# Information for shareholders

## Annual General Meeting

The 2024 Annual General Meeting of ASSA ABLOY AB will be held on Wednesday 24 April 2024 at 3.30 p.m., at 7A Posthuset, Vasagatan 28, 111 20 Stockholm, Sweden.

### Right to participate and notification

A person has the right to participate at the Annual General Meeting if the person:

- is recorded as a shareholder in the share register kept by Euroclear Sweden AB on Tuesday 16 April 2024, and
- has given notice of its participation to ASSA ABLOY AB no later than Thursday 18 April 2024. Notice of participation shall be given on the company's website [assaabloy.com/general-meeting](https://assaabloy.com/general-meeting), by telephone +46 8-402 90 71 or in writing by mail to ASSA ABLOY AB, "2024 Annual General Meeting", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden.

The notification must state name, personal or corporate identification number, address, telephone number and names of any assistants attending.

### Proxy

If the shareholder is represented by proxy, a written and dated power of attorney signed by the shareholder must be enclosed to the notification and be presented in original at the latest at the Annual General Meeting. Proxy form is available upon request and will be available on the company's website [assaabloy.com/general-meeting](https://assaabloy.com/general-meeting). If the proxy is issued by a legal entity, a certificate of incorporation or equivalent authorization document must be enclosed.

### Nominee registered shares

Shareholders whose shares are nominee registered through a bank or other nominee must, in addition to giving notice of participation, request that their shares be temporarily registered in their own name in the share register kept by Euroclear Sweden AB (so called voting right registration) in order to be entitled to participate in the Annual General Meeting. The shareholders' register for the General Meeting as of the record date Tuesday 16 April 2024 will take into account voting right registrations completed no later than Thursday 18 April 2024. Shareholders concerned must, in accordance with each nominee's routines, request that the nominee makes such voting right registration well in advance of that date.

## Nomination Committee

The Nomination Committee has the task of preparing, on behalf of the shareholders, proposals regarding the election of Chairman of the General Meeting, members of the Board of Directors, Chairman of the Board, Vice Chairman of the Board, auditor, fees for the board members including division between the Chairman, the Vice Chairman, and the other board members, as well as fees for committee work, fees to the company's auditor and any changes of the instructions for the Nomination Committee.

The Nomination Committee prior to the 2024 Annual General Meeting comprises Johan Menckel (Investment AB Latour), Mikael Ekdahl (Melker Schörling AB), Marianne Nilsson (Swedbank Robur Fonder), Yvonne Sörberg (Handelsbanken Fonder) and Carina Silberg (Alecta). Johan Menckel is Chairman of the Nomination Committee.

## Dividend

The Board of Directors proposes a dividend to shareholders of SEK 5.40 per share for the 2023 financial year. The dividend is proposed to be paid in two equal installments, the first with the record date 26 April 2024 and the second with the record date 11 November 2024. If the proposal is adopted by the Annual General Meeting, the first installment is estimated to be paid on 2 May 2024 and the second installment on 14 November 2024.



# Financial calendar and contact details

## Annual General Meeting and dividend

Annual General Meeting 24 April 2024

Shares traded excluding right  
to dividend of SEK 2.70 25 April 2024  
Record day for dividend 26 April 2024  
Payment of dividend 2 May 2024

Shares traded excluding right  
to dividend of SEK 2.70 8 November 2024  
Record day for dividend 11 November 2024  
Payment of dividend 14 November 2024

## Financial reporting

Interim Report January–March 2024 24 April 2024  
Half-year Report January–June 2024 17 July 2024  
Interim Report January–September 2024 23 October 2024  
Year-end Report 2024 5 February 2025

## Further information

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- Telephone +46 (0)8 506 485 00
- Email [info@assaabloy.com](mailto:info@assaabloy.com)
- Mail ASSA ABLOY AB  
Box 70340  
SE-107 23 Stockholm  
Sweden

This copy of the annual financial reporting of ASSA ABLOY AB (publ) for the year ended 31 December 2023 is not presented in the ESEF format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF reporting package is available at ASSA ABLOY's website [assaabloy.com](http://assaabloy.com).

Production: ASSA ABLOY in cooperation with Narva.  
Photo: ASSA ABLOY's own photographic library, among others.  
Printing: By Wind, Stockholm, 2024.



## ASSA ABLOY in your daily life

The new gate door closer ASSA ABLOY DC630G is a slim and flexible door closer for outdoor use that can make a big difference, especially for multi-family buildings. With its minimalist and slim design, it is mounted vertically on the gate frame or wall post. The unique 3D Cam-Motion technology makes it easy to open with minimal effort. It ensures comfortable use and obstacle-free access, while maintaining a closing force that guarantees a secure closure.



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