The ASSA ABLOY Group is the global leader in access solutions. Every day we help people feel safe, secure and experience a more open world.

ASSA ABLOY

Q2 interim report 2023

Experience a safer and more open world

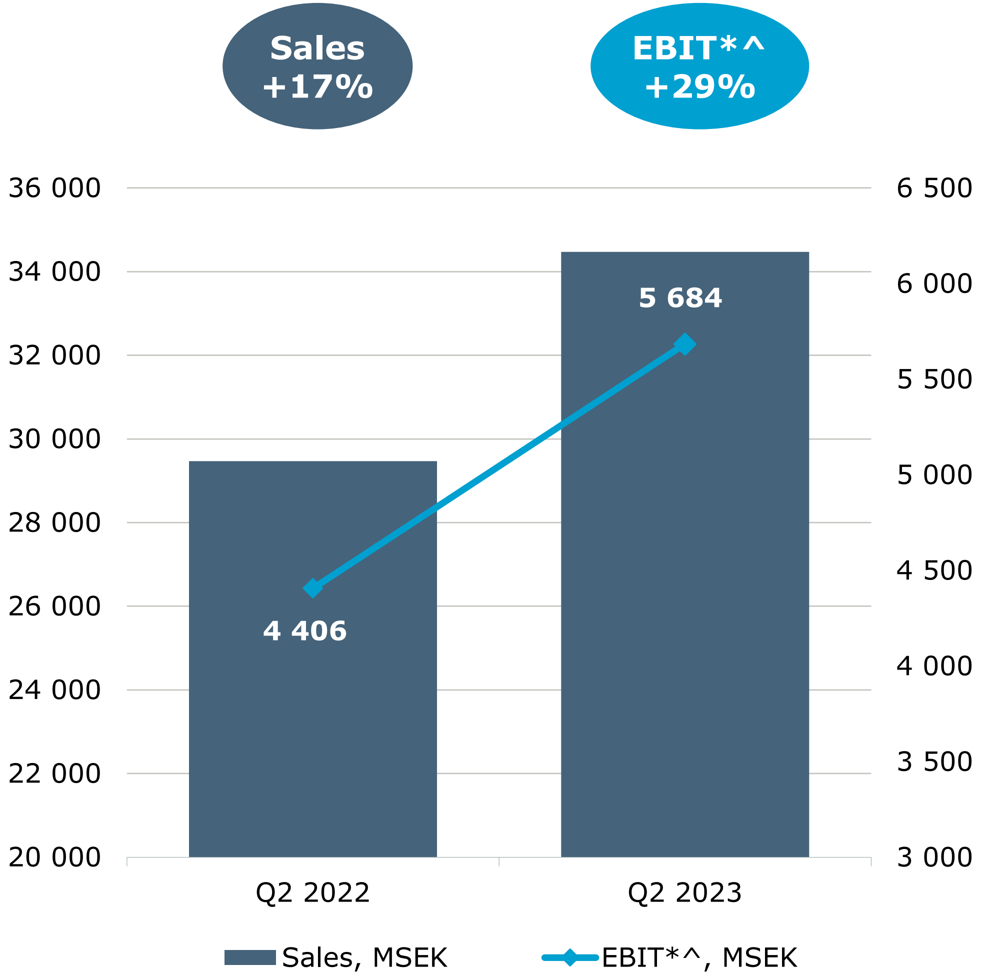
Strong performance in Q2

- **Organic sales development**
  - Very strong sales growth in Global Technologies
  - Good sales growth in Americas
  - Stable sales in Entrance Systems
  - Sales decline in APAC and EMEIA
- **Record EBIT and strong margin improvement**
- **Record operating cash flow**
- **Consolidation of HHI**
  - Divestment gain from Emtek and Smart Residential in the US and Canada
- **One off costs in Global Technologies**
  - Impairment of goodwill and intangible assets

Q2 2023 figures in summary

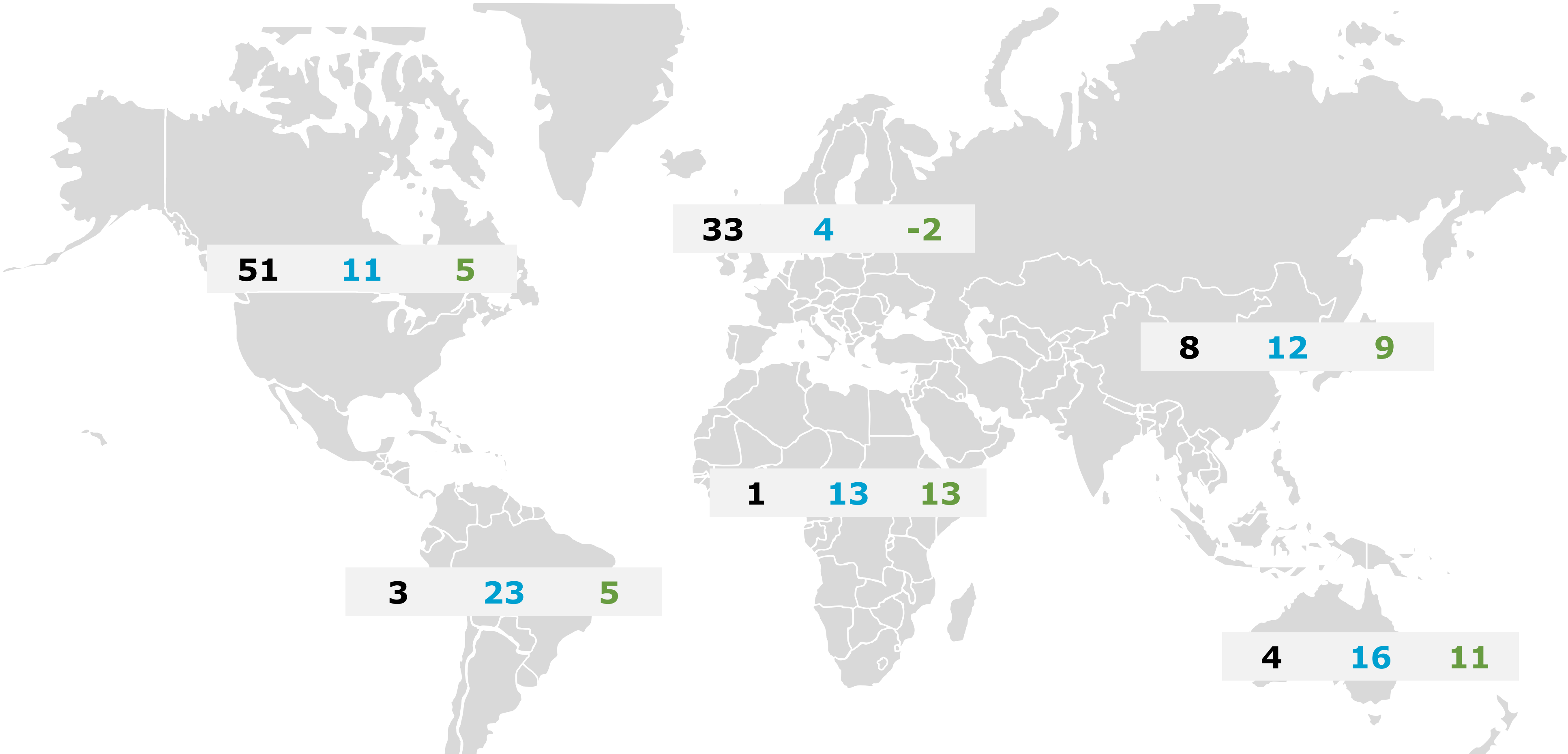
- **Sales MSEK 34,474 +17%**
  - +3% organic
  - +6% acquired and divested
  - +8% currency
- **EBITA-margin*^ 17.3% (15.5%)**
- **EBIT-margin*^ 16.7% (15.0%)**
- **EBIT*^ MSEK 5,684 +29%**
- **EPS* SEK 3.36 +18%**

*Excluding impairment of goodwill and intangible assets in Global Technologies of MSEK 2,268 and the divestment gain of Emtek and Smart Residential business in the US and Canada of MSEK 3,661
^Excluding HHI and divestment of Emtek/US Smart Residential in 2023



Sales by region Apr-Jun 2023

ASSA ABLOY	**100**	9	3
Emerging markets	**14**	10	3



Share of sales, %

Change in local currencies QTD 2023 vs. QTD 2022, %

Organic change QTD 2023 vs. QTD 2022, %

Emerging markets follows IMF's definition as per 2018-12-31

Q2 2023 Market highlights

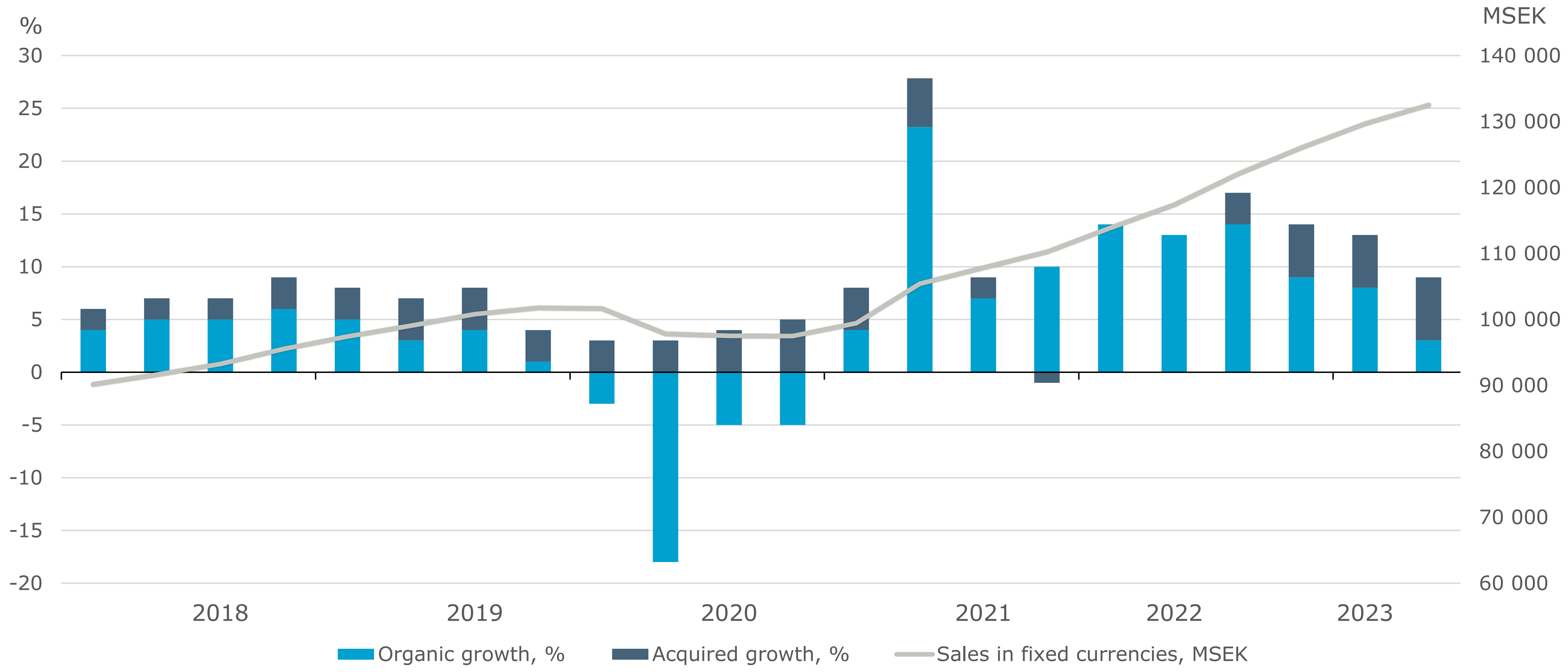
Project wins

- Service contracts won for 5,000 pedestrian doors and 500 trailer restraints at a retailer in North-America
- Significant mobile credential wins
  - A leading Cruise Line company to invest in locking systems with mobile key capabilities
  - Significant physical access control deployment to major financial firm that includes 6,000 HID Signo Readers with Employee Badge in Apple Wallet capability

Awards and product launches

- Yale launched first facial recognition lock in India
- Launch of IoT-enabled dock levelers to increase operability and safety
- DoorBird’s IP video indoor station won the 'Building Technology' iF Design Award

FX adjusted sales growth



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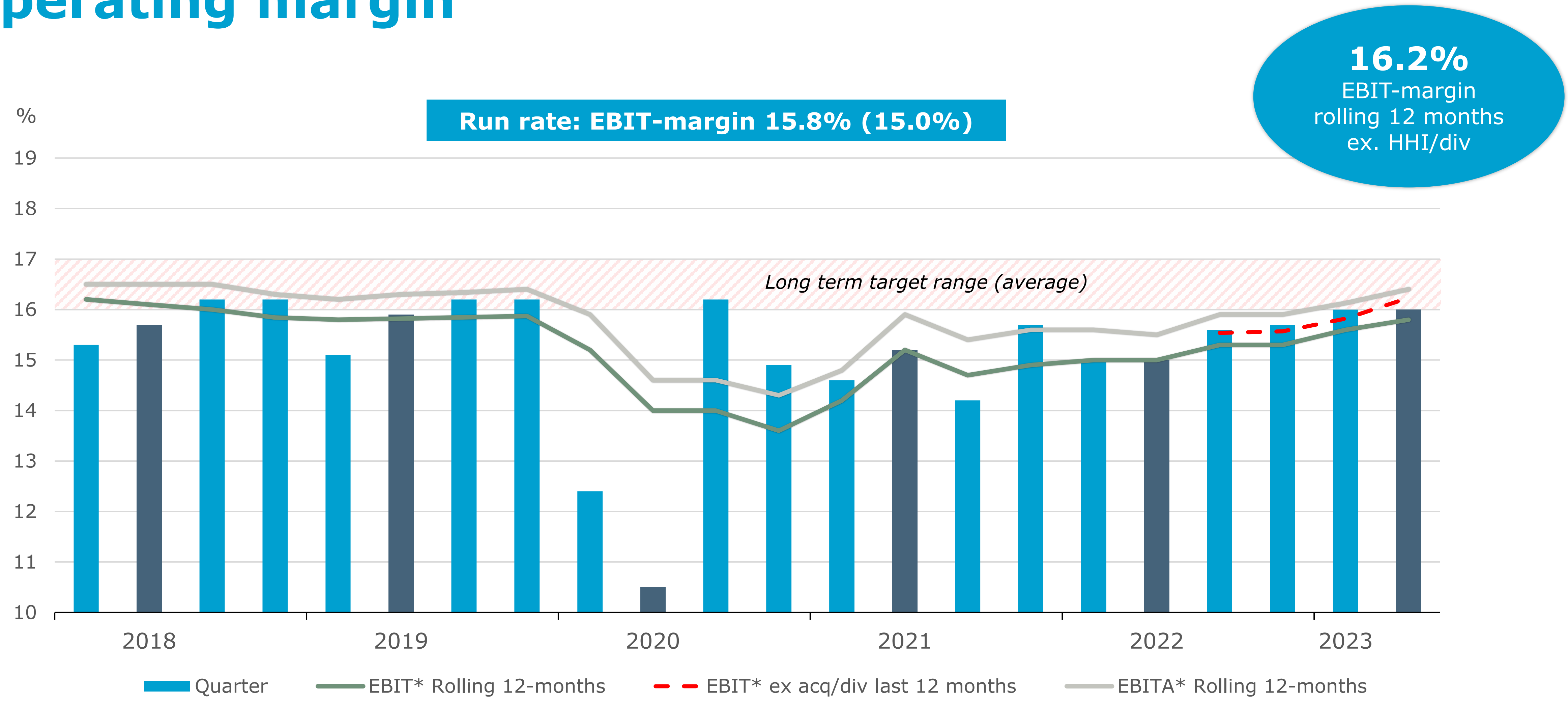
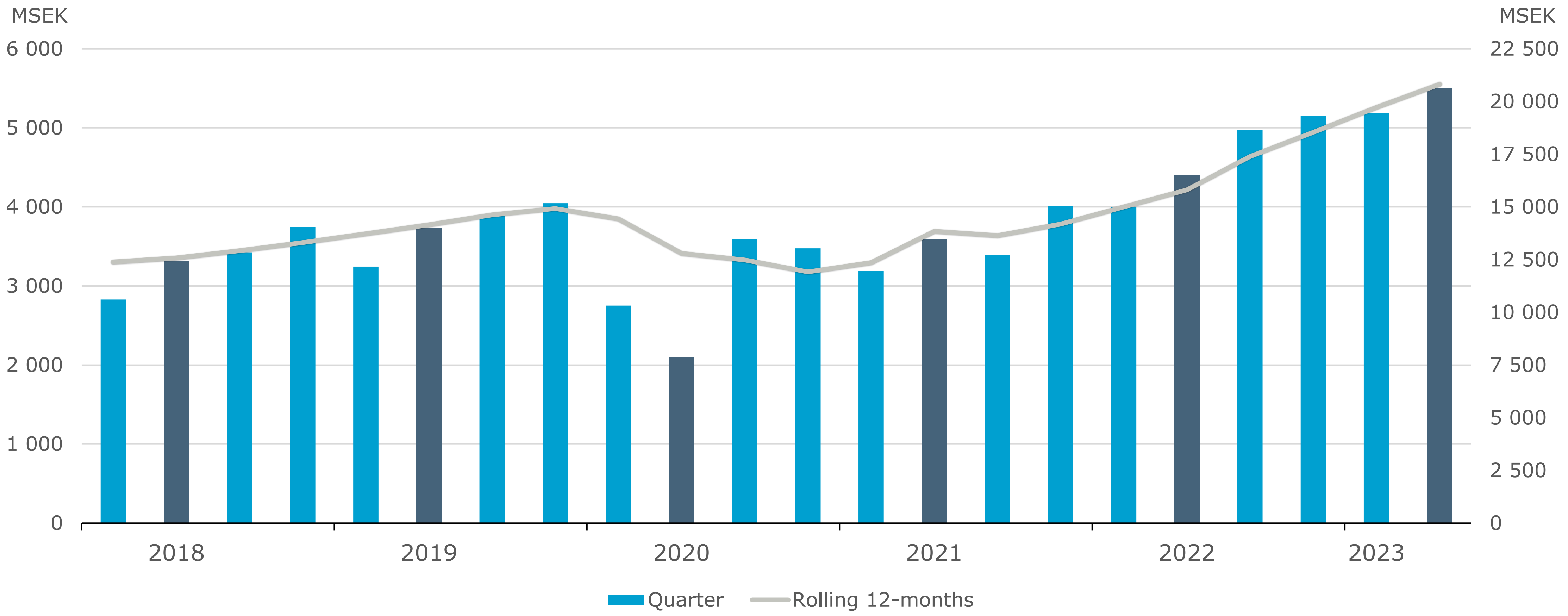
Operating margin



*) Operating margin before amortization of intangible assets recognized in business combinations.

Excluding items affecting comparability

Operating profit



Excluding items affecting comparability

Acquisitions

- **Active pipeline**
  - 4 acquisitions signed in Q2
  - 8 acquisitions signed in H1
  - Representing annualized sales of SEK 17 bn

guard RFID

Connexient

ALEXANDER & WILKS
Britain's Finest Ironmongery

Take Control of your jobsite.
CrewSight

SOUTHWEST ENTRANCES, INC.

MOTTURA
safeguarding your security

Iberon

Hardware & Home Improvement

Welcome HHI!


ASSA ABLOY
Hardware &
Home Improvement


BIENVENIDOS


DAY 1
ASSA ABLOY HHI
亚萨合莱首日庆
XIAMEN


HHI SUBIC

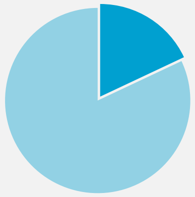

ASSA ABLOY


Let's Celebrate!!
We are now
ASSA ABLOY
Kwikset Denison Division

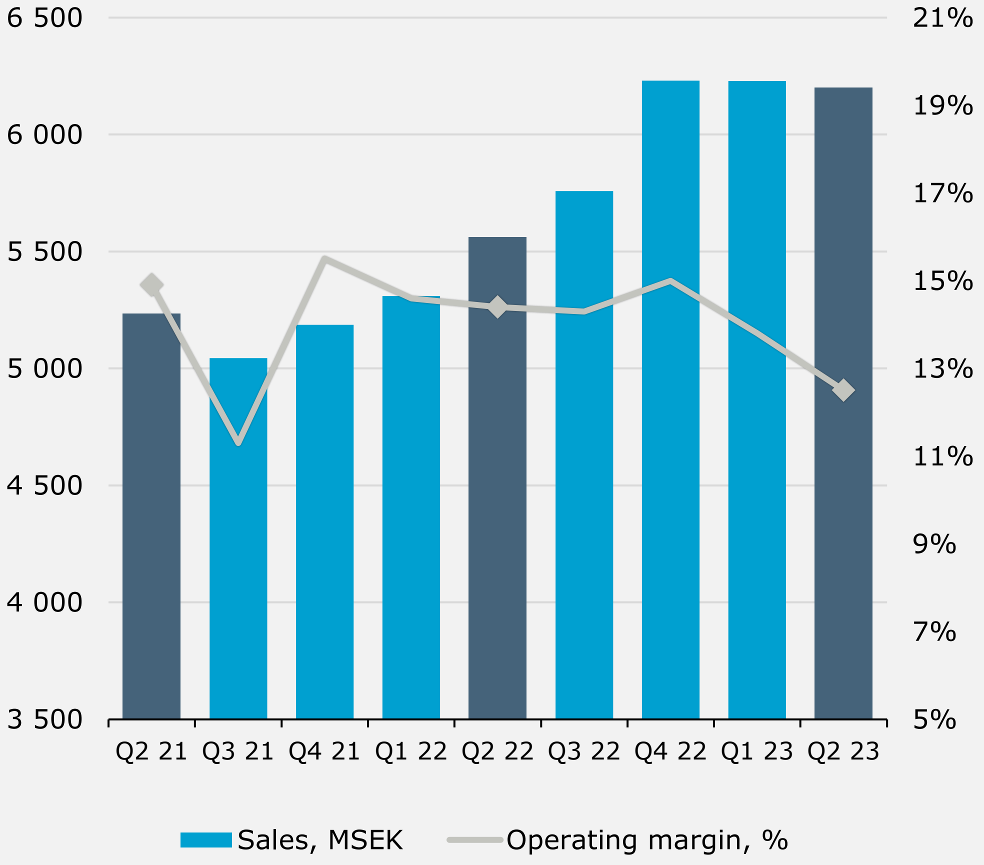

BIENVENIDOS
ASSA ABLOY


HHI SUBIC
WELCOMES
ASSA ABLOY

Opening Solutions EMEIA



- **Organic sales -5%**
  - Strong growth in Middle East/India/Africa
  - Sales decline in South Europe, Central Europe, UK/Ireland and significant sales decline in the Nordics
- **Operating margin 12.5% (14.4%)**
  - Strong operating leverage driven by lower material costs and short-term cost measures partly offsetting the sales decline and negative mix
  - FX -50bps
    - Weak SEK
  - M&A -20bps



Excluding MFP restructuring items.

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Opening Solutions Americas

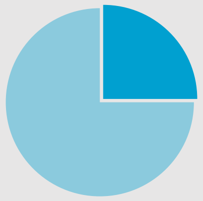
- **Organic sales +4%**
  - Very strong sales growth in US Residential, Access & High Security and Canada
  - Good growth in Architectural Hardware and Security Doors
  - Stable growth in Electromechanical Solutions and Latin America

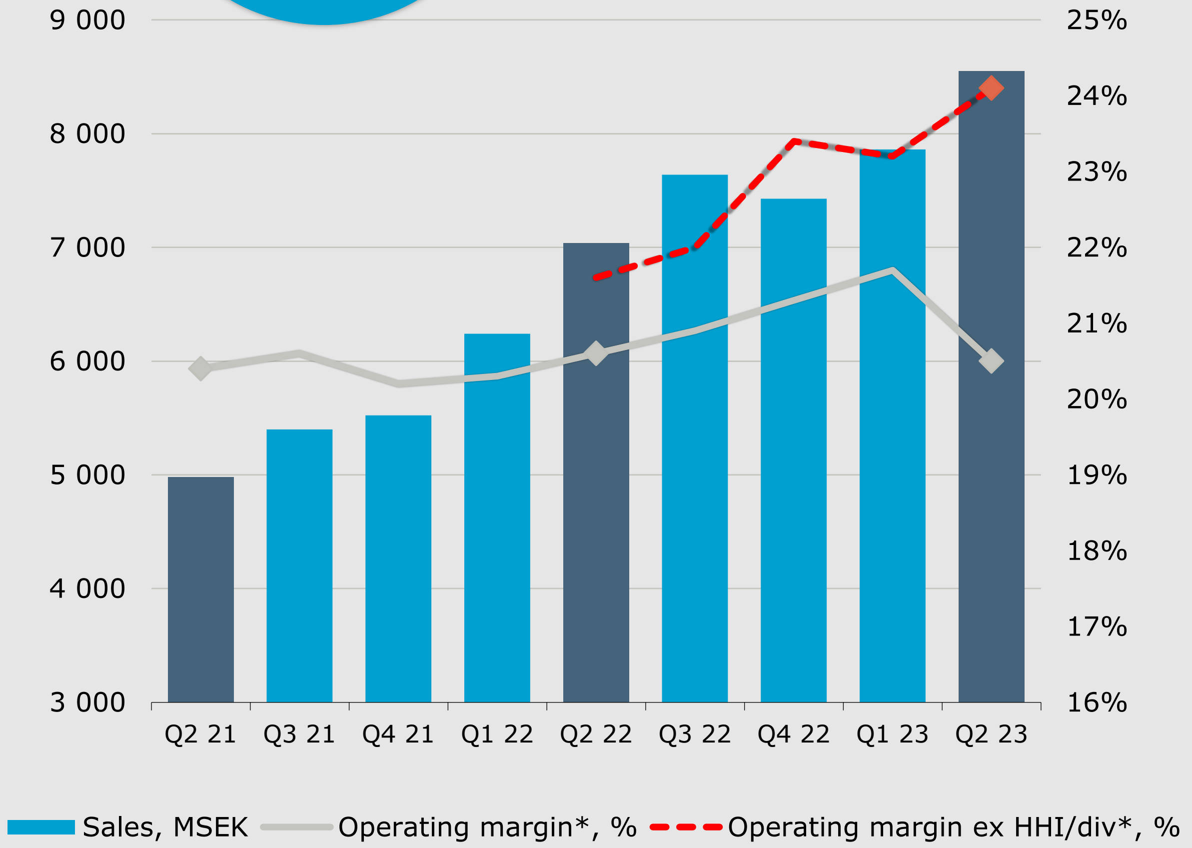
- **Operating margin 20.5%* (20.6%)**
  - Very strong operating leverage driven by significantly lower material costs, strong price realization and operational efficiencies
  - FX +10 bps
  - M&A -250 bps

- **New organisation**

24.1%
Q2 operating margin excl. HHI/div

25% of Group sales





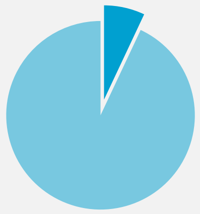
* Excluding MFP restructuring items and in Q2 2023 divestment gain from Emtek/US Smart Residential

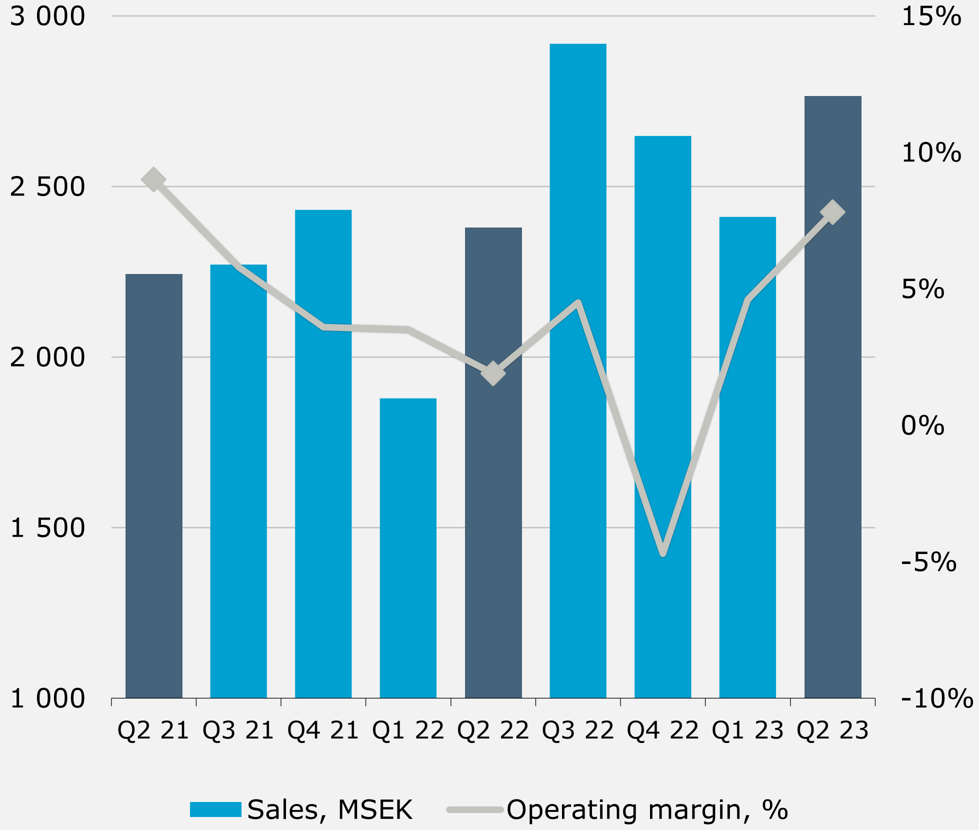
Opening Solutions Asia Pacific

- **Organic sales -2%**
  - Very strong sales growth in South-East Asia
  - Stable sales in South Korea
  - Sales decline in Pacific and China

- **Operating margin 7.8% (1.9%)**
  - Very strong operating leverage due to lower material cost, cost efficiencies and no significant Covid-19 related inefficiencies
  - FX +100bps
    - Strong AUD and USD
  - M&A +70bps
    - D&D Technologies

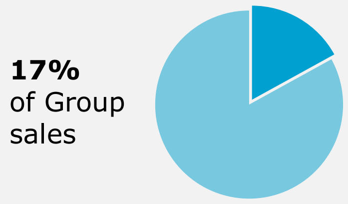
7%
of Group sales



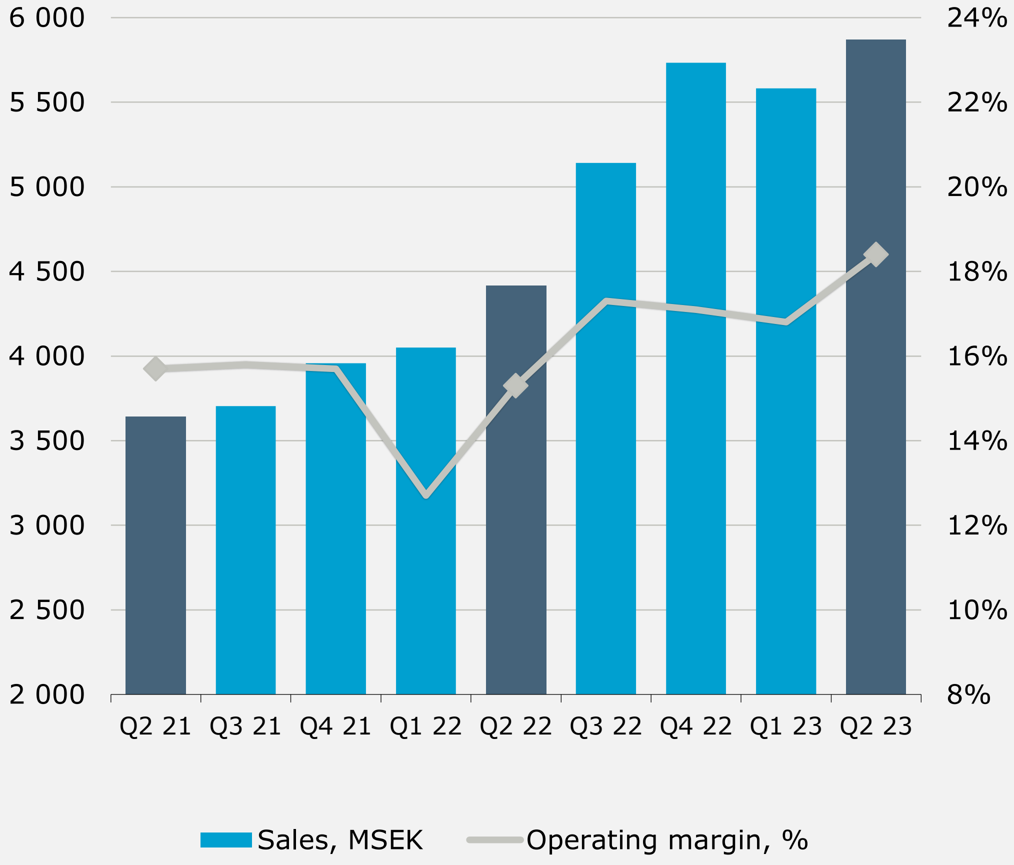


Excluding MFP restructuring items.

Global Technologies



- **Organic sales +20%**
  - Very strong sales growth in Physical Access Control
  - Strong sales growth in Extended Access, Citizen ID and Identity & Access Solutions
  - Good growth in Identification Technology
  - Significant sales decline in Secure Issuance
  - Very strong sales growth in Global Solutions
- **Operating margin 18.4%* (15.3%)**
  - Strong operating leverage driven by lower material costs, positive product mix, volume and price
  - FX +70bps
    - Strong USD
  - M&A -60bps
- **Impairment of goodwill and intangible assets**



* Excluding MFP restructuring items and in Q2 2023 impairment of goodwill and intangible assets

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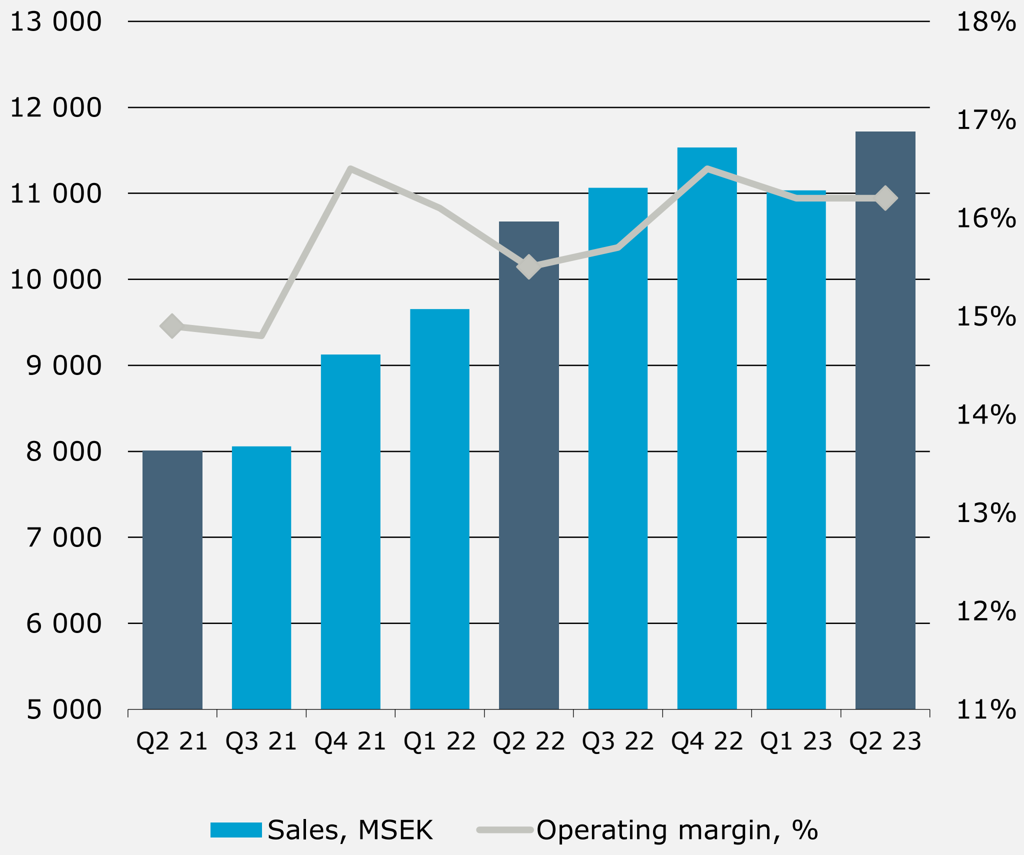
Entrance Systems

- **Stable organic sales**
  - Strong sales growth in Pedestrian and Industrial
  - Sales decline in Perimeter Security and significant sales decline in Residential
  - Strong growth in service
- **Operating margin 16.2% (15.5%)**
  - Very strong operating leverage due to significantly lower material costs, operational efficiencies and price realization
  - FX -20bps
  - M&A -10bps



Excluding MFP restructuring items.

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Financial summary

FX & acquisition 'run-rate' effects in Q3 2023 (30 June 2023):
SALES
FX: 5%
M&A: 11%

	April-June*			January-June*		
	2022	**2023**		**2022**	**2023**	
Sales	**29,466**	**34,474**	**17%**	**56,057**	**66,865**	**19%**
- Organic growth	3,324	897	3%	6,610	3,115	5%
- Acquired net growth	-16	2,002	6%	-68	3,346	6%
- FX-differences	2,510	2,109	8%	4,061	4,346	8%
Operating income (EBIT)	**4,406**	**5,500**	**25%**	**8,407**	**10,686**	**27%**
EBITA-margin	15.5%	16.6%	+1.1 pts	15.5%	16.6%	+1.1 pts
EBIT-margin	15.0%	16.0%	+1.0 pts	15.0%	16.0%	+1.0 pts
Income before tax	4,208	5,054	20%	8,019	9,898	23%
Net income	3,156	3,731	18%	6,015	7,423	23%
EPS, SEK	**2.84**	**3.36**	**18%**	**5.41**	**6.68**	**23%**
Operating cash flow	**3,787**	**6,671**	**76%**	**4,699**	**10,741**	**129%**
ROCE (12 months)				**16.0%**	**17.2%**	**1.2 pts**

*) Excluding MFP restructuring items and in Q2 2023 impairment of goodwill and intangible assets in Global Technologies and the divestment gain of Emtek and Smart Residential business in the US and Canada.

Bridge analysis – Q2 2023

MSEK	Q2 2022	Organic	Currency	Acq/div	Q2 2023 ex HHI/div	HHI/div	Q2 2023
Growth	25%	3%	8%	5%	15%	2%	17%
Sales	29,466	897	2,109	1,503	33,975	499	34,474
Operating profit*	4,406	677	355	247	5,684	-184	5,500
Operating margin, %*	15.0%	75.5%	16.8%	16.4%	16.7%	-36.9%	16.0%
Dilution/accretion		**1.6 pts**	**0.2 pts**	**0.0 pts**		**-0.7 pts**	

*) Excluding impairment of goodwill and intangible assets in Global Technologies and the divestment gain of Emtek and Smart Residential business in the US and Canada

Sales drivers

- Price +4% and volume -1%

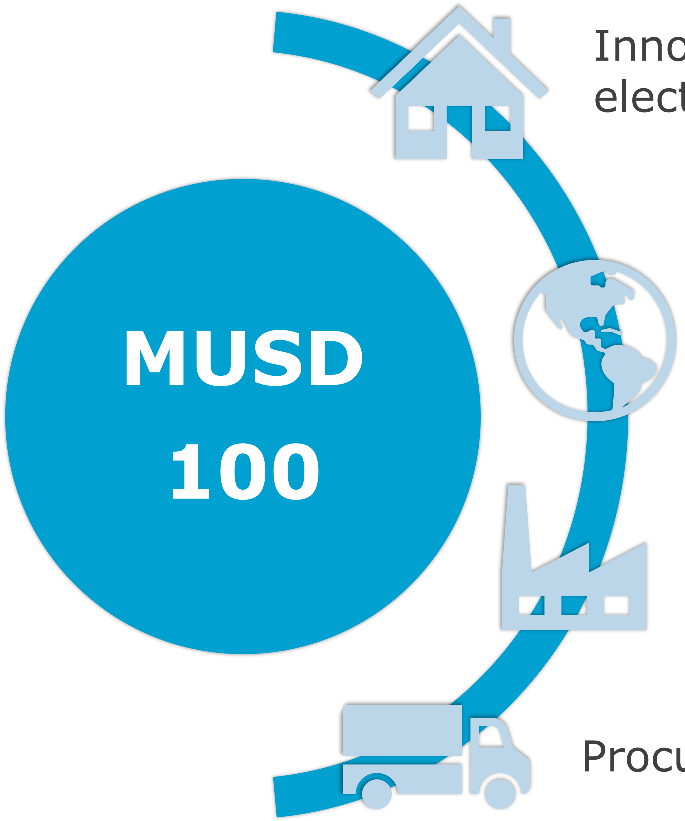
Margin drivers

- Operating leverage – very strong organic leverage driven by lower material costs, price realization and efficiency measures
- Currency – positive margin effect from stronger USD
- M&A – negative effect from acquisition costs and consolidation of HHI and divestments of Emtek/U.S. Smart Residential

Financial summary: HHI

- January-June 2023 (standalone proforma)
  - Sales of MUSD ~750 and an EBITDA-margin of 12%
- Financial effects
  - Dilutive effect on margin from HHI ~70bps and divestments ~20bps
  - Negative effect on EPS in 2023, accretive in 2024
- Tax benefits (cash) of MUSD 50-60 per year for 15 years
- Group exposure to residential now 1/3

Synergies to be realized with HHI



Innovate and expand the mechanical and electromechanical offering

Leverage strong brands internationally

Leverage manufacturing footprint

Procurement and logistics efficiencies

Cost breakdown as % of sales – Q2 2023

%	QTD 2022	QTD 2023 excl. acq/div	Δ	QTD 2023
Direct material	-37.2%	-34.6%	+2.6 pts	-35.2%
Conversion cost	-23.3%	-23.7%	-0.4 pts	-23.5%
Gross margin	39.5%	41.7%	+2.2 pts	41.3%
S, G & A	-24.5%	-25.0%	-0.5 pts	-25.3%
EBIT*	15.0%	16.7%	+1.7 pts	16.0%

*) Excluding impairment of goodwill and intangible assets in Global Technologies and the divestment gain of Emtek and Smart Residential business in the US and Canada.

- Direct material – significant positive mix effect (~160 bps), lower material and logistics costs
- Conversion cost – lower volumes and higher wage costs partly offset by operating efficiencies (MFP and other cost measures)
- S, G & A – inflation and R&D-investments partly offset by operating efficiencies

Cost actions 2023

- **MFP**
  - Prioritized MFP projects with fast pay-back time
  - MSEK 400 in savings and 625 headcount reduction YTD

MFP savings in 2023
MSEK ~800

- **Short-term cost measures (excl. MFP)**
  - Reduced indirect spend
    - Travelling
    - Marketing
    - External services
  - Limited overtime/working hours
  - Redundancies
  - Mainly in EMEIA and Entrance Systems in Europe

Cost impact
MSEK ~900

Headcount impact
~600

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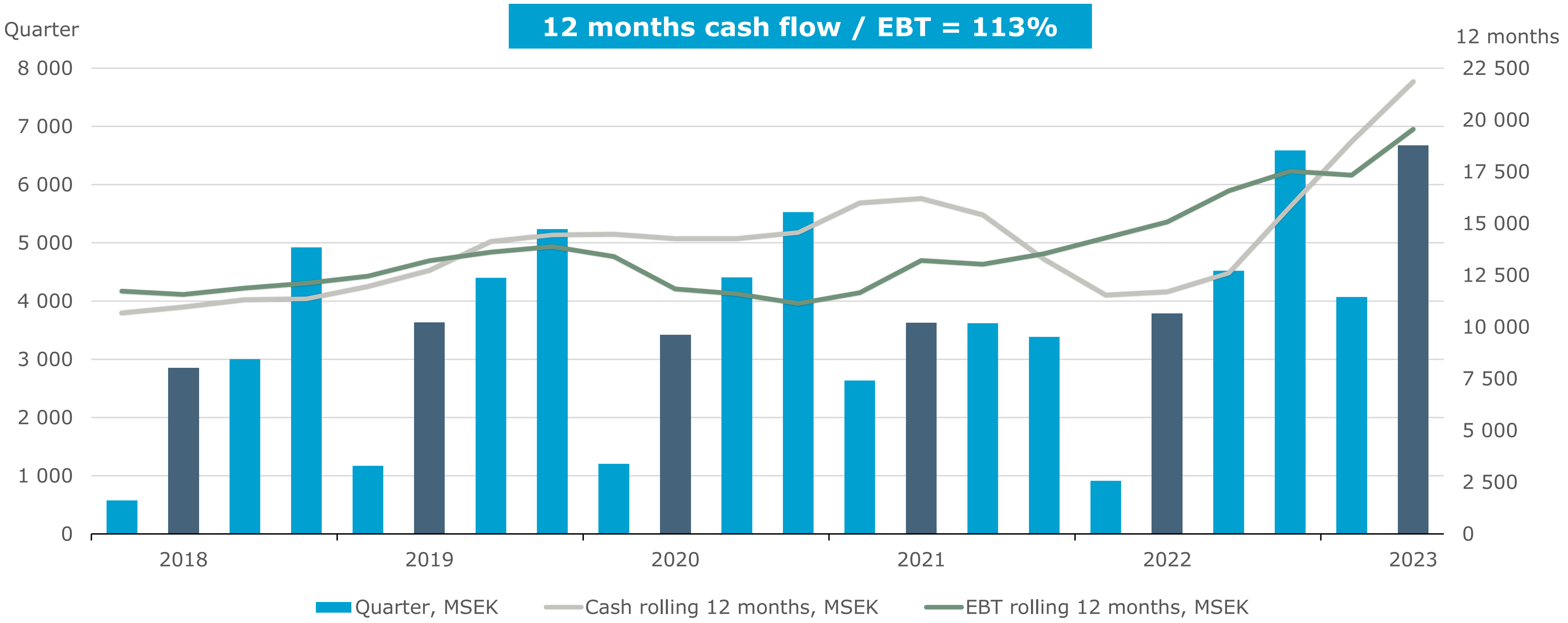
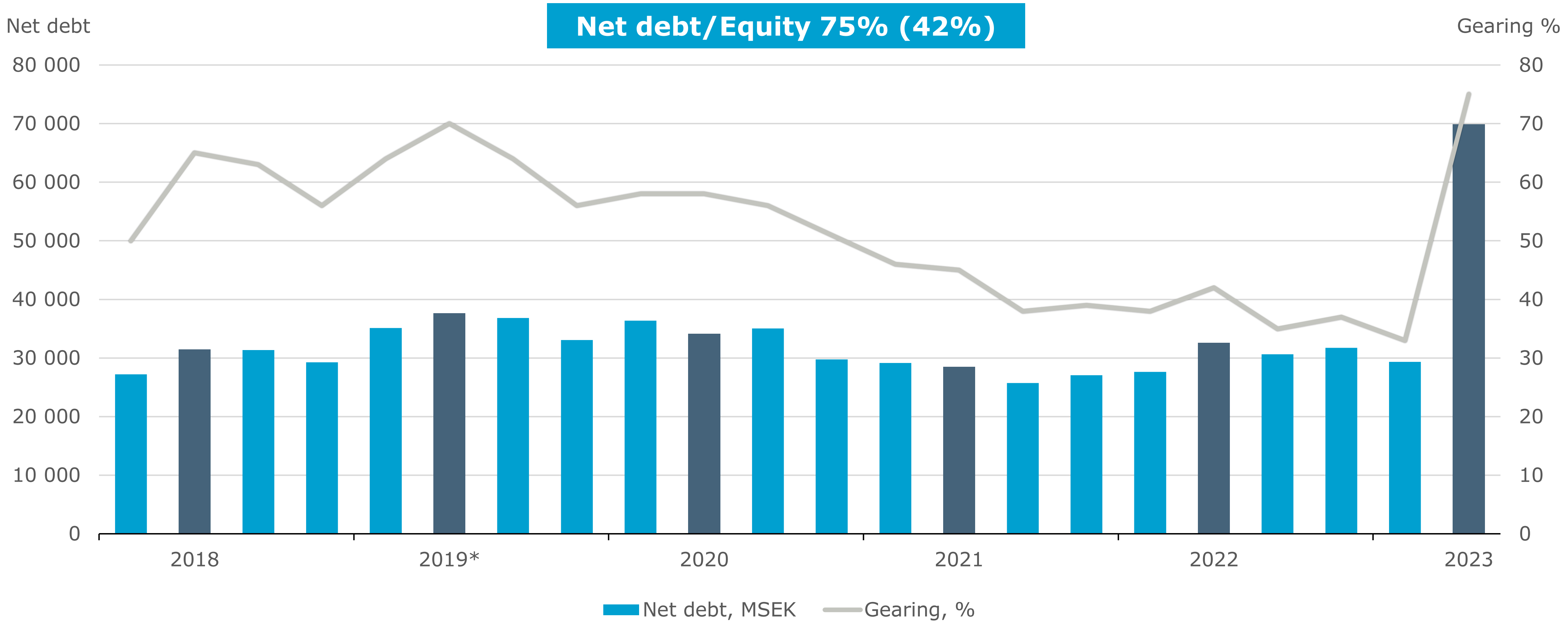
Operating cash flow, MSEK



Excluding MFP restructuring items.

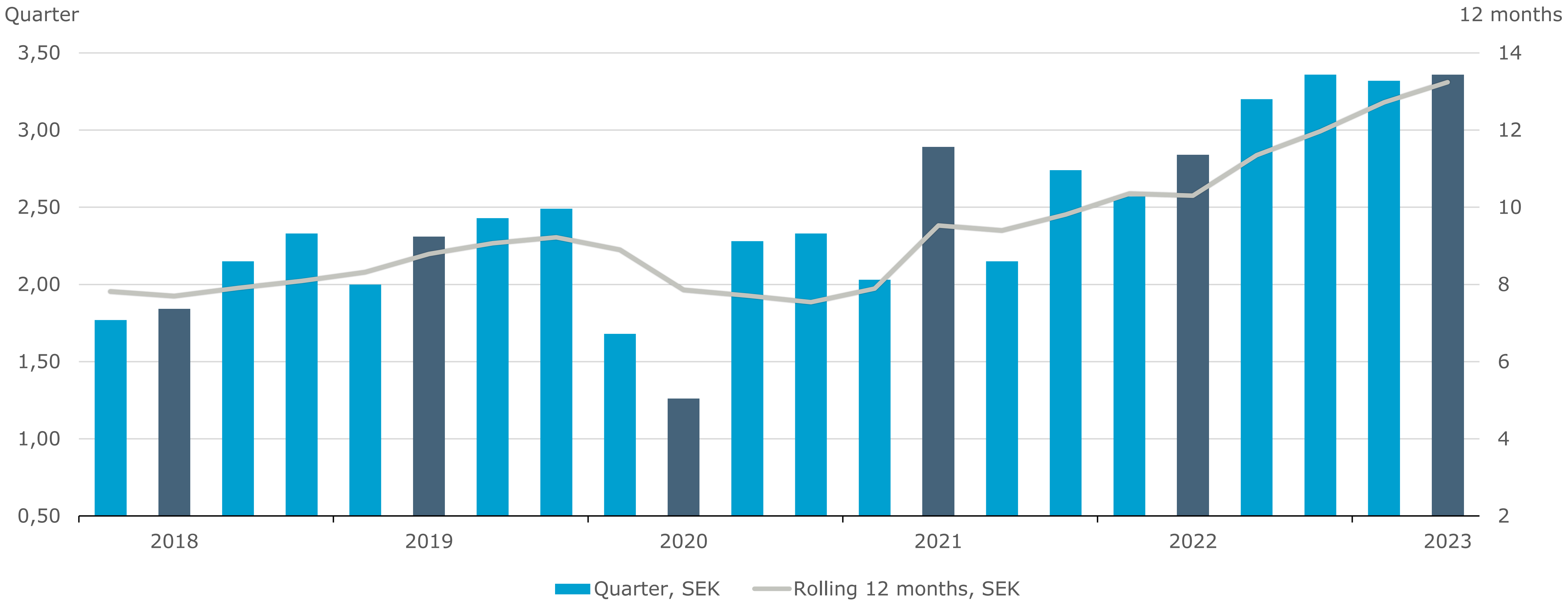
Gearing % and net debt, MSEK

Net debt/EBITDA**
2.8 (1.7)



*) IFRS 16 effect on net debt SEK 3.7 bn.
**) Excluding MFP restructuring items.

Earnings per share, SEK



Excluding restructuring items, impairment of intangible assets in China and Global Technologies, a positive revaluation of fair assets in agta record associates and divestment gain from Emtek/Smart residential in USA/Canada

Conclusions

- **Good sales growth**
  - Organic sales up 3%
  - Net acquired growth of 6%
- **Record EBIT and strong margin improvement**
- **Record cash flow**
- **HHI consolidated**
- **Global Technologies impairment**
- **Uncertain economic climate**
  - Short-term cost measures mainly in Europe
  - MFP accelerated

Q&A

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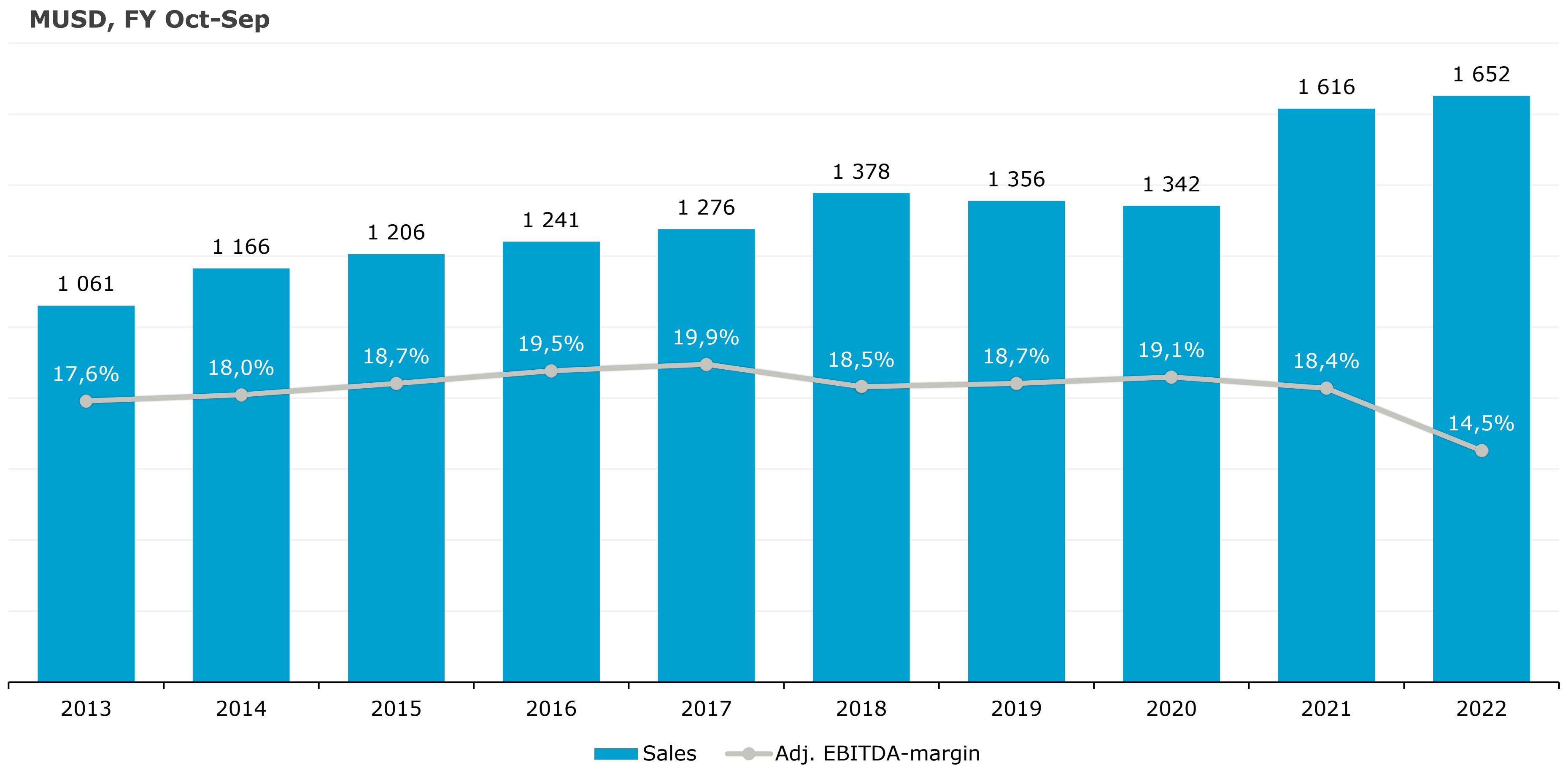
Appendix

HHI sales and adj. EBITDA-margin



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Cost breakdown as % of sales

%	QTD 2022	QTD 2023 excl. acquisitions	Δ	QTD 2023	YTD 2022	YTD 2023 excl. acquisitions	Δ	YTD 2023
Direct material	-37.2%	-34.6%	+2.6 pts	-35.2%	-36.9%	-34.7%	+2.2 pts	-35.2%
Conversion cost	-23.3%	-23.7%	-0.4 pts	-23.5%	-23.7%	-23.6%	+0.1 pts	-23.5%
Gross margin	39.5%	41.7%	+2.2 pts	41.3%	39.4%	41.7%	+2.3 pts	*41.3%*
S, G & A	-24.5%	-25.0%	-0.5 pts	-25.3%	-24.4%	-25.1%	-0.7 pts	-25.3%
EBIT	15.0%	16.7%	+1.7 pts	16.0%	15.0%	16.6%	+1.6 pts	16.0%

*) Excluding MFP restructuring items, impairment of goodwill and intangible assets in Global Technologies and the divestment gain of Emtek and Smart Residential business in the US and Canada.

Opening Solutions EMEIA's bridge

MSEK	Q2 2022	Organic	Currency	Acq/Div	Q2 2023
Growth	6%	-5%	7%	10%	12%
Sales	5,561	-270	335	577	6,202
Operating income*	801	-108	23	60	777
Operating margin, %*	14.4%	40.2%	7.0%	10.5%	12.5%
Dilution/accretion		-1.2 pts	-0.5 pts	-0.2 pts	

12 months figures					
Sales	21,100				24,420
EBIT*	2,956				3,392
Operating cash flow before paid interest	2,387				3,358
Cash flow/EBIT*	81%				99%

*) Excluding MFP restructuring items.

Opening Solutions Americas' bridge

MSEK	Q2 2022	Organic	Currency	Acq/Div	Q2 2023
Growth	41%	4%	10%	8%	22%
Sales	7,036	300	599	614	8,549
Operating income*	1,451	249	129	-74	1,755
Operating margin, %*	20.6%	83.1%	21.5%	-12.1%	20.5%
Dilution/accretion		2.3 pts	0.1 pts	-2.5 pts	

12 months figures					
Sales	24,199				31,477
EBIT*	4,944				6,645
Operating cash flow before paid interest	3,581				6,775
Cash flow/EBIT*	72%				102%

* Excluding MFP restructuring items and divestment gain from Emtek/Smart residential in USA/Canada

Opening Solutions Asia Pacific's bridge

MSEK	Q2 2022	Organic	Currency	Acq/Div	Q2 2023
Growth	6%	-2%	3%	15%	16%
Sales	2,379	-55	66	375	2,765
Operating income*	45	115	10	45	215
Operating margin, %*	1.9%	-211.5%	15.8%	12.0%	7.8%
Dilution/accretion		4.2 pts	1 pts	0.7 pts	

12 months figures					
Sales	8,961				10,742
EBIT*	331				334
Operating cash flow before paid interest	89				691
Cash flow/EBIT*	27%				207%

*) Excluding MFP restructuring items.

Global Technologies' bridge

MSEK	Q2 2022	Organic	Currency	Acq/Div	Q2 2023
Growth	21%	20%	8%	5%	33%
Sales	4,417	930	306	215	5,869
Operating income*	677	319	78	8	1,082
Operating margin, %*	15.3%	34.3%	25.5%	3.6%	18.4%
Dilution/accretion		3 pts	0.7 pts	-0.6 pts	

12 months figures					
Sales	16,131				22,327
EBIT*	2,401				3,893
Operating cash flow before paid interest	2,644				3,957
Cash flow/EBIT*	110%				102%

*) Excluding MFP restructuring items and impairment of goodwill and intangible assets.

Entrance Systems' bridge

MSEK	Q2 2022	Organic	Currency	Acq/Div	Q2 2023
Growth	33%	0%	8%	2%	10%
Sales	10,673	-15	835	222	11,715
Operating income*	1,651	110	115	24	1,899
Operating margin, %*	15.5%	-739.1%	13.8%	10.7%	16.2%
Dilution/accretion		1 pts	-0.2 pts	-0.1 pts	

12 months figures					
Sales	37,511				45,354
EBIT*	5,902				7,327
Operating cash flow before paid interest	3,872				8,551
Cash flow/EBIT*	66%				117%

*) Excluding MFP restructuring items.

Thank you

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