

Quarterly Report Q4 2020

Full-year summary 2020

5 February 2021

ASSA ABLOY

Experience a safer and
more open world

Strong operational execution

Fourth quarter

- Net sales decreased by 7% to SEK 23,298 M (24,946), with organic growth of -5% (1) and acquired/divested net growth of 5% (3)
- EMEA and Entrance Systems reported stable organic sales development. Organic sales declined in Asia Pacific and Americas, while Global Technologies reported a significant decline
- Two divestments in Switzerland and Italy were completed. The combined annual sales of the divested companies amount to around SEK 625 M
- A new restructuring program was launched at year-end. The estimated cost amounts to SEK -1,366 M with a pay-back time of around two years
- Operating margin^{1 2} (EBIT %) excluding acquisitions and divestments was 16.1% (16.2)
- Net income^{1 2} amounted to SEK 2,582 M (2,767)
- Earnings per share^{1 2} amounted to SEK 2.33 (2.49)
- Operating cash flow amounted to SEK 5,529 M (5,235)
- The Board of Directors proposes a dividend of SEK 3.90 (3.85) per share for 2020, distributed in two equal installments.

Organic growth

-5%

Operating income^{1 2}

-14%

Earnings per share^{1 2}

-7%

Sales and income

	Fourth quarter			January-December		
	2019	2020	Δ	2019	2020	Δ
Sales, SEK M	24,946	23,298	-7%	94,029	87,649	-7%
Of which:						
Organic growth	147	-1,150	-5%	2,652	-7,150	-8%
Acquisitions and divestments	760	1,211	5%	3,063	3,328	4%
Exchange-rate effects	872	-1,709	-7%	4,265	-2,558	-3%
Operating income (EBIT)^{1 2}, SEK M	4,047	3,475	-14%	14,920	11,916	-20%
Operating margin (EBITA) ^{1 2} , %	16.8%	15.6%		16.4%	14.3%	
Operating margin (EBIT)^{1 2}, %	16.2%	14.9%		15.9%	13.6%	
Income before tax ^{1 2} , SEK M	3,779	3,306	-13%	13,883	11,133	-20%
Net income ^{1 2} , SEK M	2,767	2,582	-7%	10,243	8,375	-18%
Operating cash flow, SEK M	5,235	5,529	6%	14,442	14,560	1%
Earnings per share^{1 2}, SEK	2.49	2.33	-7%	9.22	7.54	-18%

¹ Excluding costs before income tax for restructuring programs in Q4 2020 and Q4 2019, totaling SEK -1,366 M and SEK -312 M respectively. The corresponding cost after tax is SEK -1,112 M and SEK -246 M

² Excluding non-cash operating income in Q3 2020 from revaluation at fair value of 39% ownership in agta record, totaling SEK 1,909 M for the year. The operating income has no tax impact.

Comments by the President and CEO

Strong operational execution

We are putting a year behind us that, because of the outbreak of Covid-19, changed the dynamics of many industries and changed most of our daily lives in one way or another. The pandemic resulted in the most challenging operational environment in our history, particularly in the first half of the year. In response, we have quickly adapted to the new reality, making significant adjustments to our cost base, protecting our balance sheet, while continuing to invest in innovation and growth initiatives. This led to an operating margin in the final quarter, excluding acquisitions and divestments, at target level and to a record high operating cash flow for the full year.

In the fourth quarter, our organic growth declined by 5% and negative currency effects were 7%, while acquisitions and divestments contributed a growth of 5%, resulting in a total sales decline of 7%. Sales were stable in EMEA and Entrance Systems, declined in Americas and Asia Pacific and were significantly down in Global Technologies.

Through continued cost-saving measures, we mitigated the negative effects of the newly introduced lockdowns in the fourth quarter and we achieved an operating margin of 16% excluding acquisitions and divestments. Cash flow continued to be very strong and totaled SEK 14,560 M for the full year and SEK 5,529 M in the fourth quarter.

Operational improvements

The new restrictions and lockdowns put additional pressure on some of our customer segments and continued to affect Global Technologies in particular. EMEA's sales were stable and the underlying margin improved as strong residential demand in core markets, together with cost measures, more than offset the negative effects of the restrictions. In Americas, demand was very strong in Latin America and in the US residential segment, but declined in the commercial segments in the US. The operating margin in Americas was at a high level. Sales declined in all Asia Pacific markets, but we are seeing a gradual improvement of our profitability in China. Demand for Entrance Systems continued to be stable with a strong operating margin.

Our strong cost-saving measures continued and we realized net cost reductions of SEK 0.5 bn in the quarter, including effects from our new restructuring program, MFP8. The restructuring cost of the program amounted to almost SEK 1.4 bn and it will generate annual savings of around SEK 1 bn once fully implemented.

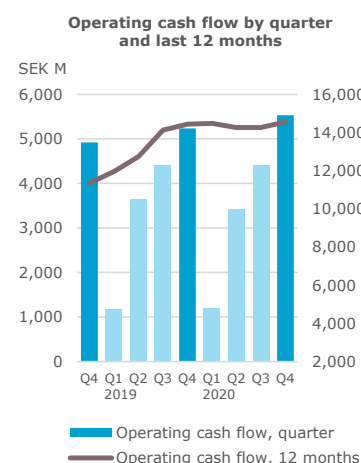
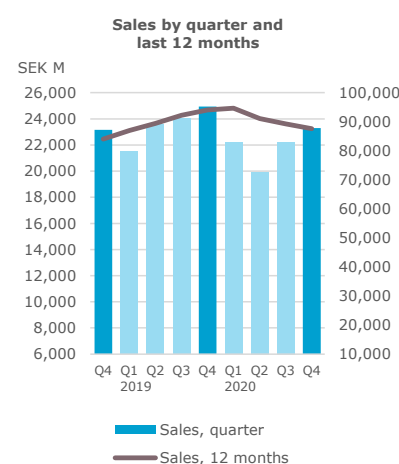
The outbreak of the Covid-19 pandemic led to a much weaker and volatile demand in 2020. As the vaccine program is rolled out, we expect restrictions to be gradually phased out, trust and mobility to return and demand in general to improve.

I am pleased that ASSA ABLOY continues to stand on very solid ground. Thanks to the significant efforts of our employees, I am confident that we will come out of the pandemic as a strong Group, well positioned to continue to lead the access-solutions industry. I look forward to seeing our new products being taken up by our customers and exceeding their expectations.

Stockholm, 5 February 2021



Nico Delvaux
President and CEO



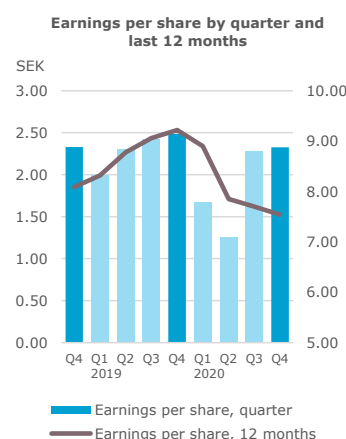
Fourth quarter

The Group's sales decreased by 7% to SEK 23,298 M (24,946). Organic growth amounted to -5% (1). Growth from acquisitions and divestments was 5% (3), of which 6% (3) were acquisitions and -1% (0) were divestments. Exchange-rates affected sales by -7% (4).

The Group's operating income^{3 4} (EBIT) amounted to SEK 3,475 M (4,047) a decrease of 14%. The corresponding operating margin was 14.9% (16.2). Exchange-rates had an impact of SEK -321 M (137) on EBIT. Operating income before amortizations from acquisitions^{3 4} (EBITA) amounted to SEK 3,634 M (4,188). The corresponding EBITA margin was 15.6% (16.8).

Net financial items amounted to SEK -169 M (-268). The Group's income before tax^{3 4} was SEK 3,306 M (3,779), a decrease of 13% compared with last year. Exchange-rates had an impact of SEK -317 M (126) on income before tax. The profit margin^{3 4} was 14.2% (15.1).

Earnings per share^{3 4} amounted to SEK 2.33 (2.49), a decrease of 7% compared with last year. Operating cash flow totaled SEK 5,529 M (5,235), an increase of 6% compared with last year.



Full year

The Group's sales for the full year 2020 totaled SEK 87,649 M (94,029), representing a decrease of 7%. Organic growth was -8% (3). Growth from acquisitions and divestments was 4% (3), of which 4% (3) were acquisitions and 0% (0) were divestments. Exchange-rate effects affected sales by -3% (6).

The Group's operating income^{3 4} (EBIT) in 2020 amounted to SEK 11,916 M (14,920), a decrease of 20% compared with last year. The corresponding operating margin was 13.6% (15.9). Operating income before amortizations from acquisitions^{3 4} (EBITA) in 2020 amounted to SEK 12,490 M (15,402). The corresponding EBITA margin was 14.3% (16.4).

The effective tax rate^{3 4} was 24.8% (26.2). Earnings per share^{3 4} in 2020 amounted to SEK 7.54 (9.22), a decrease of 18% compared with last year. Operating cash flow totaled SEK 14,560 M (14,442), an increase of 1% compared with last year.

Restructuring measures

A new restructuring program was launched at year-end 2020. The closures of 10 factories and more than 30 offices are expected to take place over a period of two years. The estimated cost of the restructuring program is SEK -1,366 M, with an expected payback time (inclusive of investments) of around two years.

Payments related to all restructuring programs amounted to SEK 337 M (261) during the quarter. The restructuring programs proceeded according to plan and led to a personnel reduction of 708 Full-Time Equivalents for the quarter and 2,135 for the full year. At the end of the quarter provisions of SEK 1,224 M remained in the balance sheet for carrying out the programs.

³ Excluding costs before income tax for restructuring programs in Q4 2020 and Q4 2019, totaling SEK -1,366 M and SEK -312 M respectively. The corresponding cost after tax is SEK -1,112 M and SEK -246 M

⁴ Excluding non-cash operating income in Q3 2020 from revaluation at fair value of 39% ownership in agta record, totaling SEK 1,909 M for the year. The operating income has no tax impact.

Organization

Martin Poxton has been appointed Executive Vice President, member of the Group Executive Team in ASSA ABLOY, and Head of the business unit ASSA ABLOY Opening Solutions Greater China and South East Asia within Asia Pacific division with effect from January 1, 2021. Martin, previously VP Operations for Asia Pacific division, joined ASSA ABLOY in 2017.

Simon Ellis has been appointed Executive Vice President, member of the Group Executive Team in ASSA ABLOY, and Head of the business unit ASSA ABLOY Opening Solutions Pacific and North East Asia within Asia Pacific division with effect from January 1, 2021. Simon, previously Head of Pacific region and Japan in Asia Pacific division, joined ASSA ABLOY in 1999.

The Head of Asia Pacific division, Anders Maltesen, will leave ASSA ABLOY during the first half of 2021. He will be replaced by Nico Delvaux, the President and CEO of the ASSA ABLOY Group, as the head of the Asia Pacific Division.

Comments by division

Opening Solutions EMEA

Sales for the quarter in EMEA totaled SEK 5,242 M (5,525), with organic growth of -1% (1). Sales growth was strong in the UK and France, and stable in Scandinavia and Germany. Sales declined in Benelux, Eastern Europe, Middle East/Africa and South Europe. Net sales growth from acquisitions, divestments and internal segment transfers was 0%. Operating income excluding items affecting comparability totaled SEK 670 M (884), which represents an operating margin (EBIT) of 12.8% (16.0). In the quarter Gardesa, a residential door business in Italy, was divested with a capital loss and related exit costs amounting to SEK -185 M. Return on capital employed amounted to 14.8% (18.0). Operating cash flow before non-cash items and interest paid totaled SEK 1,368 M (1,729).

Opening Solutions Americas

Sales for the quarter in Americas totaled SEK 4,567 M (5,900), with organic growth of -4% (5). Sales growth was very strong in US Residential, US Smart Residential and in Latin America. Sales declined in the USA for Architectural Hardware, Electromechanical Solutions, Security Doors and in Canada, while sales for Access & High Security declined significantly. Net sales growth from acquisitions and internal segment transfers was -10%. Operating income excluding items affecting comparability totaled SEK 915 M (1,182), which represents an operating margin (EBIT) of 20.0% (20.0). Return on capital employed amounted to 26.7% (23.6). Operating cash flow before non-cash items and interest paid totaled SEK 1,578 M (1,612).

Opening Solutions Asia Pacific

Sales for the quarter in Asia Pacific totaled SEK 2,418 M (2,676), with organic growth of -5% (-10). Sales declined in Pacific, South Korea and China, and were significantly down in other regions. Net sales growth from acquisitions, divestments and internal segment transfers was 1%. Operating income excluding items affecting comparability totaled SEK 199 M (220), which represents an operating margin (EBIT) of 8.2% (8.2). Return on capital employed amounted to 9.1% (9.7). Operating cash flow before non-cash items and interest paid totaled SEK 307 M (147).

Global Technologies

Sales for the quarter in Global Technologies totaled SEK 3,545 M (4,377), with organic growth of –17% (2). Sales declined in Identity and Access Management Solutions, Secure Issuance and in Physical Access Control. Sales in all other business areas declined significantly, including Global Solutions. Net sales growth from acquisitions and divestments was 5%. Operating income excluding items affecting comparability totaled SEK 582 M (800), which represents an operating margin (EBIT) of 16.4% (18.3). Return on capital employed amounted to 10.5% (14.1). Operating cash flow before non-cash items and interest paid totaled SEK 1,069 M (1,084).

Entrance Systems

Sales for the quarter in Entrance Systems totaled SEK 7,927 M (6,893), with organic growth of –1% (0). Sales growth was strong in Perimeter Security and was stable in Residential and Industrial, but declined in Pedestrian. Net sales growth from acquisitions, divestments and internal segment transfers was 23%. Operating income excluding items affecting comparability totaled SEK 1,251 M (1,125), which represents an operating margin (EBIT) of 15.8% (16.3). Return on capital employed amounted to 15.8% (18.6). Operating cash flow before non-cash items and interest paid totaled SEK 1,350 M (1,086).

Acquisitions and divestments

Four acquisitions were consolidated during the quarter. The combined acquisition price for the businesses acquired during the year, including adjustments from prior year acquisitions, amounted to SEK 12,134 M. The acquisition price on a cash and debt free basis totaled SEK 10,572 M. In the purchase price is included SEK 3,752 M of a non-cash valuation at fair value of previously held shares in associated companies. Preliminary acquisition analyses indicate that goodwill and other intangible assets with indefinite useful life amounted to SEK 8,325 M. Estimated deferred considerations for acquisitions made during the year amounted to SEK 318 M.

On January 14 2021, it was announced that ASSA ABLOY had sold Gardesa's Italian residential-door business to Italy-based Bertolotto and was in the final stages of selling Gardesa's roller-shutter business. Gardesa is an Italian manufacturer of residential security doors and roller shutters. The company's total sales in 2020 were approximately SEK 100 M. The transaction will have a positive effect on ASSA ABLOY's operating margin going forward. The divestiture results in a capital loss and related exit costs amounting in total to approximately SEK –185 M.

On September 7 2020, it was announced that ASSA ABLOY had signed an agreement to sell its sensor technology business CEDES in Switzerland to capiton AG. CEDES is a leading sensor technology company in the door, gate and elevator industry. Sales in 2019 amounted to about SEK 525 M. The divestiture of CEDES was completed on 10 November 2020 and resulted in a small capital gain. The transaction will have a neutral effect on ASSA ABLOY's operating margin going forward.

Sustainable development

ASSA ABLOY has successfully completed its sustainability program for the period 2015-2020, where we have met or exceeded the majority of our sustainability targets. We are now launching an ambitious new sustainability program for 2025, with raised target levels for all indicators. Our new program builds on the momentum and progress gained from ASSA ABLOY's successive five-year sustainability programs since 2010. In tandem, ASSA ABLOY has committed to setting science-based targets, where our ambition is to halve our absolute emissions of greenhouse gases by 2030 and to achieve net-zero no later than 2050. Our commitment to the Science Based Targets initiative complements our new 2025 sustainability program.

The Sustainability Report for 2020, with results for the Group's 2020 targets, details of our new 2025 sustainability program and other information about sustainable development, will be available from 8 March 2021 on the company's website, www.assaabloy.com.

Parent company

Other operating income for the Parent company ASSA ABLOY AB totaled SEK 4,580 M (5,172) for the full year 2020. Operating income for the same period amounted to SEK 868 M (1,523). Investments in tangible and intangible assets totaled SEK 164 M (740). Liquidity is good and the equity ratio is 43.6% (42.1).

Dividend and Annual General meeting

An Extraordinary General Meeting held on 24 November 2020 resolved in accordance with the Board's proposal to pay a second dividend of SEK 1.85 per share for the financial year 2019. The dividend was distributed on 1 December 2020.

The Board of Directors now proposes a dividend of SEK 3.90 (3.85) per share for the 2020 financial year. In order to facilitate a more efficient cash management, the dividend is proposed to be paid in two equal installments, the first with record date 30 April 2021 and the second with record date 23 November 2021. If the proposal is adopted by the Annual General Meeting, the first installment is estimated to be paid on 5 May 2021 and the second installment on 26 November 2021.

The Annual General Meeting will be held on 28 April 2021. The Annual Report for 2020 will be available from 8 March 2021 on the company's website, www.assaabloy.com.

Accounting principles

ASSA ABLOY applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The same accounting and valuation principles as in the latest Annual Report have been applied. This Report was prepared in accordance with IAS 34 'Interim Financial Reporting' and the Annual Accounts Act. The Report for the Parent company was prepared in accordance with the Annual Accounts Act and RFR 2 'Reporting by a Legal Entity'.

ASSA ABLOY makes use of a number of financial performance measures that are not defined in the reporting rules that the company uses – so-called 'alternative performance measures'. For definitions of financial performance measures, refer to Page 19 of this Report and to the company's latest Annual Report.

To check how the financial measurements have been calculated for current and earlier periods, refer to the tabulated figures in this Quarterly Report and to the company's Annual Report. The Annual Reports for the years 1994 to 2019 appear on the company's website www.assaabloy.com.

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.

Transactions with related parties

No transactions that significantly affected the company's position and income have taken place between ASSA ABLOY and related parties.

Risks and uncertainty factors

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.

Risk-taking in itself provides opportunities for continued economic growth, but naturally 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.

The Covid-19 pandemic has had a substantial business impact on ASSA ABLOY during 2020. The continued impact of the pandemic on the business is difficult to predict due to the uncertainty of market conditions, but the health and safety of our employees remains our first priority.

For a more detailed description of particular risks and risk management, see the 2019 Annual Report.

M&A and FX guidance

The guidance below relating to two key figures is provided to facilitate financial modelling but should not be viewed as market outlooks or business performance forecasts.

Acquisitions and divestments

It is estimated that completed acquisitions and divestments, on a rolling 12-month basis as per 31 December 2020, will have an effect of 4% on sales in the first quarter of 2021 versus the same period last year, while the effect on the operating margin is estimated to be dilutive in the first quarter of 2021.

Exchange-rate effects

On the basis of the currency rates on 31 December 2020, it is estimated that the weighted currency effects on sales in the first quarter of 2021 versus the same period last year will be –12%, while the effect on the operating margin is estimated to be slightly dilutive in the first quarter of 2021.

Review

The Company's Auditors have not carried out any review of this Report for the fourth quarter of 2020.

Stockholm, 5 February 2021

A handwritten signature in black ink, appearing to read 'Nico Delvaux', written in a cursive style.

Nico Delvaux
President and CEO

Financial information

The Annual Report for 2020 will be published on 8 March 2021.

The Quarterly Report for the first quarter of 2021 will be published on 28 April 2021.

The 2021 Annual General Meeting will be held on 28 April 2021.

A virtual capital markets day will be held on 26 May 2021.

Further information can be obtained from:

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Erik Pieder,
Executive Vice President and CFO, tel.no: +46 8 506 485 72

ASSA ABLOY is holding a **telephone and web conference at 09.30 on 5 February 2021**

which can be followed on the Internet at www.assaabloy.com.

It is possible to submit questions by telephone on:
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This information is information that ASSA ABLOY AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08.00 CET on 5 February 2021.

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No.02/2021

Financial information – Group

CONDENSED INCOME STATEMENT

SEK M	Q4		Q1-Q4	
	2019	2020	2019	2020
Sales	24,946	23,298	94,029	87,649
Cost of goods sold	-15,138	-14,633	-56,499	-53,336
Gross income	9,809	8,665	37,530	34,313
Selling, administrative and R&D costs	-6,117	-6,564	-23,069	-24,021
Share of earnings in associates	44	8	147	257
Revaluation previously owned shares in associates	-	-1	-	1,909
Operating income	3,735	2,108	14,608	12,458
Finance net	-268	-169	-1,037	-782
Income before tax	3,467	1,938	13,571	11,676
Tax on income	-947	-469	-3,574	-2,504
Net income for the period	2,520	1,470	9,997	9,172
Net income for the period attributable to:				
Parent company's shareholders	2,517	1,471	9,993	9,171
Non-controlling interests	3	-1	4	1
Earnings per share				
Before and after dilution, SEK	2.27	1.32	9.00	8.26
Before and after dilution and excluding items affecting comparability, SEK	2.49	2.33	9.22	7.54

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

SEK M	Q4		Q1-Q4	
	2019	2020	2019	2020
Net income for the period	2,520	1,470	9,997	9,172
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Actuarial gain/loss on post-employment benefit obligations, net after tax	221	222	-281	-262
Total	221	222	-281	-262
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	-80	-37	86	-70
Cashflow hedges and net investment hedges, net after tax	18	14	-10	13
Exchange rate differences reclassified to profit or loss	-	-72	-	-318
Exchange rate differences	-1,491	-2,847	1,556	-4,560
Total	-1,553	-2,942	1,632	-4,935
Total comprehensive income for the period	1,189	-1,251	11,348	3,975
Total comprehensive income for the period attributable to:				
Parent company's shareholders	1,185	-1,249	11,343	3,975
Non-controlling interests	3	-2	5	0

Financial information – Group

CONDENSED BALANCE SHEET

SEK M	31 Dec	
	2019	2020
ASSETS		
Non-current assets		
Intangible assets	70,355	72,452
Property, plant and equipment	8,498	8,026
Right-of-use assets	3,731	3,513
Investments in associates	2,595	637
Other financial assets	104	212
Deferred tax assets	1,205	1,338
Total non-current assets	86,487	86,178
Current assets		
Inventories	11,276	10,079
Trade receivables	15,701	13,665
Other current receivables and investments	4,144	4,750
Cash and cash equivalents	442	2,756
Total current assets	31,563	31,250
TOTAL ASSETS	118,050	117,428
EQUITY AND LIABILITIES		
Equity		
Equity attributable to Parent company's shareholders	59,143	58,870
Non-controlling interests	11	9
Total equity	59,154	58,879
Non-current liabilities		
Long-term loans	21,100	22,381
Non-current lease liabilities	2,588	2,477
Deferred tax liabilities	2,368	2,868
Other non-current liabilities and provisions	5,071	4,958
Total non-current liabilities	31,127	32,683
Current liabilities		
Short-term loans	5,460	3,514
Current lease liabilities	1,151	1,085
Trade payables	7,908	7,027
Other current liabilities and provisions	13,250	14,238
Total current liabilities	27,769	25,865
TOTAL EQUITY AND LIABILITIES	118,050	117,428

CHANGES IN EQUITY

SEK M	Equity attributable to:		Total equity
	Parent company's shareholders	Non-controlling interests	
Opening balance 1 January 2019 according to adopted Annual Report	51,890	10	51,900
Change in accounting policies	-234	-	-234
New opening balance 1 January 2019	51,656	10	51,666
Net income for the period	9,993	4	9,997
Other comprehensive income	1,350	1	1,351
Total comprehensive income	11,343	5	11,348
Dividend	-3,888	-	-3,888
Stock purchase plans	27	-	27
Change in non-controlling interest	5	-4	1
Total transactions with shareholders	-3,856	-4	-3,860
Closing balance 31 December 2019	59,143	11	59,154
Opening balance 1 January 2020	59,143	11	59,154
Net income for the period	9,171	1	9,172
Other comprehensive income	-5,196	-1	-5,197
Total comprehensive income	3,975	0	3,975
Dividend	-4,276	-1	-4,277
Stock purchase plans	28	-	28
Change in non-controlling interest	1	-1	0
Total transactions with shareholders	-4,248	-2	-4,249
Closing balance 31 December 2020	58,870	9	58,879

Financial information – Group

CONDENSED STATEMENT OF CASH FLOWS

SEK M	Q4		Q1-Q4	
	2019	2020	2019	2020
OPERATING ACTIVITIES				
Operating income	3,735	2,108	14,608	12,458
Depreciation and amortization	922	1,012	3,387	3,776
Revaluation previously owned shares in associates	-	1	-	-1,909
Reversal of restructuring costs	312	1,366	312	1,366
Restructuring payments	-261	-337	-726	-747
Other non-cash items	-24	178	-324	-95
Cash flow before interest and tax	4,684	4,328	17,257	14,850
Interest paid and received	-233	-189	-869	-694
Tax paid on income	-1,651	-648	-3,872	-3,104
Cash flow before changes in working capital	2,801	3,492	12,516	11,052
Changes in working capital	1,364	1,811	148	2,606
Cash flow from operating activities	4,164	5,303	12,665	13,658
INVESTING ACTIVITIES				
Net investments in intangible assets and property, plant and equipment	-525	-439	-1,662	-1,674
Investments in subsidiaries	-924	-454	-3,903	-6,238
Divestments of subsidiaries	9	698	84	1,170
Investments in and disposals of associates	-	-	16	-
Other investments and disposals	0	0	0	0
Cash flow from investing activities	-1,440	-195	-5,464	-6,741
FINANCING ACTIVITIES				
Dividends	-	-2,055	-3,888	-4,277
Acquisition of non-controlling interests	-	-16	-19	-16
Amortization of lease liabilities	-316	-319	-1,159	-1,275
Net cash effect of changes in borrowings	-2,418	-4,845	-2,235	1,011
Cash flow from financing activities	-2,734	-7,234	-7,301	-4,558
CASH FLOW FOR THE PERIOD	-9	-2,127	-100	2,359
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of period	459	4,906	538	442
Cash flow for the period	-9	-2,127	-100	2,359
Effect of exchange rate differences	-8	-23	4	-45
Cash and cash equivalents at end of period	442	2,756	442	2,756

KEY RATIOS

	Q1-Q4	
	2019	2020
Return on capital employed, %	16.6	13.6
Return on capital employed excluding items affecting comparability, %	17.0	13.0
Return on shareholders' equity, %	18.0	15.5
Equity ratio, %	50.1	50.1
Interest coverage ratio, times	14.9	16.7
Total number of shares, thousands	1,112,576	1,112,576
Number of shares outstanding, thousands	1,110,776	1,110,776
Weighted average number of outstanding shares before and after dilution, thousands	1,110,776	1,110,776
Average number of employees	48,992	48,471

Financial information – Parent company

CONDENSED INCOME STATEMENT

SEK M

Q1-Q4

	2019	2020
Operating income	1,523	868
Income before appropriations and tax	4,962	5,363
Net income for the period	5,134	5,552

CONDENSED BALANCE SHEET

SEK M

31 Dec

	2019	2020
Non-current assets	39,443	38,961
Current assets	19,722	21,069
Total assets	59,165	60,030
Equity	24,883	26,186
Untaxed reserves	911	1,125
Non-current liabilities	16,877	15,677
Current liabilities	16,494	17,042
Total equity and liabilities	59,165	60,030

Quarterly information – Group

THE GROUP IN SUMMARY										
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Year 2020
Sales	21,505	23,544	24,034	24,946	94,029	22,173	19,953	22,225	23,298	87,649
Organic growth	5%	3%	4%	1%	3%	-3%	-18%	-5%	-5%	-8%
Gross income excluding items affecting comparability	8,596	9,500	9,625	9,979	37,700	8,973	7,648	9,026	9,278	34,925
Gross margin excluding items affecting comparability	40.0%	40.4%	40.0%	40.0%	40.1%	40.5%	38.3%	40.6%	39.8%	39.8%
Operating income before depr. & amort. (EBITDA) excluding items affecting comparability	4,034	4,568	4,736	4,969	18,307	3,676	3,024	4,505	4,487	15,692
Operating margin (EBITDA)	18.8%	19.4%	19.7%	19.9%	19.5%	16.6%	15.2%	20.3%	19.3%	17.9%
Depreciation and amortization excl. amortization attributable to business combinations	-682	-716	-726	-781	-2,905	-792	-787	-771	-853	-3,202
Operating income before amortization (EBITA) excluding items affecting comparability	3,352	3,852	4,010	4,188	15,402	2,884	2,237	3,734	3,634	12,490
Operating margin (EBITA)	15.6%	16.4%	16.7%	16.8%	16.4%	13.0%	11.2%	16.8%	15.6%	14.3%
Amortization attributable to business combinations	-106	-120	-115	-141	-482	-133	-141	-142	-159	-574
Operating income (EBIT) excluding items affecting comparability	3,246	3,733	3,894	4,047	14,920	2,751	2,097	3,593	3,475	11,916
Operating margin (EBIT)	15.1%	15.9%	16.2%	16.2%	15.9%	12.4%	10.5%	16.2%	14.9%	13.6%
Items affecting comparability ¹⁾	-	-	-	-312	-312	-	-	1 910	-1,367	542
Operating income (EBIT)	3,246	3,733	3,894	3,735	14,608	2,751	2,097	5,502	2,108	12,458
Operating margin (EBIT)	15.1%	15.9%	16.2%	15.0%	15.5%	12.4%	10.5%	24.8%	9.0%	14.2%
Net financial items	-248	-271	-250	-268	-1,037	-232	-205	-176	-169	-782
Income before tax (EBT)	2,997	3,462	3,645	3,467	13,571	2,519	1,892	5,326	1,938	11,676
Profit margin (EBT)	13.9%	14.7%	15.2%	13.9%	14.4%	11.4%	9.5%	24.0%	8.3%	13.3%
Tax on income	-779	-900	-948	-947	-3,574	-655	-492	-888	-469	-2,504
Net income for the period	2,218	2,562	2,697	2,520	9,997	1,864	1,400	4,438	1,470	9,172
Net income attributable to:										
Parent company's shareholders	2,219	2,561	2,696	2,517	9,993	1,864	1,399	4,437	1,471	9,171
Non-controlling interests	-1	0	1	3	4	1	1	1	-1	1
OPERATING CASH FLOW										
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Year 2020
Operating income (EBIT)	3,246	3,733	3,894	3,735	14,608	2,751	2,097	5,502	2,108	12,458
Restructuring costs	-	-	-	312	312	-	-	-	1,366	1,366
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-1,910	1	-1,909
Depreciation and amortization	788	835	842	922	3,387	925	927	912	1,012	3,776
Net capital expenditure	-321	-406	-410	-525	-1,662	-491	-442	-301	-439	-1,674
Change in working capital	-2,048	242	591	1,364	148	-1,485	1,460	820	1,811	2,606
Interest paid and received	-179	-277	-179	-233	-869	-172	-244	-90	-189	-694
Repayment of lease liabilities	-262	-281	-300	-316	-1,159	-326	-322	-308	-319	-1,275
Non-cash items	-53	-210	-37	-24	-324	4	-58	-219	178	-95
Operating cash flow	1,171	3,636	4,401	5,235	14,442	1,206	3,418	4,407	5,529	14,560
Operating Cash flow/Income before tax excluding items affecting comparability	0.39	1.05	1.21	1.39	1.04	0.48	1.81	1.29	1.67	1.31
CHANGE IN NET DEBT										
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Year 2020
Net debt at beginning of period	29,246	35,100	37,620	36,843	29,246	33,050	36,371	34,112	35,059	33,050
Impact from transition to IFRS 16	3,711	-	-	-	3,711	-	-	-	-	-
Operating cash flow	-1,171	-3,636	-4,401	-5,235	-14,442	-1,206	-3,418	-4,407	-5,529	-14,560
Restructuring payments	161	123	181	261	726	83	173	155	337	747
Tax paid on income	703	942	577	1,651	3,872	878	474	1,104	648	3,104
Acquisitions and divestments	1,357	964	1,425	1,018	4,764	1,584	86	4,331	-497	5,504
Dividend	-	3,888	-	-	3,888	-	2,222	-	2,055	4,277
Actuarial gain/loss on post-employment benefit obligations	179	210	289	-316	362	139	407	94	-321	319
Change to lease liabilities	-127	-111	-51	47	-242	-1	-110	98	-93	-106
Exchange rate differences, etc.	1,039	140	1,203	-1,218	1,165	1,845	-2,093	-428	-1,904	-2,580
Net debt at end of period	35,100	37,620	36,843	33,050	33,050	36,371	34,112	35,059	29,755	29,755
Net debt/Equity	0.64	0.70	0.64	0.56	0.56	0.58	0.58	0.56	0.51	0.51
NET DEBT										
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019		Q1 2020	Q2 2020	Q3 2020	Q4 2020	
Interest-bearing assets	-168	-144	-113	-100		-108	-76	-47	-205	
Cash and cash equivalents	-414	-355	-459	-442		-1,676	-3,726	-4,906	-2,756	
Derivative financial instruments, net	43	-127	8	-53		-469	-441	-350	-255	
Pension provisions	3,105	3,324	3,717	3,346		3,642	3,887	4,164	3,514	
Lease liabilities	3,776	3,694	3,746	3,739		3,924	3,614	3,818	3,562	
Interest-bearing liabilities	28,758	31,228	29,944	26,560		31,059	30,853	32,379	25,895	
Total	35,100	37,620	36,843	33,050		36,371	34,112	35,059	29,755	
CAPITAL EMPLOYED AND FINANCING										
SEK M	Q1 2019	Q2 2019	Q3 2019	Q4 2019		Q1 2020	Q2 2020	Q3 2020	Q4 2020	
Capital employed	90,227	91,334	94,796	92,204		99,428	93,103	97,232	88,634	
- of which goodwill	55,731	56,179	59,134	57,662		61,573	58,243	64,013	58,344	
- of which other intangible assets and PPE	19,911	20,386	21,296	21,191		22,189	21,064	21,613	22,134	
- of which right-of-use assets	3,805	3,705	3,746	3,731		3,909	3,592	3,779	3,513	
- of which investments in associates	2,510	2,534	2,643	2,595		2,772	2,665	685	637	
Net debt	35,100	37,620	36,843	33,050		36,371	34,112	35,059	29,755	
Non-controlling interests	10	6	8	11		13	12	12	9	
Equity attributable to the Parent company's shareholders	55,117	53,708	57,946	59,143		63,044	58,980	62,161	58,870	
DATA PER SHARE										
SEK	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Year 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Year 2020
Earnings per share before and after dilution	2.00	2.31	2.43	2.27	9.00	1.68	1.26	3.99	1.32	8.26
Earnings per share before and after dilution and excluding items affecting comparability	2.00	2.31	2.43	2.49	9.22	1.68	1.26	2.28	2.33	7.54
Shareholders' equity per share after dilution	49.62	48.35	52.17	53.25	53.25	56.76	53.10	55.96	53.00	53.00

¹⁾ Items affecting comparability consist of restructuring costs and revaluation of previously owned shares in associates.

Reporting by division

Q4 and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	5,404	5,159	5,877	4,530	2,449	2,199	4,349	3,515	6,866	7,894	-	-	24,946	23,298
Sales, internal	121	83	23	36	227	219	28	30	27	33	-425	-400	-	-
Sales	5,525	5,242	5,900	4,567	2,676	2,418	4,377	3,545	6,893	7,927	-425	-400	24,946	23,298
Organic growth	1%	-1%	5%	-4%	-10%	-5%	2%	-17%	0%	-1%	-	-	1%	-5%
Acquisitions and divestments	-2%	0%	4%	-10%	4%	1%	14%	5%	0%	23%	-	-	3%	5%
Exchange-rate effects	2%	-4%	5%	-9%	3%	-6%	6%	-7%	4%	-7%	-	-	4%	-7%
Share of earnings in associates	-	-	-	-	2	-5	5	9	37	3	-	-	44	8
Operating income (EBIT) excl. items affecting comparability	884	670	1,182	915	220	199	800	582	1,125	1,251	-163	-142	4,047	3,475
Operating margin (EBIT) excl. items affecting comparability	16.0%	12.8%	20.0%	20.0%	8.2%	8.2%	18.3%	16.4%	16.3%	15.8%	-	-	16.2%	14.9%
Restructuring costs	-185	-448	-	-51	-6	-303	-4	-195	-116	-220	-	-150	-312	-1,366
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1	-	-	-	-1
Operating income (EBIT)	699	223	1,182	864	214	-104	795	387	1,009	1,030	-163	-292	3,735	2,108
Operating margin (EBIT)	12.6%	4.2%	20.0%	18.9%	8.0%	-4.3%	18.2%	10.9%	14.6%	13.0%	-	-	15.0%	9.0%
Capital employed	18,659	16,849	19,678	13,201	9,053	8,191	22,329	21,044	23,024	30,231	-539	-883	92,204	88,634
- of which goodwill	11,121	10,475	14,105	10,444	4,168	3,884	15,459	14,881	12,809	18,660	-	-	57,662	58,344
- of which other intangible assets and property, plant and equipment	4,092	3,485	4,423	2,713	2,469	2,375	5,632	5,100	4,451	8,362	124	99	21,191	22,134
- of which right-of-use assets	990	998	499	387	260	264	463	457	1,499	1,390	19	17	3,731	3,513
- of which investments in associates	1	1	-	-	637	589	23	28	1,935	20	-	-	2,595	637
Return on capital employed excluding items affecting comparability	18.0%	14.8%	23.6%	26.7%	9.7%	9.1%	14.1%	10.5%	18.6%	15.8%	-	-	17.1%	14.8%
Operating income (EBIT)	699	223	1,182	864	214	-104	795	387	1,009	1,030	-163	-292	3,735	2,108
Restructuring costs	185	448	-	51	6	303	4	195	116	220	-	150	312	1,366
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	1	-	-	-	1
Depreciation and amortization	219	235	152	110	97	86	236	238	209	334	9	9	922	1,012
Net capital expenditure	-145	-109	-87	-47	-73	-45	-130	-77	-113	-117	22	-44	-525	-439
Amortization of lease liabilities	-76	-78	-43	-34	-27	-29	-36	-35	-129	-140	-3	-3	-316	-319
Change in working capital	848	650	409	634	-70	96	215	361	-7	22	-31	47	1,364	1,811
Operating cash flow by division	1,729	1,368	1,612	1,578	147	307	1,084	1,069	1,086	1,350	-167	-134	5,492	5,540
Non-cash items	-	-	-	-	-	-	-	-	-	-	-24	178	-24	178
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-233	-189	-233	-189
Operating cash flow													5,235	5,529

Q1-Q4 and 31 Dec

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Sales, external	20,707	18,563	23,082	18,907	9,477	7,916	15,321	14,054	25,442	28,210	-	-	94,029	87,649
Sales, internal	438	418	90	107	1,213	926	102	105	110	113	-1,953	-1,668	-	-
Sales	21,144	18,982	23,172	19,013	10,689	8,841	15,423	14,158	25,553	28,323	-1,953	-1,668	94,029	87,649
Organic growth	2%	-8%	7%	-7%	-1%	-16%	5%	-15%	2%	-2%	-	-	3%	-8%
Acquisitions and divestments	0%	-1%	2%	-9%	5%	1%	16%	10%	1%	15%	-	-	3%	4%
Exchange-rate effects	3%	-1%	8%	-2%	3%	-2%	8%	-3%	5%	-2%	-	-	6%	-3%
Share of earnings in associates	-	-	-	-	17	9	5	9	124	239	-	-	147	257
Operating income (EBIT) excl. items affecting comparability	3,396	2,263	4,673	3,698	879	396	2,890	2,023	3,652	4,083	-570	-547	14,920	11,916
Operating margin (EBIT) excl. items affecting comparability	16.1%	11.9%	20.2%	19.4%	8.2%	4.5%	18.7%	14.3%	14.3%	14.4%	-	-	15.9%	13.6%
Restructuring costs	-185	-448	-	-51	-6	-303	-4	-195	-116	-220	-	-150	-312	-1,366
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	1,909	-	-	-	1,909
Operating income (EBIT)	3,211	1,815	4,673	3,647	873	93	2,885	1,828	3,535	5,772	-570	-697	14,608	12,458
Operating margin (EBIT)	15.2%	9.6%	20.2%	19.2%	8.2%	1.1%	18.7%	12.9%	13.8%	20.4%	-	-	15.5%	14.2%
Capital employed	18,659	16,849	19,678	13,201	9,053	8,191	22,329	21,044	23,024	30,231	-539	-883	92,204	88,634
- of which goodwill	11,121	10,475	14,105	10,444	4,168	3,884	15,459	14,881	12,809	18,660	-	-	57,662	58,344
- of which other intangible assets and property, plant and equipment	4,092	3,485	4,423	2,713	2,469	2,375	5,632	5,100	4,451	8,362	124	99	21,191	22,134
- of which right-of-use assets	990	998	499	387	260	264	463	457	1,499	1,390	19	17	3,731	3,513
- of which investments in associates	1	1	-	-	637	589	23	28	1,935	20	-	-	2,595	637
Return on capital employed excluding items affecting comparability	18.4%	12.2%	23.6%	21.6%	10.3%	4.4%	14.0%	9.3%	16.2%	14.8%	-	-	17.0%	13.0%
Operating income (EBIT)	3,211	1,815	4,673	3,647	873	93	2,885	1,828	3,535	5,772	-570	-697	14,608	12,458
Restructuring costs	185	448	-	51	6	303	4	195	116	220	-	150	312	1,366
Revaluation previously owned shares in associates	-	-	-	-	-	-	-	-	-	-1,909	-	-	-	-1,909
Depreciation and amortization	813	925	569	471	381	355	793	917	794	1,078	36	30	3,387	3,776
Net capital expenditure	-454	-407	-348	-267	-220	-192	-366	-430	-276	-330	3	-47	-1,662	-1,674
Amortization of lease liabilities	-295	-318	-149	-132	-100	-108	-129	-144	-477	-559	-9	-14	-1,159	-1,275
Change in working capital	53	476	517	1,067	-319	311	-5	144	-38	702	-61	-94	148	2,606
Operating cash flow by division	3,515	2,939	5,263	4,837	622	762	3,183	2,509	3,655	4,974	-602	-673	15,635	15,349
Non-cash items	-	-	-	-	-	-	-	-	-	-	-324	-95	-324	-95
Interest paid and received	-	-	-	-	-	-	-	-	-	-	-869	-694	-869	-694
Operating cash flow													14,442	14,560
Average number of employees	11,373	10,281	9,360	8,787	11,016	9,892	5,594	6,374	11,313	12,883	336	254	48,992	48,471

Financial information - Notes

NOTE 1 DISAGGREGATION OF REVENUE

Sales by continent Q4

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Europe	4,825	4,697	10	20	114	118	1,037	1,026	3,339	3,841	-165	-188	9,160	9,514
North America	155	96	5,416	4,112	221	213	2,098	1,658	3,019	3,477	-167	-141	10,742	9,415
Central- and South America	28	18	434	406	20	13	212	150	17	16	-14	-11	697	592
Africa	220	196	9	8	4	4	129	95	13	17	-7	-5	367	315
Asia	270	216	29	19	1,725	1,471	698	427	378	333	-46	-36	3,054	2,429
Oceania	26	19	2	2	592	599	203	190	128	245	-25	-20	926	1,034
Total	5,525	5,242	5,900	4,567	2,676	2,418	4,377	3,545	6,893	7,927	-425	-400	24,946	23,298

Sales by continent Q1-Q4

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Europe	18,435	16,881	43	64	552	506	3,863	3,759	11,937	12,126	-733	-751	34,097	32,584
North America	593	426	21,358	17,354	1,082	797	7,657	6,795	11,650	14,160	-850	-593	41,490	38,939
Central- and South America	102	64	1,629	1,436	52	43	562	424	83	60	-37	-41	2,392	1,986
Africa	827	665	26	40	15	15	410	386	54	56	-24	-23	1,308	1,139
Asia	1,053	835	110	109	6,633	5,155	2,471	2,070	1,333	1,126	-177	-146	11,422	9,149
Oceania	134	111	7	10	2,355	2,326	459	724	495	794	-132	-113	3,319	3,852
Total	21,144	18,982	23,172	19,013	10,689	8,841	15,423	14,158	25,553	28,323	-1,953	-1,668	94,029	87,649

Sales by product group Q4

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Mechanical locks, lock systems and fittings	2,590	2,488	2,191	1,929	1,294	1,161	84	65	2	2	-172	-132	5,990	5,512
Electromechanical and electronic locks	1,813	1,767	1,414	1,200	586	580	4,240	3,471	199	195	-199	-211	8,053	7,002
Security doors and hardware	971	844	2,250	1,430	792	657	53	8	-	566	-26	-21	4,040	3,484
Entrance automation	151	143	45	8	4	20	-	-	6,692	7,164	-28	-36	6,864	7,299
Total	5,525	5,242	5,900	4,567	2,676	2,418	4,377	3,545	6,893	7,927	-425	-400	24,946	23,298

Sales by product group Q1-Q4

	EMEA		Americas		Asia Pacific		Global Technologies		Entrance Systems		Other		Total	
SEK M	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
Mechanical locks, lock systems and fittings	10,232	9,012	8,734	7,892	5,035	4,357	186	291	8	7	-710	-638	23,486	20,921
Electromechanical and electronic locks	6,727	6,335	5,339	4,860	2,492	1,916	15,089	13,844	747	738	-1,018	-800	29,376	26,892
Security doors and hardware	3,678	3,131	8,985	6,224	3,143	2,497	147	24	-	2,364	-104	-101	15,849	14,139
Entrance automation	508	504	114	38	18	70	-	-	24,798	25,214	-121	-129	25,318	25,697
Total	21,144	18,982	23,172	19,013	10,689	8,841	15,423	14,158	25,553	28,323	-1,953	-1,668	94,029	87,649

NOTE 2 BUSINESS COMBINATIONS

	Q4		Q1-Q4		whereof agta record
SEK M	2019	2020	2019	2020	2020
Purchase prices					
Cash paid for acquisitions during the year	944	516	3,564	8,058	6,054
Holdbacks and deferred considerations for acquisitions during the year	64	-219	255	318	45
Fair value of previously owned shares in associates	-	0	-	3,752	3,752
Adjustment of purchase prices for acquisitions in prior years	-1	-21	-7	5	-
Total	1,008	276	3,813	12,134	9,850
Acquired assets and liabilities at fair value					
Intangible assets	444	2,486	1,296	3,281	2,691
Property, plant and equipment and right-of-use assets	209	48	417	929	608
Other non-current assets	14	44	95	135	121
Inventories	56	-28	208	646	472
Current receivables and investments	328	76	681	1,062	895
Cash and cash equivalents	58	66	120	2,239	2,149
Non-current liabilities	-119	-525	-503	-1,357	-883
Current liabilities	-246	-152	-1,186	-1,223	-918
Total	743	2,015	1,128	5,713	5,135
Goodwill	265	-1,739	2,685	6,421	4,715
Change in cash and cash equivalents due to acquisitions					
Cash paid for acquisitions during the year	944	516	3,564	8,058	6,054
Cash and cash equivalents in acquired subsidiaries	-58	-66	-120	-2,239	-2,149
Paid considerations for acquisitions in prior years	37	4	459	418	-
Total	924	454	3,903	6,238	3,905

Fair value adjustments of acquired net assets from acquisitions made in previous periods are included in the above table.

Financial information - Notes

NOTE 3 FAIR VALUE AND CARRYING AMOUNT ON FINANCIAL ASSETS AND LIABILITIES

31 December 2020

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets at amortized cost	16,674	16,674			
Financial assets at fair value through profit and loss	6	6			
Derivatives - hedge accounting	187	187		187	
Derivatives - held for trading	240	240		240	
Financial liabilities					
Financial liabilities at amortized cost	32,922	33,480			
Financial liabilities at fair value through profit and loss	944	944			944
Lease liabilities	3,562	3,562			
Derivatives - hedge accounting	0	0		0	
Derivatives - held for trading	171	171		171	

31 December 2019

SEK M	Carrying amount	Fair value	Financial instruments at fair value		
			Level 1	Level 2	Level 3
Financial assets					
Loans and other receivables	16,296	16,296			
Financial assets at fair value through profit and loss	6	6			
Available-for-sale financial assets	94	94		94	
Derivative instruments - hedge accounting	108	108		108	
Financial liabilities					
Financial liabilities at amortized cost	34,468	34,722			
Financial liabilities at fair value through profit and loss	1,366	1,366			1,366
Lease liabilities	3,739	3,739			
Derivatives - hedge accounting	6	6		6	
Derivatives - held for trading	143	143		143	

Definitions of financial performance measures

Organic growth

Change in sales for comparable units after adjustments for acquisitions and exchange rate effects.

Operating margin (EBITDA)

Operating income before depreciation and amortization 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.

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.

Net capital expenditure

Investments in, less disposals of, intangible assets and property, plant and equipment.

Depreciation and amortization

Depreciation and amortization of intangible assets, property, plant and equipment and right-of-use assets.

Net debt

Interest-bearing liabilities less interest-bearing assets. See the table on net debt for detailed information.

Capital employed

Total assets less interest-bearing assets and non-interest-bearing liabilities including deferred tax liability.

Equity ratio

Shareholders' equity as a percentage of total assets.

Interest coverage ratio

Income before tax plus net interest divided by net interest.

Return on shareholders' equity

Net income attributable to parent company's shareholders as a percentage of average parent company's shareholders equity.

Return on capital employed

Income before tax plus net interest as a percentage of average capital employed excluding restructuring reserves.

Earnings per share after tax and dilution

Net income excluding non-controlling interests divided by weighted average number of outstanding shares after any potential dilution.