

The Board of Directors' statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act

Due to the uncertainty about the market situation caused by the Covid-19 pandemic, the Annual General Meeting on 29 April 2020 decided on a dividend of SEK 2.00 per share in accordance with a revised dividend proposal by the Board. The Board's original proposal was a dividend of SEK 3.85 per share. As previously communicated, it has been the clear ambition of the Board to propose a second dividend during 2020 when the consequences of the Covid-19 pandemic can be better assessed and given that the financial position of the Group allows this.

The Board has now assessed that the market situation and the financial position of the Group allow for a second dividend. Against this background, the Board proposes that the Extraordinary General Meeting on 24 November 2020 decide on a dividend of SEK 1.85 per share.

The Board has proposed that the Extraordinary General Meeting on 24 November 2020 decides on a distribution of profits to the effect that a dividend of SEK 1.85 per share shall be distributed to the shareholders. Thus, the dividend payment amounts to SEK 2,055 million in total.¹ The aim is for the long-term dividend to correspond to 33-50 percent of the Group's earnings after standard tax, however, always taking into account ASSA ABLOY's long-term financing requirements.

The Board hereby presents the following updated statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act. The Board's reasons for the proposed dividend payment being in accordance with the provisions of Chapter 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act are as follows.

The assets and liabilities have been valued at their actual value in accordance with Chapter 4, Section 14a of the Swedish Annual Accounts Act (1995:1554). If the valuation had not been made at actual value, the equity would not have been higher.

As of 31 December 2019 the company's premium fund amounted to SEK 787 million, the company's retained earnings amounted to SEK 9,192 million and the earnings of the financial year 2019 amounted to SEK 5,134 million (SEK 9,997 million for the Group). Following the decision by the Annual General Meeting 2020 on distribution of profits in accordance with the Board's proposal, SEK 12,892 million was carried forward.¹ In addition to that, the company has not decided on any value transfers since the Annual Report for the financial year 2019. The company's restricted equity will be fully covered after the proposed dividend payment.

Taking into account the dividend and full utilization of the authorization to repurchase and transfer Series B shares in the company, which were decided by the Annual General Meeting 2020, the Board's assessment is that the size of the company's and the Group's equity will, after the proposed dividend payment, be sufficient in relation to the scope of the company's and the Group's business and the risks connected therewith. The Board has hereby taken into consideration, among other things, the company's and the Group's historical development, budgeted development and situation in the business cycle.

The Board has made an assessment of the company's and the Group's position and the ability to fulfil their obligations on both a short and long-term basis. The proposed dividend payment in total constitutes 8.3 percent of the company's equity and 3.5 percent of the Group's equity as of 31 December 2019.

¹ Calculated on the total number of outstanding shares at the time of the notice to the Extraordinary General Meeting. No dividend is paid for ASSA ABLOY AB's holding of own shares, whose exact number is determined on the record date for payment of the dividend. At the time of the notice to the Extraordinary General Meeting ASSA ABLOY AB's holding of own shares totaled 1,800,000 Series B shares.

Following distribution of the dividend, the company's and the Group's equity-debt ratio, based on the conditions as of 30 September 2020, will amount to 35.9 percent and 46.8 percent, respectively. The company's and the Group's equity-debt ratio is thereby good in relation to the industry. The Board considers that the company and the Group are in a position to meet future business risks and withstand possible losses. The dividend payment will not have negative effects on the company's or the Group's ability to make further investments, as planned by the Board.

The proposed dividend payment will not have negative effects on the company's or the Group's ability to meet current payment liabilities. The company and the Group have good access to short as well as long-term credit facilities, which can be utilized with short notice. Hence, the assessment of the Board is that the company and the Group are well prepared to manage changes in liquidity as well as unforeseen events.

In addition to the above, the Board has taken into account other known circumstances that might be of importance in relation to the financial position of the company and the Group. With reference to the above, and to what has otherwise come to the knowledge of the Board, the Board is of the opinion that the proposed dividend payment is justified according to the provisions of Chapter 17, Section 3, Paragraphs 2 and 3 of the Swedish Companies Act.

Events of significant importance to the company's position that occurred after the Annual Report was submitted, on 16 March 2020, are presented in a separate report in accordance with Chapter 18, Section 6 of the Swedish Companies Act, which is provided prior to the Extraordinary General Meeting together with an auditor's opinion on the report.

Stockholm in October 2020
The Board of Directors
ASSA ABLOY AB (publ)