Annual Report 2021/22

dormakaba Holding AG

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Group Management Report

Jim-Heng Lee (CEO) and Riet Cadonau (Chairman)

Strong organic sales growth with margins impacted by supply chain constraints and inflationary trends

Dear Shareholders,

dormakaba posted strong growth despite external headwinds for financial year 2021/22. Organic sales growth was at 7.7% and above the guidance range of 3 to 5%. Growth was most pronounced in the Regions Asia Pacific and Americas, but also good in Europe & Africa. In Key & Wall Solutions, growth picked up in the second half-year as Movable Walls started to convert part of its Covid-related project backlog into sales. External headwinds such as shortages of electronic components, labor and building materials in general prevented even better growth.

Adjusted EBITDA improved to CHF 372.3 million (previous year: CHF 362.0 million). The adjusted EBITDA margin at 13.5% was below the guidance given on 2 March, when it was still too early to assess the full impact of the war in Ukraine. The subsequent accelerated inflation could only partly be compensated with price increases in the short-term. The margin was further impacted by supply chain constraints, as for example orders for high-margin electronic products could not be processed due to the components shortage.

In the period under review, dormakaba underwent some changes in management and in the way of how we conduct our business going forward. From 1 January 2022 onwards, Jim-Heng Lee has taken on the role as CEO of dormakaba, and the company started implementing its new strategy Shape4Growth under his leadership.

Shape4Growth aims to accelerate profitable growth through focusing our core businesses, core markets and customer-centricity, enabled by enhancements in operational excellence and scale, capital deployment and a high-performance company culture. The new strategy also includes a change in operating model designed to enable a stronger focus on our customers, to increase our operational efficiency, to gain scale and to increase transparency and accountability. Looking back on the first six months of implementation, while there is still a significant way to go, we already achieved several milestones. These include strengthening our sales and specification organization, accelerating the IT platform harmonization, and focusing on selling our core products as integrated solutions and services such as for example our EntriWorX Ecosystem. Another important step for implementing of our growth strategy was the divestment of the dilutive hollow metal doors business Mesker in the USA. With the transaction completed on 21 June 2022, the Region Americas team is now able to fully focus on our access solutions core business to improve our performance on the North American market.

Digitalization continues to be an important driver in our industry and embraces processes, products, and services alike. dormakaba's new setup creates opportunities for new business models, enhanced market positioning and a clear differentiation when it comes to providing customers with sustainable solutions along the building lifecycle.

To expand our market position, dormakaba entered various partnerships in the past year, for example with Vanderlande. In July 2022, we announced a strategic partnership with Schüco, one of Europe's market leaders for innovative building envelopes. Under the partnership agreement, dormakaba and Schüco will work together to accelerate strategic development projects in digitalization and access control. In a first step, the two companies will develop a door-integrated access management system and link up the EntriWorX digital platform for door solutions with the SchüCal configuration and calculation tool. Our EntriWorX Ecosystem solution continues to convince partners and customers alike: in April, it was awarded as the most innovative "Smart Buildings" product by the renowned German trade magazine S&B.

Our approach to innovation and commitment to customer-centricity won us numerous prestigious tenders during the period under review. Avinor Group, the operator of all the state-owned airports in Norway, chose us as its exclusive partner to supply and service 450 self-boarding gates, providing seamless but secure flow to its passengers. Other wins include access solutions for the Jakarta Stadium in Indonesia or managing people flow and access in the latest Smart City development Bernapark in the Swiss capital.

Finally, we have strengthened our core business in various markets with acquisitions. For example, in France: With Fermatic Group, we expanded our market presence and offering especially in the Services business, doubling the share of Services in our product mix in the country. In addition, joining forces offered various cross-selling opportunities for other areas of our core business, enabling us to better support our customers in generating value over the lifecycle of their buildings. Further acquisitions in key markets such as Australia (RELBDA) and the Netherlands (AtiQx, Alldoorco) complemented our approach to increase our competitiveness.

Financial Performance

Shape4Growth includes the transition to a new operating model, with related changes in organizational setup and financial reporting. On 1 January 2022, we shifted our setup to three customer-centric Regions and sales organizations for Access Solutions – Americas, Asia Pacific, and Europe & Africa. The previous segments AS DACH and AS EMEA were merged accordingly, the Market Middle East was consolidated into Asia Pacific. In addition, three global functions (Marketing & Products, Operations and Product Development) were introduced to support above Regions. Key & Wall Solutions remains unchanged as a self-contained global business. A more detailed description of the new operating model is available in the Notes on the Financial Statements.

dormakaba increased net sales by 10.3% to CHF 2,756.9 million in 2021/22 (previous year: CHF 2,499.7 million). Organic sales growth contributed most with 7.7% (thereof 3.5% pricing) to the overall sales increase. In addition, portfolio adjustments (inorganic growth) added 2.8% to higher net sales, and currency translation effects were almost flat with a contribution of -0.1%.

Adjusted EBITDA increased by 2.8% to CHF 372.3 million (previous year: CHF 362.0 million). The adjusted EBITDA margin was 13.5% (previous year: 14.5%). There was a positive margin contribution due to higher sales volumes, increased sales prices, and improvements in operational efficiency. However, these effects were more than offset by inflation including higher raw material, freight, labor, and energy costs. The impact of inflationary pressure was more pronounced in the second half of the year.

Items affecting comparability were at CHF -88.6 million on EBIT (previous year: CHF -9.3 million) and mainly related to the Mesker divestment and the strategy development and implementation.

Performance of Regions (Access Solutions) and Key & Wall Solutions

dormakaba experienced good demand in most of its markets, with good order intakes and order backlogs.

Organic sales in Region Americas (North and South America) increased by 8.3% year-on-year, driven by the continued recovery in the US commercial construction market and by market share gains. The adjusted EBITDA margin was 17.8% (previous year: 19.3%) and was impacted by cost inflation and a negative product mix effect. The Mesker business, which was divested in mid-June 2022, had a negative effect of 210 basis points (previous year: 240 basis points) on the Region's adjusted EBITDA margin.

Organic sales in Region Asia Pacific grew by 11.3% year-on-year, with all major Markets contributing to growth. The adjusted EBITDA margin was 18.9% (previous year: 18.5%). The slightly higher margin was supported by good volume growth, which overcompensated a negative mix effect.

Organic sales for Region Europe & Africa grew by 5.9% year-on-year. All Markets experienced solid growth despite headwinds. The adjusted EBITDA was 20.6% (previous year: 21.1%), as higher sales volumes, price increases, operational efficiency and effective cost management could not fully offset the inflationary pressure and the margin dilution from lower sales in high-margin Electronic Access & Data products.

Organic sales in Key & Wall Solutions grew by 5.7% year-on-year. There was strong organic growth for Business Unit Key Systems (10.4%). Organic sales for Business Unit Movable Walls were 0.6% lower than in the previous year due to delays in the release of orders and projects resulting from labor shortages across the construction market; sales recovered during the second half, with high single-digit growth in the final quarter. The adjusted EBITDA margin was 14.0% (previous year: 15.9%).

Cash flow and net profit

Cash flow from operations decreased to CHF 188.4million (previous year: CHF 384.5 million). The reduction on the previous year is due to an increase in net working capital driven by a rise in inventories due to higher volumes and higher raw material prices, build-up of safety stock for electronic components and certain other raw materials, as well as higher goods in transit due to freight and supply chain constraints.

dormakaba closed the financial year 2021/22 with a net profit of CHF 122.5 million (previous year: CHF 193.3 million) which was impacted by the divestment of the Mesker business in mid-June 2022 (CHF 61.4 million) as well as by investments linked to the implementation of the new strategy Shape4Growth.

The Board of Directors has decided to exclude the effect of the Mesker divestment in the dividend payout calculation. As the transaction has no material impact on the company's cash flow, the Board proposes that CHF 11.50 per share be paid out for the financial year 2021/22 (previous year: CHF 12.50 per share). This corresponds to a payout ratio of 50.4%.

Sustainability progress

dormakaba has committed to an industry-leading framework for sustainability, with over 30 ambitious ESG targets as part of Shape4Growth. dormakaba shares the belief that sustainability is core to the future of the building industry, and thus to the business model. With Shape4Growth, we have further integrated sustainability into our solutions, operations, and processes to better respond to customers' expectations.

For example, we have launched the ST PRO Green RC3 on the Austrian and Swiss markets. The product is a new, energy-saving automatic sliding door with a thermally separated profile system that reduces energy loss in the building due to a very low heat transfer coefficient. This is our first product aligned to EU Taxonomy climate change mitigation objectives, which is the classification system established to clarify which investments are environmentally sustainable, in the context of the European Green Deal. The aim of the taxonomy is to prevent greenwashing and to help investors and customers make greener choices.

As regards our key sustainability objectives, dormakaba showed a positive performance in the year under review. We have achieved a 2.4% year-on-year reduction in Scope 1 and 2 carbon emissions. As at 30 June 2022, 67% of our plants, local assembly centers and regional logistic centers have established energy management systems (previous year: 21%). Good energy management is a key lever to meeting our climate targets.

And as part of the commitment towards a 1.5°C future and to reduce our operational emissions by 42% by 2030, we started a Value Discovery Audit process in partnership with Siemens at ten of our largest manufacturing sites. The aim of the partnership is to execute projects based on audits to discover energy efficiency and carbon saving potentials, to maximize energy and CO_2 savings by implementing the right strategies and measures for the individual site. The Value Discovery Audit has been successfully closed, with a result of a potential for over 4,000 tCO_2 reduction. To reach our 42% reduction target, further initiatives are planned, including the electrification of our fleet, and green electricity projects.

Towards our goal to assess all high-risk suppliers for their sustainability management by a third-party until 2027, the company has improved the assessment rate from 10% in the prior reporting period to 18.7% in the financial year 2021/2022. Further, we have seen a slight improvement in diversity and inclusion objectives, with female representation on management level at 20% (previous year: 19%).

Our sustainability performance continues to be acknowledged by external parties. dormakaba was named as one of the most climate-conscious companies in Switzerland in a recent ranking by BILANZ, Le Temps and Statista. The ranking acknowledges our emissions reduction efforts and with it, our contribution to a low-carbon economy. In addition, our MSCI rating improved from A to AA in the reporting period.

For further details, please visit the 2021/22 Sustainability Report.

Annual General Meeting on 11 October 2022

As part of a staggered renewal of the Board of Directors, Vice-Chair and Lead Independent Director Hans Hess (67), John Heppner (70) and Christine Mankel (40) will step down from the Board of Directors and not stand for re-election at the Annual General Meeting in October. The Board and the Executive Committee highly appreciate their valuable contribution to the development of dormakaba and their tireless commitment over many years. Our best wishes accompany them on their future endeavors.

The Board of Directors is proposing Svein Richard Brandtzæg (64), Kenneth Lochiatto (59) and Michael Regelski (57) to be elected as new independent members. The Board intends to appoint Svein Richard Brandtzæg as Vice-Chair and Lead Independent Director subject to his election by the Annual General Meeting. With these nominations, the Board also further strengthens its industry expertise and competence in digital transformation and commercial building ecosystems. Further information on the proposed new Board members can be found here.

All other members of the Board of Directors will stand for re-election for another one-year term of office. This includes Riet Cadonau as Chairman, who has announced that he will step down from his role latest by the Annual General Meeting in October 2023.

Business outlook

The current business environment is characterized by uncertainties and lack of visibility. Geopolitical risks have further increased in the last months particularly in Asia and Europe. Spillover effects of the war in Ukraine could lead to a sudden stop of European gas imports from Russia and result in an energy crisis. Further, higher interest rates of the central banks to fight rising inflation might impact general economic growth including new construction activities. And finally, renewed Covid-19 outbreaks and lockdowns might suppress growth and further deteriorate global supply chains going forward.

Due to the aforementioned lack of visibility and as geopolitical and macroeconomic risks increase, dormakaba's outlook applies to the first half of 2022/23. The company will continue to carefully assess the economic situation in the next months and will update its guidance for the financial year 2022/23 with its half year results.

Based on a healthy order intake and backlog at the end of 2021/22, dormakaba expects a good start in the financial year 2022/23. For the first half-year of 2022/23, the company expects organic growth slightly above the mid-term target range of annually 3 - 5%. Expecting a sequential improvement on the 2021/22 second half-year performance excluding the dilutive effect of the divested Mesker business, the company expects an adjusted EBITDA margin of around 13% in the first half of financial year 2022/23.

Independent from macroeconomic conditions dormakaba will continue to focus on the execution of its Shape4Growth initiatives which includes both growth and cost management measures such as pricing and expense management.

Thanks

On behalf of all members of the Board of Directors and the Executive Committee, we would like to express our heartfelt thanks to our employees. We are proud of their dedication and tireless efforts in this challenging market environment. We are even more grateful to our customers, for whom we were once again their partner of choice in the past year. A significant increase in sales year-over-year demonstrates this loyalty.

And we thank you, our valued shareholders, for trusting us to create further value by implementing our strategy in the years to come.

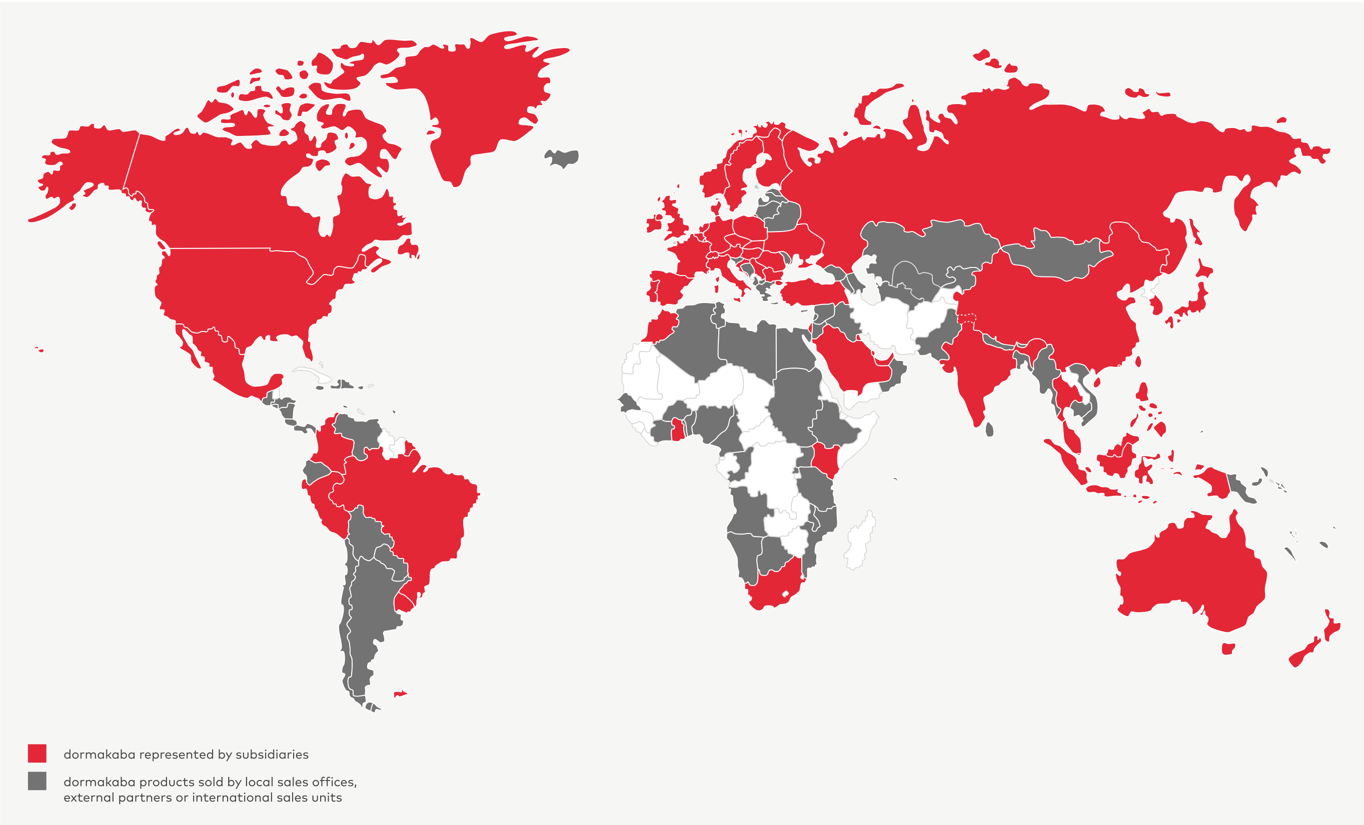
Yours sincerely,

Riet Cadonau	Jim Heng Lee
Chairman	CEO

2021/22 in brief

- Net sales of CHF 2,756.9 million, growth of 10.3%
- Organic sales growth of 7.7%
- Adjusted EBITDA increased by 2.8% to CHF 372.3 million with an adjusted EBITDA margin of 13.5%
- Net profit of CHF 122.5 million
- Operating cash flow margin down at 4.6%, mainly due to increase in net working capital
- Dividend proposal of CHF 11.50 per share

dormakaba worldwide



Region Americas

Region Americas is comprised of the former segment Access Solutions AMER (AS AMER). All figures were consolidated according to the new operating model. To ensure comparability, dormakaba will disclose the comparable figures of the former operating model in the Notes to the Consolidated Financial Statements for the full financial year 2021/22.

Region Americas achieved total sales of CHF 744.7 million in the financial year 2021/22 (previous year: CHF 672.0 million). Organic sales growth was at 8.3%, with accelerating growth in the second half. Growth was driven by recovery in the US commercial construction market, particularly in renovation and replacement, Latin America strength, market share gains, and price realization that roughly equaled the volume contribution.

In the period under review, growth was broad-based across all Product Clusters, with double-digit growth in parts of the core business including Services and Lodging Systems as well as in Door Hardware and Mechanical Key Systems. The Lodging business started to recover in 2021/22 due to retrofit projects in hospitality and strong sales growth in multi-housing, where dormakaba gained market share. Entrance Systems and Electronic Access & Data, which are core business, as well as Safe Locks, experienced mid-single digit growth. Safe Locks continue to be well adopted within the fast-growing crypto-currency ATM market. Nevertheless, the operating environment was challenging due to supply chain and labor shortages and continuing freight delays. Electronic Access & Data was unfavorably impacted by the scarcity of electronic components for access control hardware offerings.

Adjusted EBITDA increased to CHF 132.8 million (previous year: CHF 129.8 million) with an adjusted EBITDA margin of 17.8% (previous year: 19.3%). The margin was impacted by higher raw material and freight costs as well as labor cost inflation and a negative product mix, which more than offset higher volumes and sales price increases. In particular, inbound and outbound freight increases could not be offset in the short term by price increases. In addition, the scarcity of electronic components meant that high-margin orders for Electronic Access & Data products could not be fully satisfied, which had a temporary impact on profitability in the second half of 2021/22. Finally, sales in the high-margin high-security government Safe Locks business were lower due to US government spending.

From 1 January 2022, dormakaba started implementing its new strategy Shape4Growth, which includes a turnaround plan for the Region as well as an annual growth target of 4 to 6% and an increase in the adjusted EBITDA margin by 400 to 500 basis points over the coming three years. In support of this effort, sales excellence programs continue to drive revenue growth, a pricing initiative is underway, and, as announced, the hollow metal door business (Mesker) was divested. The Mesker transaction closed on 21 June 2022, allowing the management to focus on dormakaba's core access solutions offering in the Region, an important step in the turnaround of the Americas business. In the financial year 2021/22, Mesker had a negative effect of 210 basis points (previous year: 240 basis points) on the Regions's adjusted EBITDA margin.

For financial year 2022/23, the Region Americas expects continued organic growth based on healthy order intake, a strong order book, and continued pricing traction. Growth will be supported by several contract wins, including awards to provide the comprehensive access control solution for a 3,800-room, new construction, mixed-use property development in Las Vegas; the replacement of a military residential access system in Hawaii; projects for airport security solutions for major international airports in Brazil and the US; and continued wins in the sports and entertainment access market.

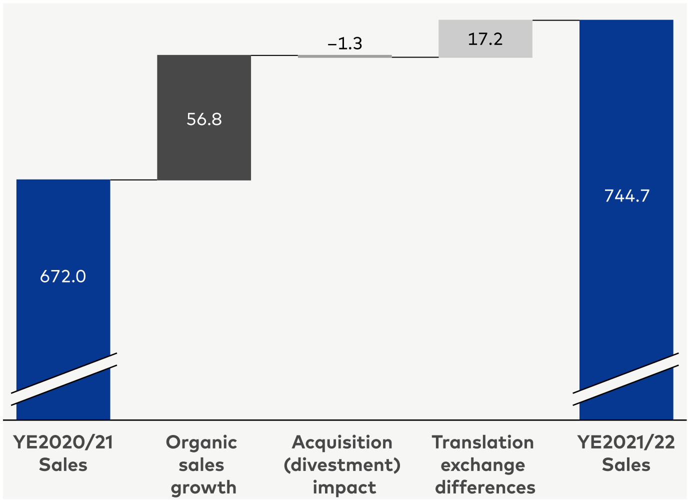
However, visibility continues to be limited due to the continued electronics supply chain constraints, inflationary pressure, and the impact of a potential deterioration in the macroeconomic environment. The Region will continue to increase sales prices to strive to offset higher raw material, freight, and labor costs.

Future growth will be driven by innovative products and solutions, including EntriWorX, the architectural project planning and specification writing platform, that was previewed to the North America market in June 2022 at A'22 - the American Institute of Architects' annual Conference on Architecture, and the launch of dormakaba's global door closer platform in the North America market, representing a key opportunity to establish steady share growth in a core product offering.

Key figures - Region Americas

CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%	Change on previous year in %
Net sales third parties	736.8		657.3		12.1
Intercompany sales	7.9		14.7		
Total segment sales	**744.7**		**672.0**		**10.8**
Change in segment sales	72.7	10.8	–80.8	–10.7	
Of which translation exchange differences	17.2	2.6	–48.8	–6.5	
Of which acquisition impact	0.0	0.0	2.8	0.4	
Of which divestment impact	–1.3	–0.2	0.0	0.0	
Of which organic sales growth	**56.8**	**8.3**	**–34.8**	**–4.9**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**132.8**	**17.8**	**129.8**	**19.3**	**2.3**
Average number of full-time equivalent employees	1,573		1,432		

Sales (CHF million) - Region Americas



Region Asia Pacific

Region Asia Pacific is comprised of the former segment Access Solutions Asia Pacific (AS APAC) and the Market Middle East which used to be a part of the former segment Access Solution Europe Middle East & Africa (AS EMEA). All figures were consolidated according to the new operating model. To ensure comparability, dormakaba will disclose the comparable figures of the former operating model in the Notes to the Consolidated Financial Statements for the full financial year 2021/22.

Region Asia Pacific (including Middle East) achieved total sales of CHF 574.0 million in the financial year 2021/22 compared to CHF 462.1 million in the previous year. Organic sales grew by 11.3% year-on-year. Growth was supported by projects such as hotels and hospitals in Greater China and Southeast Asia, convention centers in India, government and commercial projects in the Middle East, and a major residential project in Sydney with the resivo cloud-based access control system and complete door hardware, mechanical key and entrance systems packages.

The first half of 2021/22 experienced better growth compared to the second half due to some catch-up demand compared to the previous year when the industry was faced with even more Covid-19-related project delays. Business continued to be impacted by the pandemic particularly affecting the economy in China, with further regional lockdowns and delays in re-opening offices and borders.

All major Markets contributed to growth. India, Southeast Asia, and the Middle East posted strong double-digit growth, while the remaining Markets Greater China and Pacific also contributed to growth despite the negative impact from lockdowns. Continued good growth momentum came from the business with touchless access solutions; for example, sales for touchless solutions in Hong Kong increased by around 50% in 2021/22 versus the previous year. And there was strong double-digit growth in Door Hardware, Entrance Systems, Lodging Systems, and Mechanical Key Systems. Growth for commercial solutions in Greater China such as in Lodging Systems overcompensated for the negative effects of the lockdowns as well as some weakness in the residential market.

Adjusted EBITDA increased to CHF 108.7 million (previous year: CHF 85.4 million), with an adjusted EBITDA margin of 18.9% (previous year: 18.5%). The slightly higher margin was supported by good volume growth that overcompensated a negative product mix resulting from stronger sales in the lower margin OEM business for the US market (Wah Yuet) and by some low-gross-margin projects in India and Southeast Asia. The Region was able to increase sales prices in line with raw material prices, reflecting a slightly higher gross margin in the second half versus the first half of the year.

Region Asia Pacific expects moderate growth in the financial year 2022/23. This is due to a strong comparable base and to limited visibility as business in China and other countries might continue to be impacted by the Covid pandemic.

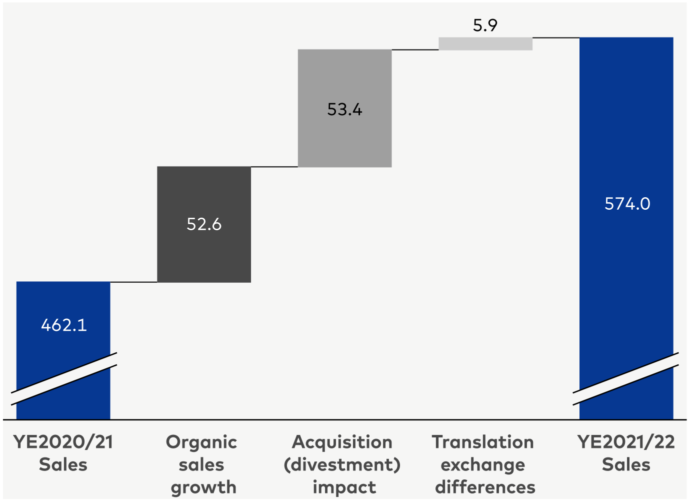
Asia Pacific will continue to increase sales prices where necessary to offset cost inflation. Organic growth will be bolstered by a good project pipeline in the commercial, healthcare, government, residential, and hospitality sectors.

As of 12 January 2022, the Region is being led by a new President, Andy Jones. Andy and his team have started to execute the new strategy Shape4Growth to accelerate profitable growth. This includes a focus on core verticals and the Region's core countries India, China, and Australia. Growth in Australia will continue to be supported by the acquisition of Australian Reliance Doors and Best Doors Australia Groups (RELBDA, 31 August 2021). The country organization already realized initial synergies and generated a strong order intake by selling RELBDA products combined with digital door lock technology from dormakaba.

Key figures - Region Asia Pacific

CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%	Change on previous year in %
Net sales third parties	543.1		439.1		23.7
Intercompany sales	30.9		23.0		
Total segment sales	**574.0**		**462.1**		**24.2**
Change in segment sales	111.9	24.2	16.5	3.7	
Of which translation exchange differences	5.9	1.3	–7.2	–1.6	
Of which acquisition impact	55.8	12.1	1.5	0.3	
Of which divestment impact	–2.4	–0.5	0.0	0.0	
Of which organic sales growth	**52.6**	**11.3**	**22.2**	**5.1**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**108.7**	**18.9**	**85.4**	**18.5**	**27.3**
Average number of full-time equivalent employees	3,486		3,101		

Sales (CHF million) - Region Asia Pacific



Region Europe & Africa

Region Europe & Africa is comprised of the former segments AS EMEA and AS DACH excluding the Market Middle East. All figures were consolidated according to the new operating model. To ensure comparability, dormakaba will disclose the comparable figures of the former operating model in the Notes to the Consolidated Financial Statements for the full financial year 2021/22.

Region Europe & Africa achieved total sales of CHF 1,144.5 million in the financial year 2021/22 compared to CHF 1,105.8 million during the same period of the previous year.

Organic sales grew by 5.9% compared to the previous year despite supply chain constraints and scarcity of electronic components, the impact of the war in Ukraine, and project delays due to external construction site delays (labor and supply chain constraints of other materials) that limited overall growth potential.

All Markets experienced solid growth. Market CEERT (Central Eastern Europe, Russia, and Turkey) delivered double-digit growth despite negative growth in Russia and Ukraine. There was high single-digit growth in Germany and Austria, as well as in the UK, Benelux, Scandinavia, and Market South. Scandinavia continued to benefit from the successful turnaround in Norway with both stronger growth and higher profitability as well as strong Entrance Systems sales growth in Sweden. South benefited from strong growth in product and service sales. All major Markets continue to report healthy order intakes.

All Product Clusters showed solid sales growth driven by double-digit growth for Door Hardware and automatic doors whereas growth in Electronic Access & Data, despite continued strong order intake was limited by the shortage of electronic components, display boards and chips.

Adjusted EBITDA increased by 1.2% to CHF 235.9 million compared to the previous year, which represents an adjusted EBITDA margin of 20.6% (previous year: 21.1%). The adjusted EBITDA margin gained from higher sales volumes, price increases, operational efficiencies and effective cost management. However, these favorable impacts could not fully offset the inflationary pressure on labor, energy, freight and raw material, the margin dilution from lower high-margin Electronic Access & Data sales as well as labor shortage that caused higher reliance on sub-contractors. The impact of inflationary pressure was more pronounced in the second half of the year, especially following the impact of the war in Ukraine and with the timing discrepancy between price realization and cost increases.

Region Europe & Africa expects continued growth in 2022/23 based on a strong order book and a solid project pipeline across major markets, such as major contracts with Avinor to deliver self-boarding gates, one-way corridors and related services for all Norwegian airports, and the REWE Group in Austria, the national supermarket chain.

Growth continues to be supported by the acquisition of Fermatic (France), which was completed in October 2021 and substantially strengthened the Services business footprint in France. The Region will continue to expand its Services footprint both through organic as well as inorganic growth. A recent example is the acquisition of Alldoorco (Holland) in August 2022, a company specialized in the maintenance, repair, and new installation of industrial door systems. The acquisition will strengthen the Region's core business in the important Dutch market.

Europe & Africa will continue to focus on profitable growth and in line with the Shape4Growth strategic focus on customer-centricity, leadership in core countries and core products, sales excellence, price realization, and consolidation of smaller countries into regional structures as well as operational efficiency gains.

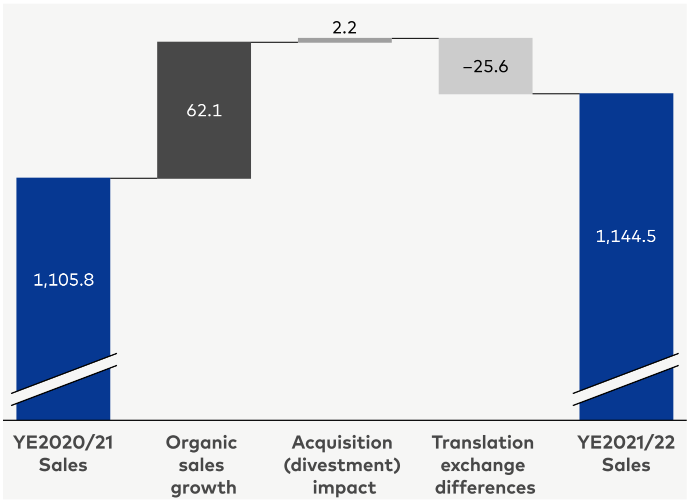
As part of pricing excellence, there will be a particular focus on continued sales price realization to strive to compensate for higher raw material, energy, labor, and freight costs.

In addition, the new strategy targets higher R&D productivity by focusing on our global core offering to develop open, interoperable platform solutions. An example of such an innovative offering is EntriWorX a solution that supports smart planning processes for buildings, simple installation of door solutions, and secure, smooth operation of these applications. EntriWorX, was launched in April 2021 and the business could already gain first major projects. Growth will be supported by a strategic partnership with Schüco, one of Europe's market leaders in windows, doors, facades, and smart buildings. Under the partnership agreement, dormakaba and Schüco will work together to accelerate strategic development projects in digitalization and access control.

Key figures - Region Europe & Africa

CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%	Change on previous year in %
Net sales third parties	1,125.7		1,073.6		4.9
Intercompany sales	18.8		32.2		
Total segment sales	**1,144.5**		**1,105.8**		**3.5**
Change in segment sales	38.7	3.5	38.8	3.6	
Of which translation exchange differences	–25.6	–2.3	–10.6	–1.0	
Of which acquisition impact	34.6	3.1	12.3	1.1	
Of which divestment impact	–32.4	–2.9	–13.0	–1.2	
Of which organic sales growth	**62.1**	**5.9**	**50.1**	**4.8**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**235.9**	**20.6**	**233.0**	**21.1**	**1.2**
Average number of full-time equivalent employees	3,911		3,809		

Sales (CHF million) - Region Europe & Africa



Key & Wall Solutions

Key & Wall Solutions generated total sales of CHF 364.1 million in the financial year 2021/22 compared to CHF 344.8 million in the previous year. Organic growth accelerated during the period under review, yielding 5.7% for the full year.

The two Business Units Key Systems and Movable Walls recorded very different financial performances for the reporting period. Business Unit Key Systems posted 10.4% organic sales growth due to good demand in all its three business lines Keys, Key Cutting Machines, and Automotive Solutions. India, Southeast Asia, and North America saw double-digit sales growth. Europe & Middle East as well as Latin America posted good growth, whereas sales in China were impacted by Covid lockdowns. The increased organic sales were due to good volume growth supported by the low baseline from the previous year, when demand in major markets was negatively impacted by the pandemic. Additionally, sales price increases contributed to organic growth.

Sales for Business Unit Movable Walls recovered during the second half of 2021/22 with high single-digit growth in the final quarter. The improvement was driven by the business starting to convert part of its Covid-related project backlog into sales. In addition, the business benefited from higher sales prices and from market share gains in the USA due to changes in the competitive landscape in the second half year. However, due to a weak first half, organic growth for the full financial year was still below the previous year at -0.6% (half-year 2021/22: -6.7%).

Adjusted EBITDA for Key & Wall Solutions was below the previous year but improved during the year as well, with CHF 50.9 million for the full financial year 2021/22, compared to CHF 22.3 million for the first half of 2021/22 (-7.1% respectively -16.2% compared to the previous year). The adjusted EBITDA margin for the full year 2021/22 was at 14.0% (previous year: 15.9%).

Business Unit Key Systems was able to offset higher raw material and freight costs with higher sales prices, thus improving its adjusted EBITDA margin to 15.6% (previous year: 15.1%).

The adjusted EBITDA margin at Business Unit Movable Walls was impacted by lower sales volumes, a negative mix effect due to lower sales from the Skyfold business, as well as higher raw material and freight costs. As a result, it went down to 11.6% from the previous year's 16.9%. The project-driven business faces headwind due to contract durations and a more pronounced time gap between raw material price increases and higher sales prices. Going forward, the business expects an improvement due to higher sales prices for new projects, which will contribute to higher gross margins.

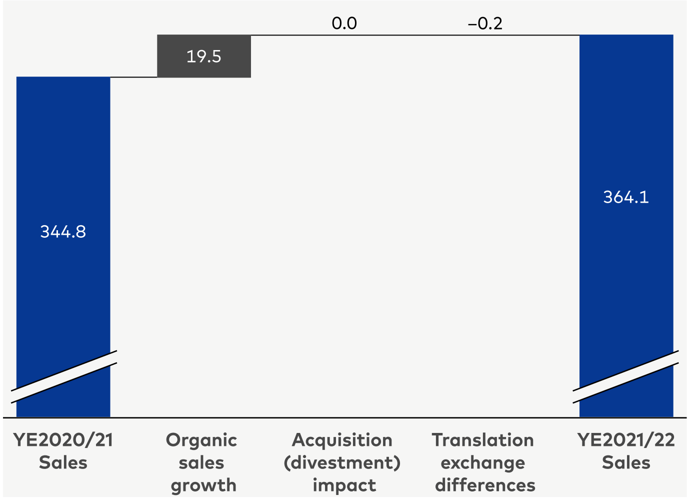
Assuming no further major disruptions related to Covid-19 and no further deterioration of the supply chain, Key & Wall Solutions expects continued organic sales growth in 2022/23 based on a good order intake and backlog. The order book of Movable Walls in particular is promising, with the order backlog in Europe and the Americas still at record level; and also Key Systems sees good demand in major regions. In addition, demand will be driven by the launch of new innovative solutions. Recent examples are the launch of RW5 and Smart Aerial plus, the new connected devices for cloning of automotive keys integrated in our digital ecosystem named MyKeysPro.

Both Business Units will continue to focus on price realization to offset higher energy, raw material, and freight costs as well as labor cost inflation. Additionally, the segment expects to benefit from the initiatives it is currently taking in procurement and sales excellence as part of the new strategy Shape4Growth.

Key figures - Key & Wall Solutions

CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%	Change on previous year in %
Net sales third parties	351.3		329.7		6.6
Intercompany sales	12.8		15.1		
Total segment sales	**364.1**		**344.8**		**5.6**
Change in segment sales	19.3	5.6	–6.6	–1.8	
Of which translation exchange differences	–0.2	–0.1	–12.7	–3.6	
Of which acquisition impact	0.0	0.0	0.0	0.0	
Of which divestment impact	0.0	0.0	0.0	0.0	
Of which organic sales growth	**19.5**	**5.7**	**6.1**	**1.8**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**50.9**	**14.0**	**54.8**	**15.9**	**–7.1**
Average number of full-time equivalent employees	1,918		2,001		

Sales (CHF million) - Key & Wall Solutions



Overview

Financial year 2021/22 was characterized by strong organic growth. Growth was most pronounced in the Regions Asia Pacific and Americas but also good in Region Europe & Africa. In Key & Wall Solutions, growth picked up in the second half-year as Movable Walls started to convert part of its Covid-related project backlog into sales. External headwinds like supply chain constraints and the continued impact of the Covid pandemic, particularly in Asia, prevented an even better growth. External headwinds also had an impact on the adjusted EBITDA margin. While dormakaba was able to compensate for most of these headwinds in the first half of 2021/22, the accelerated inflation in the second half due to the war in Ukraine could only partly be offset with price realizations in the short term. The margin was further impacted by supply chain challenges as orders for high-margin electronic products could not be processed due to the ongoing component shortage.

dormakaba increased net sales by 10.3% to CHF 2,756.9 million in 2021/22 (previous year: CHF 2,499.7 million); organic sales increased by 7.7%. Adjusted EBITDA increased by 2.8% to CHF 372.3 million (previous year: CHF 362.0 million), whereas the adjusted EBITDA margin at 13.5% was below the previous year's level of 14.5%. Net profit at CHF 122.5 million (previous year CHF 193.3 million) was impacted by the divestment of the Mesker business in mid-June 2022 (CHF 61.4 million), mainly due to the recycling of goodwill (for more information, please see Consolidated Financial Statement, chapter 4.3) as well as by expenses linked to the implementation of the new strategy Shape4Growth.

From 1 January 2022 onwards, dormakaba started to implement its Shape4Growth that was announced on 15 November 2021. Shape4Growth will enable dormakaba to accelerate profitable growth by focusing on the company's core businesses in commercial access solutions, as well as on core markets and customer-centricity.

The implementation of Shape4Growth includes the transition into a new operating model, which has changed the organizational setup as well as financial reporting going forward. A detailed description of the new structure can be found in the Notes to the Consolidated Financial Statements for the financial year 2021/22.

On 1 January 2022, dormakaba shifted its operating model to three customer-centric Regions and sales organizations for Access Solutions – Americas, Asia Pacific, and Europe & Africa. The previous segments AS DACH and AS EMEA were merged accordingly, the Market Middle East was consolidated into Asia Pacific. In addition, three global functions Marketing & Products, Operations, and Product Development were introduced to accelerate the deployment of products and solutions across all Regions. Key & Wall Solutions remains unchanged as a self-contained global business.

Sales

dormakaba increased net sales by 10.3% to CHF 2,756.9 million in 2021/22 (previous year: CHF 2,499.7 million). Organic sales growth contributed most with 7.7% (thereof 3.5% pricing) to the overall sales increase. In addition, portfolio adjustments (inorganic growth) added 2.8% to higher net sales, and currency translation effects were almost flat with a contribution of -0.1%.

Profitability

Adjusted EBITDA increased by 2.8% and amounted to CHF 372.3 million (previous year: CHF 362.0 million). It includes a positive currency translation effect of CHF 3.0 million as well as a positive effect from acquisitions and divestments of CHF 9.4 million.

The gross margin for the reporting period was at 40.1% and thus below previous year's level of 41.8% due to the impact of higher raw material, freight, energy and labor costs.

Sales, marketing, and general administration costs were impacted by the investments into the new strategy as well as by increased sales and marketing activities, and at CHF 745.9

million were above previous year's level of CHF 677.0 but flat as a percentage of sales (27.1%).

The adjusted EBITDA margin was 13.5% (previous year: 14.5%). There was a positive margin contribution due to higher sales volumes, increased sales prices, and improvements in operational efficiency. However, these effects were more than offset by inflation, including higher raw material, freight, labor and energy costs. The impact of inflationary pressure was more pronounced in the second half of the year, in particular, as the accelerated inflation due to the war in Ukraine could not be offset by short-term price increases. On top, there was a negative mix effect due to the shortage of electronic components that impacted the high-margin electronic business such as Electronic Access & Data.

The Mesker business had a negative impact on the adjusted Group EBITDA margin of 50 basis points for 2021/22; the business was divested on 21 June 2022. The adjusted EBITDA margin would have been at 14.0% if Mesker had been accounted as discontinued operations.

Items affecting comparability of CHF -88.6 million on EBIT (previous year: CHF -9.3 million) were mainly related to the divestment of the Mesker business and the development and implementation of the new Shape4Growth strategy. These included a CHF 55.2 million loss on divestment of businesses (previous year: CHF 0.3 million), CHF 32.1 million in reorganization and restructuring expenses (previous year: CHF 14.5 million), and CHF 0.3 million in other exceptional items (previous year: CHF –5.9 million).

EBIT decreased by CHF 69.5 million to CHF 204.8 million (previous year: CHF 274.3 million), and the EBIT margin was at 7.4% compared to 11.0% in the previous year.

Performance of Regions and Key & Wall Solutions

dormakaba experienced good demand in most of its markets with good order intakes and order backlogs. Despite strong organic growth there were still adverse effects that prevented even better growth, like the impact of the Covid-19 pandemic, as well as labor shortages and a scarcity of electronic components, that adversely affected the finalization of construction projects.

Organic sales in **Region Americas** (North and South America) increased by 8.3% in the financial year 2021/22 compared to the previous year. Growth was driven by the continued recovery in the US commercial construction market, particularly in renovation and replacement, by good growth in hospitality, and by market share gains. The adjusted EBITDA margin of 17.8% (previous year: 19.3%) was impacted by higher raw material and freight costs as well as labor cost inflation and a negative product mix, which more than offset higher volumes and sales price increases. As planned, the hollow metal door business (Mesker), which had a negative effect of 210 basis points (previous year: 240 basis points) on the Region's adjusted EBITDA margin, was divested.

Organic sales in **Region Asia Pacific** grew by 11.3% year-on-year. All major Markets contributed to growth. India, Southeast Asia, and the Middle East posted strong project, driven double-digit growth, while the remaining Markets Greater China and Pacific also contributed to growth despite the negative impact from lockdowns. The adjusted EBITDA margin was 18.9% (previous year: 18.5%). The slightly higher margin was supported by good volume growth that overcompensated a negative mix effect.

Organic sales for **Region Europe & Africa** grew by 5.9% year-on-year. All Markets experienced solid growth despite supply chain constraints and scarcity of electronic components, the war in Ukraine, as well as project delays due to external construction site delays. The adjusted EBITDA was 20.6% (previous year: 21.1%) as higher sales volumes, price increases, operational efficiency, and effective cost management could not fully offset the inflationary pressure and the margin dilution from lower high-margin Electronic Access & Data sales.

Organic sales in **Key & Wall Solutions** grew by 5.7% year-on-year. There was strong organic growth for Business Unit Key Systems (10.4%). Organic sales for Business Unit Movable Walls were 0.6% lower than in the previous year due to delays in the release of orders and projects resulting from the limited availability of workers across the construction market; however, sales recovered during the second half of 2021/22, with high single-digit growth in the final quarter. The adjusted EBITDA margin was 14.0% (previous year: 15.9%) as Business Unit Key Systems was not able to fully offset the margin decline at Business Unit Movable Walls.

Financial result, profit before taxes, and income taxes

The net financial result for the financial year 2021/22 amounted to CHF –30.9 (previous year: CHF –24.7 million). This is due to higher debt driven by acquisitions, net working capital investments and slightly higher interest rates in 2021/22.

The profit before taxes decreased to CHF 173.9 million (previous year: CHF 249.6 million). Income taxes for the financial year went down to CHF 51.4 million (previous year: CHF 56.3 million). The effective income tax rate came to 29.6% and was above previous year (22.6%) mainly driven by the impact from divestments.

Net profit

dormakaba closed the financial year 2021/22 with a net profit of CHF 122.5 million (previous year: CHF 193.3 million). Excluding the effect of the divestment of the Mesker business (CHF 61.4 million) in June 2022 the underlying net profit was CHF 183.9 million, which represents a decrease of 4.9%.

The Board of Directors has decided to exclude the effect of the Mesker divestment in the dividend payout calculation. Based on an unchanged dividend policy of maintaining a minimum payout ratio of 50% of consolidated net profit after minority interests, the Board of Directors proposes that CHF 11.50 per share be paid out for financial year 2021/22 (previous year: CHF 12.50). This corresponds to a payout ratio of 50.4%.

Cash flow and balance sheet

Cash flow from operations decreased to CHF 188.4 million (previous year: CHF 384.5 million). The reduction on the previous year is due to an increase in net working capital driven by a rise in inventories due to higher volumes and higher raw material prices, build-up of safety stock for electronic components and certain other raw materials, higher goods in transit due to freight and supply chain challenges. The increase in accounts receivables were in line with top line growth.

Net cash from operating activities stood at CHF 127.3 million (previous year: CHF 313.5 million), representing a low operating cash flow margin of 4.6% (previous year: 12.5%). Cash flow from investing activities of CHF –158.9 million (previous year: CHF –95.5 million) was driven by acquisitions totaling CHF 92.1 million (previous year: CHF 18.6 million). Cash flow from financing activities amounted to CHF -0.4 million (previous year: CHF -231.9 million).

As a result, the free cash flow figure of CHF –31.6 million was below the previous year's (CHF 218.0 million).

As of 30 June 2022, total assets stand at CHF 1,907.2 million. Within current assets, cash and cash equivalents amount to CHF 104.5 million, while inventories stand at CHF 537.0 million (28.2% of total assets; previous year 24.1%); trade receivables increased to CHF 482.8 million (25.3% of total assets; previous year 22.7%). Non-current assets consist mainly of property, plant, and equipment worth CHF 409.9 million (21.5% of total assets; previous year 23.2%).

Total liabilities come to CHF 1,711.3 million (89.7% of total assets; previous year: 85.8%), of which CHF 320.2 million is accounted for by the corporate bond due in October 2025. The bond maturing in October 2021 was refinanced by drawings under the syndicated credit facility amounting to CHF 525 million with options to extend by another two years and to increase the facility by CHF 200 million.

The planned capital market take out in Spring 2022 was cancelled due to the war in Ukraine. To ensure the usual financial flexibility under the syndicated credit facility, dormakaba signed in June 2022 a twelve month CHF 300 million “bridge to bond” credit facility with a major Swiss bank..

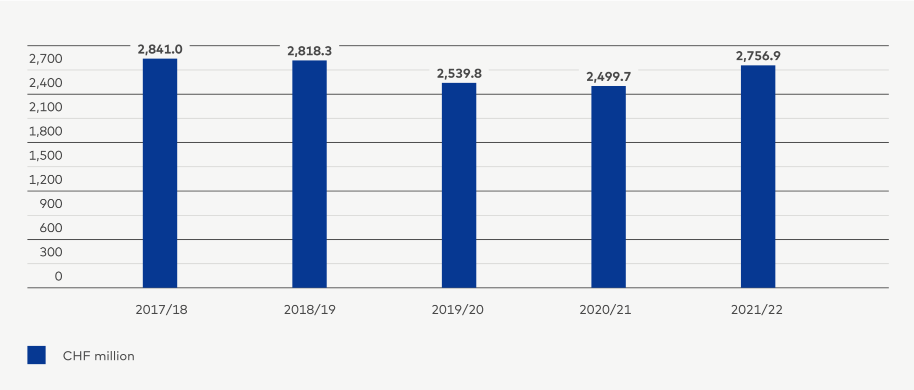
The financial debt profile will be reviewed for diversification potential in the near future both in terms of maturities and instruments. Net financial debt increased by CHF 199.3 million to CHF 708.1 million as of 30 June 2022 (previous year: CHF 508.8 million). Financial leverage, defined as net debt relative to adjusted EBITDA, was 1.9x (30 June 2021: 1.4x net debt/adjusted EBITDA). The company fully complies with the covenant of the syndicated credit facility.

As of 30 June 2022, the company’s equity stands at CHF 195.9 million, which represents an equity ratio of 10.3% (previous year: CHF 264.9 million or 14.2%). The change in equity is mainly due to acquisition-related goodwill, which has been entirely offset against equity.

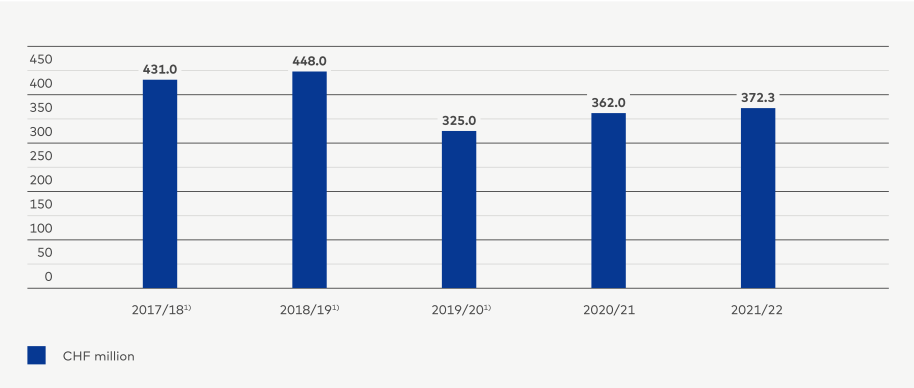
Currency effects

In the financial year 2021/22, the average euro exchange rate against the Swiss franc decreased by 3.2% year-on-year from 1.085 to 1.050. The average Swiss franc exchange against the US dollar rose by 2.4% from 0.910 to 0.932. Compared to previous years, most other major currencies appreciated against the Swiss franc, including the Canadian dollar by 3.7%, the British pound by 1.2%, and the Chinese renminbi by 5.0%. Currency translation had a negative impact of CHF 3.0 million on net sales and a positive impact of CHF 3.0 million on adjusted EBITDA.

Sales

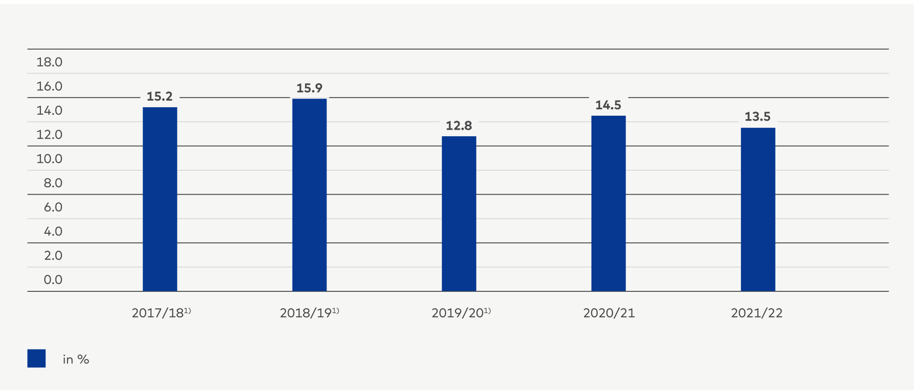


Adjusted EBITDA



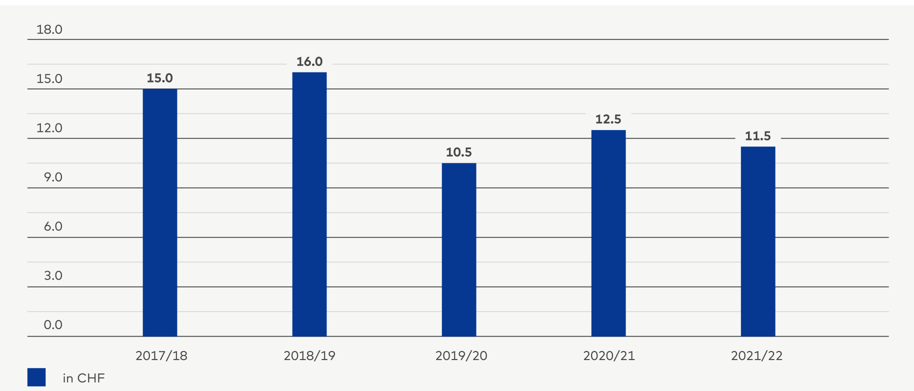
1) In 2017/18, 2018/19, and 2019/20: EBITDA is not adjusted.

Adjusted EBITDA margin



1) In 2017/18, 2018/19, and 2019/20: EBITDA is not adjusted.

Dividend per share

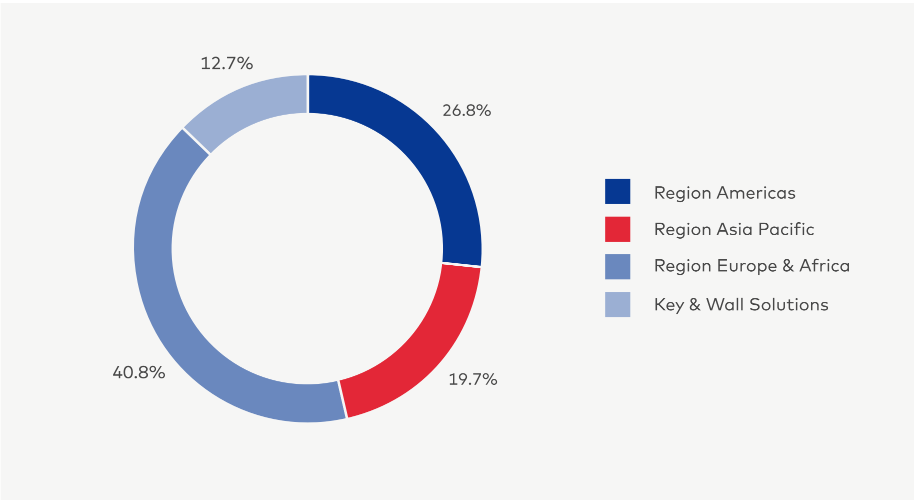


Key figures

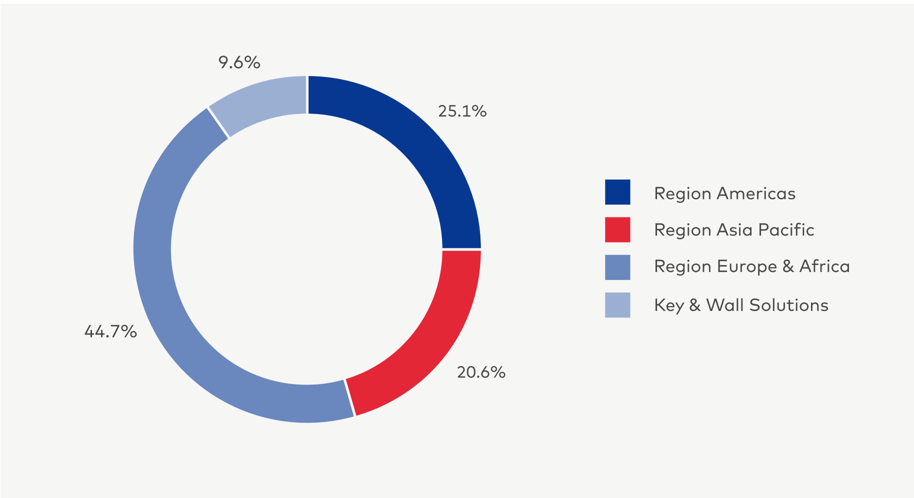
CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Net sales	**2,756.9**		**2,499.7**	
Change in sales	257.2	10.3	–40.1	–1.6
Of which translation exchange difference	–3.0	–0.1	–76.6	–3.0
Of which acquisition impact	90.4	3.6	16.6	0.7
Of which divestment impact	–20.9	–0.8	–13.0	–0.6
Of which organic sales growth	**190.7**	**7.7**	**32.9**	**1.3**
Adjusted EBITDA (Operating profit before depreciation and amortization)	**372.3**	**13.5**	**362.0**	**14.5**
Adjusted EBIT (Operating profit)	**293.4**	**10.6**	**283.6**	**11.3**
Profit before taxes	173.9	6.3	249.6	10.0
Net profit	122.5	4.4	193.3	7.7
Dividend per share (in CHF) [1]	11.5		12.5	
Other key figures				
Total assets	1,907.2		1,869.8	
Net debt	708.1		508.8	
Market capitalization	1,740.3		2,628.4	
Average number of full-time equivalent employees	15,495		14,989	

1) Financial year ended 30.06.2022: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.

Third-party sales by segments



Adjusted EBITDA contribution by segments (in % of total main segment adjusted EBITDA)



Fundamental information about dormakaba

dormakaba Holding AG is the ultimate parent company of dormakaba Group. dormakaba Group was formed by merging the two previously unaffiliated enterprises, Dorma and Kaba, on 1 September 2015. Since then, dormakaba Holding AG owns 52.5% of dormakaba Holding GmbH + Co. KGaA, that, as an intermediate holding company, combines all operating entities of the Group and is fully consolidated in dormakaba Group's consolidated financial statements, prepared by the parent company, dormakaba Holding AG, as at 30 June 2022[1)]. Minority interests are shown separately as part of equity capital. dormakaba Holding AG has prepared its consolidated financial statements in Swiss francs (CHF) and in accordance with Swiss GAAP FER to the end of the financial year that runs from 1 July 2021 to 30 June 2022. Swiss GAAP FER is an internationally accepted accounting standard for small and medium-sized organizations and groups of organizations with a presence in Switzerland. dormakaba Holding AG is listed on the SIX Swiss Exchange and is headquartered in Rümlang (Zurich/Switzerland).

In addition to the provisions of Swiss GAAP FER, dormakaba Holding AG produces a Group Management Report that meets the requirements of the Schweizer Obligationenrecht (OR, Swiss Code of Obligations), particularly Art. 961c, and of the Deutsches Handelsgesetzbuch (HGB, German Commercial Code) § 315 HGB, and of Deutscher Rechnungslegungs Standard (DRS 20, German Accounting Standard).

1) Under § 290 of the Deutsches Handelsgesetzbuch (HGB, German Commercial Code), dormakaba Holding GmbH + Co KGaA is obliged to prepare consolidated financial statements, and under § 315 HGB it is obliged to prepare a Group Management Report. However, under § 292 HGB dormakaba Holding GmbH + Co KGaA is exempt from these obligations if consolidated financial statements and a Group Management Report are produced and published at the level of the parent company in Switzerland. dormakaba Holding GmbH + Co KGaA's single-company financial statements were produced in accordance with the relevant provisions of HGB.

Business model

dormakaba Group (dormakaba) is one of the world's top three companies providing smart, secure and sustainable access solutions. Its comprehensive portfolio of strong brands offers customers a broad range of products, solutions, and services for access to premises, buildings, and rooms. The portfolio includes locking systems – from cylinders, keys, and locks to fully networked electronic and cloud-based access solutions – along with physical access and automatic door systems, as well as a comprehensive range of door hinges, fittings, and door closers. The access solution business is complemented by products for time and enterprise data recording and high-security locks. The company is also a market leader for key blanks, key cutting machines, and automotive solutions such as transponder keys and programmers, as well as acoustic movable partitions and horizontal and vertical partitioning systems.

dormakaba has a long tradition of innovation and engineering expertise. Its innovation leadership anticipates and fulfills customer needs through continuous technological advancement, creating state-of-the-art solutions that add value for customers and end users alike.

dormakaba is active in over 130 countries and is present in all relevant markets through production sites, distribution and service offices, and collaboration with local partners.

Goals and strategies

As a publicly listed company, dormakaba's fundamental goal is to increase its long-term enterprise value across industry cycles and economic fluctuations. It is assisted in this by a strong Pool Shareholder Group that ensures the long-term orientation of its strategy. Beyond creating shareholder value, the company's strategy sustains the interests of other stakeholders, most importantly its customers, partners as well as employees and associates. A customer-centric approach – backed by the strong positioning of dormakaba's products, solutions, and services through production facilities coordinated by the Group and distribution channels in all key industry markets – provides a firm foundation for global growth.

Main Strategy & Portfolio focus

Focus on accelerating growth	Focus on **Customer Centricity**

Key enablers to strengthen the Core

Improve **Operational Excellence** and gain **Scale**	Realize effective **capital deployment**	Create a **customer-centric** and **high-performance culture**

In November 2021, the new corporate growth strategy, Shape4Growth, was presented to the public and its implementation was started at the beginning of January 2022. Shape4Growth will accelerate profitable growth through a focus on core businesses, core markets, and customer-centricity, enabled by enhancements in operational excellence and scale, capital deployment, and culture.

This growth strategy creates clear portfolio segmentation concentrated on dormakaba's global core businesses: Access Automation Solutions (AAS; formerly Entrance Systems), Access Control Solutions (ACS; formerly Electronic Access & Data, Lodging Systems), Access Hardware Solutions (AHS)[2)] and Services. These businesses are less exposed to economic and market fluctuations and offer the highest growth and margin potential. Shape4Growth also emphasizes the markets where dormakaba has established the strongest position and where its global core businesses can expand the most.

2) Within this product cluster, only Door Closers are identified as global core products

Letter to Shareholders
Business performance
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Financial statements dormakaba Holding AG
Corporate Governance
Compensation Report
Five-year performance overview

A clear focus on operational excellence, notably in procurement, pricing, and IT, provides a secure basis for profitable growth, which will be further supported by effective capital deployment through improved R&D return, continued active portfolio management, and targeted partnerships. The company has established a range of internal initiatives to foster a strong culture that focuses on the customer, emphasizing teamwork, implementation, transparency, and accountability.

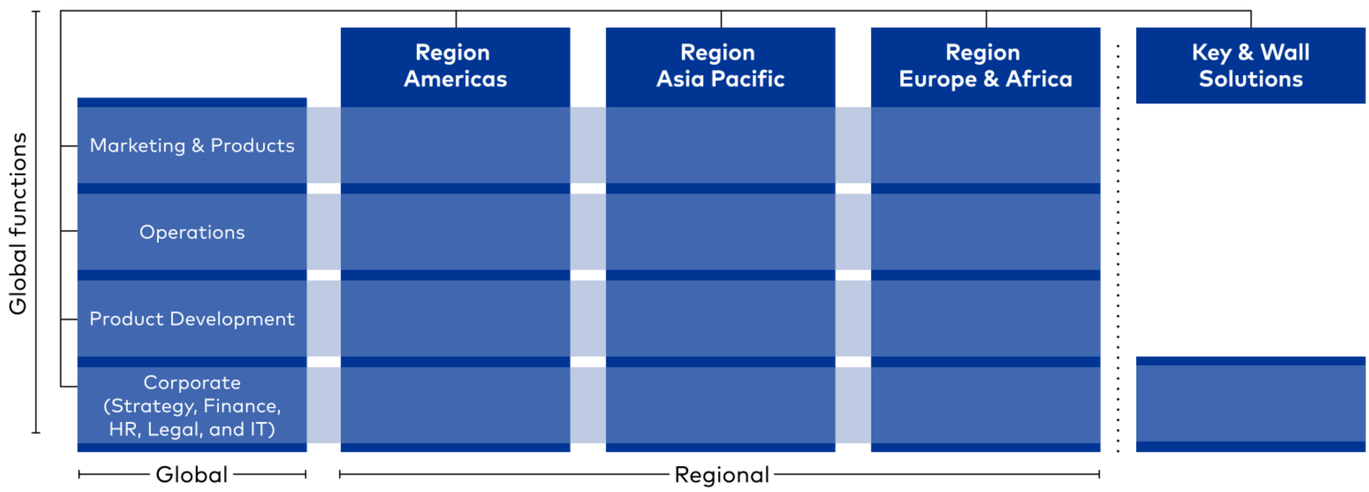
The broad business goals of the Shape4Growth strategy include enhancing growth potential by driving innovation and quality, expanding services businesses, and maintaining or achieving a top-three leadership position in all core countries.

dormakaba is committed to fostering a sustainable development along its entire value chain. The Shape4Growth strategy therefore also lays out an industry-leading sustainability framework with ambitious ESG targets across three strategic areas: Planet, People, and Partnerships.

For more information on the key strategy enablers, please see: Key performance indicators. For the strategic ESG targets, please see the Sustainability report.

Operating Model

The implementation of Shape4Growth includes changes to dormakaba's operating model, which took effect on 1 January 2022. There are now three customer-centric regions and sales organizations for Access Solutions – Americas, Asia Pacific, and Europe & Africa – supported by global functions that secure efficiencies of scale and business synergies, such as Marketing & Products, Product Development, and Operations. Key & Wall Solutions (KWS) remains unchanged as a self-contained global business. The Group is making additional IT investments to secure the growth potential of this organizational rearrangement by, harmonizing and optimizing its IT infrastructure, reducing internal complexity, and enabling growth.



A detailed description of the new structure can be found in the Notes to the Consolidated Financial Statements for financial year 2021/22.

Internal management system

dormakaba is led strategically by the Board of Directors (BoD) of dormakaba Holding AG. The duties and responsibilities of the BoD are defined by the Swiss Code of Obligations and the company's Articles of Incorporation and Organizational Regulations. The BoD has delegated management of ongoing business to the Chief Executive Officer (CEO), supported by the Executive Committee (EC). Therefore, the CEO is responsible for overall management of dormakaba. The powers and functions of the EC are set out in the Organizational Regulations. Further details on the internal management system can be found in the Corporate Governance Report 2021/22.

Compensation system for BoD and EC

The principles for compensating the BoD and EC are set out in the Articles of Incorporation. The following regulations are particularly important:

- Basic principles of compensation for the BoD (Article 23);
- Basic principles of compensation for the EC (Article 24);
- Binding vote on compensation at the General Meeting of Shareholders (Article 22);
- Maximum additional amount of compensation for new EC members (Article 25);
- Agreements with members of the Board of Directors and the Executive Committee, notice periods for the members of the Executive Committee (Article 26);
- Credits & Loans (Article 28).

The Compensation Report, which provides further details on the compensation system and on compensation paid out in the financial year 2021/22, can be found here.

Sustainability reporting

To respond to the needs and expectations of society, customers, and employees, dormakaba put sustainability at the core of the company's vision, which underlines a long-term commitment to shaping a more sustainable industry and future.

As part of its new corporate strategy, dormakaba reassessed its material topics for sustainability. By monitoring global trends and engaging with key stakeholders in constructive dialogues, ten topics were identified, that are the most relevant for stakeholders and for those where the company has the highest impact on sustainable development. The new sustainability framework is in line with the most material issues, that are aligned to three Pillars: People, Planet and Partnerships. The company is committed to fostering sustainable development along the entire value chain in line with its economic, environmental, and social responsibilities toward current and future generations.

Detailed information on the sustainability framework, measures, and progress can be found in the dormakaba Sustainability Report 2021/2022, published in accordance with the Global Reporting Initiative Standards. dormakaba also publicly reports on sustainability-related matters on an annual basis in the dormakaba Modern Slavery Statement, the Communication on Progress to the UN Global Compact, and in its submission to the Carbon Disclosure Project.

Research and development

The innovative strength of dormakaba, resulting in the development of new products, solutions, and services, are key to the company's sustainable profitable growth, as exemplified by a continuous investment of around 4% of sales in R&D over the past years.

With the Shape4Growth strategy, the company has also restructured its R&D activities. Under the former operating model, Research and (Product) Development were coordinated across all regions until the end of the first half of the financial year 2021/22. With the change in the operating model, all R&D and product development efforts are now bundled in one global function. This will lead to a product portfolio that relies on common platforms for both hardware and software in order to decrease time-to-market while increasing efficiency. The company will continue to drive digital transformation by providing best-in-class services to cover the full life cycle of the offerings. i.e. from planning to installation and service. Further, dormakaba has established a cyber-security governance model to cope with the threats to its digital product offering.

With the new strategy cycle, dormakaba is embedding sustainability at the core of its product development, actively streamling the product portfolio, and pursuing the elimination of technical inefficiencies. To foster collaboration across teams and to manage the challenge to provide simplicity and ease-of-use to our customers, dormakaba continues to apply agile frameworks, namely SAFe for enterprises, along with fostering an agile mindset across the Group.

In recent years, the product portfolio of dormakaba has increasingly embraced electronics, connectivity, and digital solutions. The continued investment in product innovation and digitization has positioned the company well to offer its customers attractive solutions for their emerging demands in this new environment. The pandemic has accelerated the adoption of seamless and touchless access solutions overall and specifically in attractive verticals such as healthcare and multi-housing.

In the financial year 2021/22, digitization continued to be an important driver in research and development and comprised processes, products, solutions, and services alike. It creates opportunities for new business models, market positioning, and value streams for dormakaba and delivers sustainable solutions through leading innovation.

In the past two financial years, dormakaba has submitted 136 technical patent families and eight design patents to the respective authorities. dormakaba believes in the growing importance of data driven ecosystems and solutions that satisfy the future needs of customers and markets. Therefore, the company engages in many partnerships to grow the potential of verticals such as airports, healthcare, lodging, and multi-housing. Currently, over 700 employees at 16 locations worldwide contribute to innovation and product development within the Group.

Being at the forefront of the digital transformation of the access and building technology industry results in new product launches year-over-year. In the financial year 2021/22 these included:

Digital Services

- **EntriWorX Planning 360:** The collaboration tool designed especially to support architects in the early planning phase of buildings to easily manage door schedules (door lists), was launched in Germany in the second half of the financial year. The introduction to further markets is planned for the upcoming financial year 2022/23.
- **EntriWorX Planner:** The planning tool for all partners involved in the execution planning of buildings was launched in Germany and Switzerland this year. The template-based approach to increase transparency in the planning and construction phase of buildings creates digital twins of doors for concrete projects to use this information in the whole process of the building, from planning to construction and for the handover to the operation phase.
- **resivo:** A cloud platform for facility management, designed for tenants and property owners in multi-housing. It is developed as a complete access management system that facilitates processes for tenant changes, handover process, and access permissions for the digital or physical key in the dormakaba resivo home app. Keys or RFID media can be issued as needed.
- **B-COMM for Workday (New Release):** Integration to Workdays Time & Labor module to provide an effective and efficient solution to manage the attendance of employees and project costs. The integration is certified by Workday, and dormakaba is recognized as a "Workday Selected Partner."
- **Ambiance Platform enhancements:** Multi-language support was added to enhance the global attractiveness, a matrix interface enables dormakaba to leverage the Matrix Access Control Solution system for enhanced back of house access control requirements in a hotel environment. The receiver link allows the use of third-party infrastructure for the deployment of connected locking devices.

Access Automation Solutions

- **Argus Air:** The sensor barriers for airport applications convince with their design and their sophisticated functionality, especially in the area of sensor technology. They fit all requirements of the different areas. With these eGates, all topics such as security control, secure access to the lounge, and, above all, the topic of a comfortable boarding process can be covered - simple, contactless, and, if desired, also with biometric features.
- **ST PRO Green RC3**: A new, energy-saving automatic sliding door with a thermally separated profile system that is not only visually outstanding, but also particularly sustainable, because it reduces energy loss in the building. The version of the door with class RC3 burglary protection is new and thus offers energy savings and increased burglary protection in one. This product is aligned to EU Taxonomy climate

change mitigation objectives and was launched in Austria and Switzerland; further launches are planned during financial year 2022/23.
- **KTV ATRIUM FLEX**: An all-glass revolving door that convinces with its transparency, design, and technology. The ceiling-mounted direct drive KT FLEX Direct enables different operating models (from manual to fully automatic) and allows installation without extensive floor work. The LED light ring provides uniform illumination of the door interior and is also another design highlight.

Access Hardware Solutions
- **Rosé biometric:** A digital door lock that is a smart and innovative door handle solution available in one of the company's top markets in Australia. The solution provides access control to internal doors. It is a perfect fit for storerooms, student accommodation rooms, the door between the garage and the house, and others. The solution includes a highly reliable biometric reader complemented with an electronic keypad that features digital keypad, and fingerprint reader (up to 200 users fingerprint/codes and two master codes). It also includes a voice guidance menu.
- **M200** : A lock solution with a face recognition module that uses 3D face structured light technology. The product works well regardless of strong or weak light interference; furthermore, it can effectively prevent photo and video cracking.
- **ITS 932 (EN 4 spring strength):** Concealed door closer solution with an easy open cam action technology and slide channel, suitable for a door leaf thickness of 40mm. The product was developed to address the market needs of the retail distribution channel in India and other markets in Region Asia Pacific. ITS 932 comes with a hold open accessory unit and is suitable for timber and metal doors, for left- and right-hinged doors.
- **KES900 Series (KES900S, KES900Z):** Electromechanical locking solutions with a pre-load electric strike feature, capable of opening electrically with up to 35kgs of pressure being applied. The KES900S belongs to this series which provides a stainless-steel housing making it suitable for use on fire/smoke doors and provides an impressive static holding force of up to 1000kg. Meanwhile, the KES900Z is a solution suited for non-fire-rated applications such as residential & aluminum fabricated solutions due to its Zinc Alloy construction.

Key Systems
- **FUTURA EDGE PLUS:** A machine that decodes and cuts biaxial keys for the most popular lock brands, featuring a unique tilting cutter unit that allows the machine to perform all needed operations with maximum precision and customer efficiency.
- **REKORD PRO:** A compact mechanical key machine for cutting flat cylinder, flat vehicle, and cruciform keys. It is a highly sophisticated solution for businesses cutting 2 to 4 thousand keys per year or around 10 keys per day.

dormakaba will continue to invest substantially in the development of new and existing products, platforms, solutions, and services, as well as in modernizing and optimizing its production facilities and systems, its processes, and its information technology systems. dormakaba will also allocate additional funds to digital transformation and to becoming the partner of choice when it comes to sustainability in the coming years. The company is convinced that these investments are vital to further shape the competitive position of the company and to develop new products and solutions to address market opportunities and trends.

Macroeconomic and sector-specific conditions

dormakaba operated in a challenging business environment in the financial year 2021/22. On the positive side, there was good demand in all regions and the company closed the year with a good order intake and backlog. This was also reflected in the strong organic growth of 7.7% for the financial year 2021/22.

Nevertheless, the macroeconomic environment was affected by various factors. There were still pandemic-related lockdowns in several countries, which had an impact particularly in China due to its zero-Covid strategy. Further, there were supply chain issues, affecting in particular high-margin electronic products where orders could not be processed due to the component shortage. On top of that, the completion of construction projects was affected by shortages in labor and building materials in general, which caused delays especially in the Project and Services business.

Supply chain disruptions and inflationary trends in particular were unexpectedly exacerbated from March onwards by the war in Ukraine. dormakaba reacted swiftly and announced additional sales price increases to offset inflation. However, since there is always a gap between a sharp increase in input costs and sales price realization, the gross and EBITDA margins in the second half of 2021/22 were below the level of the first half and the overall adjusted EBITDA margin was below last year's level.

The impacts of the war in Ukraine and the accelerated inflation were also reflected in GDP development. In the first and second quarters of the financial year 2021/22, GDP in the G20 countries recorded quarter-on-quarter growth of 1.9% and 1.3%, respectively (OECD, 2022). In the third quarter of the financial year 2021/22, the impact of geopolitical tensions became evident as GDP growth in major developed and emerging economies contracted to 0.7% (OECD, 2022).

Course of business and position at the end of the financial year

Detailed information on the business performance and the average number of full-time equivalent employees in the financial year 2021/22 can be found in the Financial Performance section of this Group Management Report and in the Consolidated Financial Statements for the financial year 2021/22.

Non-financial performance indicators

For the new strategy cycle, a new set of non-financial performance indicators have been defined and were introduced during dormakaba's Capital Markets Day in November 2021. These indicators have a strategic focus and will continuously be tracked by dormakaba, but dormakaba is not being operated by them. The main non-financial performance indicators are the following:

Customers and products

The dormakaba brand stands for its high-quality products. Product quality and customer satisfaction are therefore crucial and must remain a focus at all stages along the entire value chain. Customer satisfaction is addressed through customer dialog as well as through local surveys. Customers usually consider the expanded offering from a single source as a benefit.

Net Promoter Score

Customers are at the core of every place that matters at dormakaba. The NPS (Net Promoter Score) is a well-known metric that measures customer loyalty and satisfaction through one simple KPI. It measures the likelihood of a customer recommending dormakaba and it serves as an important signal of overall customer satisfaction for the company. The NPS will be collected regularly on an international scale by customer surveys and monitored by the management going forward.

Innovation Power:Market Success of New Products

This is a key metric that allows dormakaba to understand the innovation activity in relation to overall sales. This metric provides the company with transparency of how successful innovations are in the relevant markets and therefore, how R&D efforts are driving the overall success of the Group. Going forward, the implementation of further alternative KPIs will help to better understand satisfaction on a more granular and specific interaction level. The objective will be to ensure that processes are well aligned to customer needs, and it will provide dormakaba with data that reveals where changes to those processes may be needed.

Human resources

Employees are crucial to the success of dormakaba. Therefore, the company strives to shape a work environment that enables professional growth and engagement. By fostering the right environment and developing the employees of dormakaba, the company will be able to become more customer centric and achieve a high-performance culture. To support this, the focus is on the measurement of the two enablers Employee Engagement Index and Diversity & Inclusion, as they help to identify the success of the transformation towards a customer-centric and performance-orientated work culture that includes accountability and ownership.

To measure dormakaba's Employee Engagement Index, dormakaba conducts periodic global engagement surveys. The results of these surveys are used to not only measure, but also to develop action plans to improve employee engagement. To support the change coming with the new strategy Shape4Growth, dormakaba conducted a Pulse Check engagement survey to understand how employees are perceiving the change and if the engagement levels have changed from previous engagement surveys. The first Pulse Check was conducted in March 2022 for 10% of the employee population and the overall engagement results were favorable. For those engagement elements where the engagement could be improved, management teams are putting plans in place to make improvements.

dormakaba also focuses on fostering an inclusive culture and diverse workforce, and in providing equal opportunities for all employees. The company is committed to gender diversity and to supporting minorities within the organization. dormakaba has communicated several targets to increase the gender balance within the management teams. The two main targets to be achieved by 2027 are: (1) One in three managers are women; (2) 25% women in succession planning for senior management positions. To confirm the commitment, CEO Jim-Heng Lee signed the WEP (UN Women´s Empowerment Principles). More information on the targets and initiatives can be found in the Sustainability Report.

dormakaba provides a variety of learning and development programs to employees, including leadership programs and technical training. During the Covid-19 pandemic, many of the training programs were hosted virtually to ensure that training could still be provided to employees.

dormakaba also provided employees with information material on how to work effectively from home, how to adapt to the change in working environment and manage stress. For managers, information was provided on how to manage a virtual team. This material was translated into 15 languages.

Compliance and Human Rights

When conducting its business, it is a matter of course for dormakaba to comply not only with applicable law and legal regulations at the local, national, and international level but also with internal company directives at all its locations. This applies to internal processes as well as to relations with external partners, including customers, authorities, and suppliers. To live up to its responsibilities in these areas, dormakaba has developed measures and processes to ensure its responsibilities are met and to prevent abuse. These measures and processes are continuously improved and developed further. The company sets binding rules in its Group-wide Code of Conduct that is available to employees on the Group Intranet in various languages and to external stakeholders on the dormakaba website. Furthermore, the segments ensure that all dormakaba employees participate in the mandatory Code of Conduct trainings. The Code and additional directives form an important foundation for the sustained economic success of dormakaba all over the world.

dormakaba acknowledges its responsibility to respect human rights as outlined in the Code of Conduct and the Supplier Code of Conduct (see paragraph on the supply chain below).

dormakaba published its Statement of Commitment on Human Rights in line with international standards including the UN Guiding Principles on Business and Human Rights. The commitment clarifies:

1. The relevant international human rights frameworks to which the company subscribes,
2. Salient human rights issues of dormakaba, and
3. The company's Human Rights Due Diligence (HRDD) framework describing the appropriate policies and processes to implement its Human Rights commitment.

Based on the Human Rights-related risks and impacts identified, dormakaba will continue to develop prevention and mitigation measures integrated into company operations, training programs, policies, and management systems. Human rights-related risks identification and mitigation are a central part of supplier due diligence as well. This will be achieved through the implementation of a human rights roadmap approved by the Executive Committee (EC) in the context of the HRDD process development.

In the financial year 2021/22, a key focus has been to further assess the salient issues of child labor through the continuation of a supply chain traceability project in collaboration with suppliers. In addition, Responsible Labor and Zero Recruitment Fees policies have been rolled out. Further information on human rights can be found in the Sustainability Report 2021/22.

Environment

dormakaba uses resources in the manufacture of its products and generates waste and emissions. Environmental issues are therefore a key aspect of sustainability and are relevant along the entire value chain. An advanced policy laying out business requirements as regards environmental management was published in the financial year 2021/22. A detailed overview of the company's sustainability work and the most important benchmarks, including greenhouse gas emissions, energy consumption, water consumption, and waste management, can be found in the Sustainability Report 2021/22.

Supply chain

dormakaba pursues a comprehensive and consistent procurement policy. Based on a detailed analysis of all expenditures, goods and services are grouped into material categories according to their characteristics. By means of this analysis, all products and quantities as well as the complete supplier portfolio are identified and then classified into either global, regional, or local categories.

The process to approve a supplier is in accordance with DIN and ISO requirements, as are the supplier evaluation and assessment processes.

dormakaba carries out on-site quality audits via a standard audit questionnaire to examine suppliers' quality management. Suppliers are selected for audits based on a risk assessment process that takes into account the potential risk from specific locations, products, and performance. This risk assessment results in a score ranking, indicating the frequency of auditing required for the relevant supplier.

In addition, the dormakaba Supplier Code of Conduct outlines minimum requirements with regards to human rights, fair working conditions, environmental responsibility, and business ethics, among others. To ensure that dormakaba's suppliers contribute to social and environmental well-being, dormakaba focuses on three areas: identifying supply chain risks; supplier off-site sustainability assessments; and setting improvement plans. The risk assessment is based on risk indicators for materials compliance and geography for: (1) Energy and Emissions; (2) Effluents and Waste; (3) Occupational Health and Safety; (4) Materials; (5) Training and Education; (6) Freedom of Association; and (7) Human Rights. Around 2100 suppliers are included in the risk group. Thus far, the company has assessed the sustainability performance of approximately 18.7% of these suppliers in collaboration with the third-party assessment firm EcoVadis. Since the launch of this collaboration, improvement plans for 234 suppliers were requested because of the assessment results. Furthermore, 6 business relationships were terminated, and 2 suppliers were blocked from new business as a result of lack of participation and/or low sustainability performance. In order to continuously improve the assessment rate of the entire risk group, allocations for inviting 500 suppliers per year to participate have been made through to the financial year 2026/27.

Further information can be found in the Supplier Sustainable Development chapter of the Sustainability Report 2021/22.

Opportunity and risk report

Opportunities

Opportunities from market trends

The market for security and access solutions is in transformation. Megatrends such as the rising need for security, urbanization, demographic change, and increasing prosperity in emerging economies as well as new technological opportunities are driving demand but also require new approaches. Increasing digitalization of services, often cloud-based, is transforming our relationship with our physical surroundings. Patterns of work and travel have adapted to a "new normal" that is very unlike pre-pandemic life, and the need to reduce carbon emissions is becoming a global imperative. dormakaba intends to continue to invest significantly in innovation, product development, and sustainability to exploit the growth opportunities brought by these megatrends, and to achieve innovation leadership (see also the statements on Research and Development above).

Opportunities from industry consolidation

Opportunities also arise from the ongoing and anticipated consolidation of the industry in which dormakaba operates. Despite the consolidation that has already occurred, the market for security and access solutions remains highly fragmented: the three biggest companies in the industry together account for only about one third of market share. dormakaba plans to further strengthen its market position and will therefore continue to play an active role in industry consolidation.

Opportunities from market position

dormakaba is already a global leader in security and access solutions; its commitment to innovation and sustainability will help it maintain and improve that position as the industry consolidates. Its business is characterized by high resilience and barriers-to-entry: digitalization, country-specific regulation, complex system integration, and continuing after-sales service all contribute to customers' need for a close and continuing partnership with their chosen supplier. As a trusted innovator, with a comprehensive solutions portfolio, broad and deep global market presence, and strong pricing power, dormakaba is well-positioned to anticipate, influence, and participate in all significant developments in the building industry.

Opportunities from the "dormakaba" brand

The company's brands are key assets in its business development as they play a significant role in creating customer loyalty and differentiation. The company's main brand "dormakaba" is well-known and appreciated in the market for seamless flow and integrated access. It emerged from the combination of the renowned brands Dorma and Kaba following the merger in 2015. In addition, segmentation through strong regional, local, and independent brands help the company to improve channel penetration and market reach. This is why the company's brand portfolio, beside the main brand dormakaba includes constituent brands such as Best, Alvarado, Kilargo, Groom, Dorma Hüppe, Modernfold, Skyfold, Silca, and Ilco that are just as well-established in the market and inspire long-term customer loyalty. The streamlining of the company's operational model introduced by the Shape4Growth strategy will enable the Group as a whole to gain optimal benefit from market segmentation while maintaining strategic focus and operational efficiency.

Risk policy, risk management, and risks at dormakaba

Risk policy

dormakaba manages a globally active business. All its business activities are conducted with the aim of securing economic success. However, these activities can also bring about risks. The overriding goal of the risk policy of dormakaba is to secure the future development of the Group, to achieve sustainable profitable growth, and thus to increase enterprise value. In the course of its business activities, dormakaba is exposed to the general risks inherent in any entrepreneurial operation, and these may impede or prevent the achievement of its goals. In this context, opportunities to be utilized to meet or exceed planned targets are analyzed to identify and assess the risks they bring about. In the course

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of business, these risks are monitored and managed carefully, and their mitigation plans are continuously adapted to changes.

dormakaba always takes strategic and operational decisions on the basis of a systematic analysis and evaluation of the opportunities and risks relating to its assets, financial position, and earnings. It avoids risks that are assessed to be incalculable, unreasonably high, or existential.

Opportunities, as understood in the Group's opportunity and risk policy, are chances to use events, developments, or active operations to achieve or exceed planned quantitative and qualitative objectives. Risks, as understood in the risk policy of dormakaba, are all those internal and external events and developments that could have a negative effect on the Group's planned economic success. In addition to direct, quantitatively measurable risks, qualitative risks, such as reputational risks, are also taken into account.

Risk management

The overriding aim of dormakaba is to sustainably increase its enterprise value (see also, chapter Goals and Strategies above). Active risk management supports the company's management in achieving this goal.

Opportunities and risks should be identified at an early stage and actively controlled. To do this, dormakaba has implemented a comprehensive risk management system.

a) Internal Control System based on Group accounting

In line with the Swiss Code of Obligations, dormakaba has implemented an Internal Control System (ICS) based on the consolidated (Group) accounting (in the following section "accounting"). The ICS ensures that business activities are correctly recorded, analyzed, evaluated, and transmitted to the external accounts.

The essential characteristics of the ICS with respect to accounting are:

- A clear organizational, business, controlling, and monitoring structure;
- Computer systems used for accounting are protected against unauthorized access;
- Internal regulations about the specific requirements are developed, implemented, and communicated;
- The departments and persons involved in accounting meet the requirements in terms of quantity and expertise;
- The ICS, as it relates to accounting, and the internal reporting systems ensure and continuously check the correctness and completeness of data in the accounting system; the Internal Audit department regularly conducts spot checks of the implemented processes and controls;
- The four-eyes principle has to be applied to all processes relevant to accounting, and the separation of functions has to be respected, both to the extent organizationally possible, which is subject to special audits;
- The BoD regularly deals with the main topics relevant to accounting, risk management, Internal Audit, the external audit mandate, and external audit priorities.

In addition, statutory and specific internal corporate guidelines and directives are used to ensure that accounting is consistent and proper. The application of clear and consistent accounting rules and a uniform consolidation software tool ensures consistent accounting throughout the Group in line with legal and statutory requirements as well as the chosen accounting framework Swiss GAAP FER.

Further information can be found in the Corporate Governance Report 2021/22.

b) Risk management system

Risk management is integrated into the regular business and decision-making processes, codified in internal rules and regulations, and made binding to all Group companies. It includes an impact-focused assessment of risks, implementation of appropriate risk mitigation measures, regular review of identified risks and measures, and transparent reporting of the risk situation. Responsibility for the definition and monitoring of risk management ("risk governance") lies with the BoD, while the Audit Committee monitors implementation. Responsibility for implementing and applying the risk management system rests with the EC and with line managers throughout the internal hierarchy.

The company's risk management system distinguishes between operational and strategic risks:

- Operational risks are future events that could hurt the efficiency or effectiveness of business processes, or that could compromise compliance with regulations or reporting requirements in day-to-day business. Responsibility for identifying and controlling these risks lies with the heads of Regions and Global Functions.
- Strategic risks are future events that may compromise the long-term development of dormakaba and prevent it from reaching its strategic objectives. Reports about strategic risks from the Regions and Global Functions are consolidated at Group level into risk maps that show likelihood of occurrence and potential amount of damage, with both dimensions divided into four evaluation categories. Strategic risks are discussed within the medium-term planning process and consolidated by the EC into a "Group Risk Assessment" that is presented for approval to the BoD through its Audit Committee. The EC reviews the risk situation every half year. Additionally, the risk situation is scheduled for discussion and review during Monthly Performance Review meetings every quarter.

The Group Internal Audit function is responsible for internal audits at dormakaba. Internal Audit reports directly to the Audit Committee, although in functional terms it reports to the CFO. All audits performed in the financial year 2021/22 were in line with the (yearly) audit plan and approved by the Audit Committee.

Risks faced by dormakaba

a) Risks arising from business transactions

Our new strategy includes active portfolio management, acquisition, and divestments. This creates risks in the evaluation, transaction, and integration of the corresponding entities and assets. To minimize these risks, dormakaba manages the acquisition projects rigorously through standardized due diligence and PMI processes, using well-trained specialist employees and professional support from outside the Group.

b) Opportunities and risks arising from the business model

In recent years, dormakaba has continued to extend its product portfolio on electronic and cloud-based solutions. Its products are very frequently used in security-relevant applications such as access control systems which are increasingly often connected. dormakaba is therefore more exposed to cyber security risks, e.g. hackers gaining unauthorized access to sites and premises protected by dormakaba products, causing damage to the Group's reputation and possibly exposing dormakaba to liability claims. dormakaba counters the increasing significance of such cyber security threats during the product development process by using the latest methods to identify points that could be attacked, and then closing these known vulnerabilities in the hardware and software with upgrades before new products are launched on the market. Equally important, existing products (mechanical, electronic, and cloud-based) are subject to continuous testing to keep them robust against new threats. dormakaba has taken out product liability insurance to be protected against these cyber threats to an extent that is economically reasonable.

Digital transformation is progressing rapidly, and it is essential to the success of dormakaba that it keeps pace with this development. This applies to the Group's products and their connectivity as well as services, but also to operational processes. Sudden, disruptive developments are not rare these days, and there is a risk that existing competitors or new entrants to the markets of dormakaba could use such disruptive leaps to create significant advantages for themselves. The company's innovation management team systematically monitors and analyzes the relevant technologies. As part of medium-term planning, targeted analysis of information relating to the state of the market and the competition is conducted to ensure that local peculiarities are also taken into consideration. For dormakaba, as a manufacturer and supplier of high-quality access products and solutions in the premium market segment, the growing pressure on prices in relevant markets and specific product areas also represents a risk. It counters this risk through the targeted development of new products that offer customers a broader range of solutions, services, business models, and continuous improvement in operational excellence (efficiency), thus helping to secure the Group's market position. This strategy is complemented by elaborate strategic pricing efforts.

A significant risk in product manufacturing is the possibility of a lengthy interruption to operations at one or several of the Group's worldwide production sites, for example because of fire or cyberattacks. Supplier failure and poor-quality raw materials and components also constitute a risk. Alongside the essential insurance protection, a central goal of the loss prevention programs in place at all manufacturing sites is to minimize these risks. Through these programs, the measures in place to prevent fire are regularly updated, formulated, and implemented. This is a recurring process that includes regular site visits and systematic risk grading analyses, conducted by the company's global insurance provider who also organizes feedback loops and support in improvement projects. To counter the increasing risk of cyberattacks, dormakaba established an information security organization that assesses cyber threats and orchestrates adequate mitigation projects to protect vital assets.

Manufacturing processes create the risk of air and water pollution. To minimize this risk, dormakaba invests continuously in environmental protection measures. Please see the Sustainability Report for specific information about measures and relevant certifications.

As a globally active company, dormakaba is exposed to risks created by the political situation in individual countries and regions, and also to risks resulting from pandemics as well as war and trade conflicts between countries or country groups. Such risk drivers can rarely be influenced. dormakaba carefully monitors such situations and tries to implement prompt and appropriate risk control measures. Its top priority is always to protect its own employees.

The Covid-19 pandemic and the regulatory consequences implemented by most governments worldwide resulted in an unprecedented slump in business activity in many countries in which dormakaba operates. Transnational activities continue to suffer from supply chain disruptions and increasing transportation prices. Shortages of certain commodities and components as well as energy have a negative impact on prices and availability. The war in Ukraine has started to exacerbate these tendencies. Currently, the economic situation is further burdened by a turnaround in monetary policies. First, the US Federal Reserve executed interest rate hikes and quantitative tightening. In the meantime, further central banks, in particular the European Central Bank, have taken similar measures.

To adequately react to changes that might occur from a macroeconomic downturn, dormakaba implemented state-of-the-art contingency planning to minimize the impact on business operations and supply chains, and thus on customers and employees, while at the same time placing a strong focus on its financial stability. Additionally, scenario planning methods are used to identify organizational and geographic units that provide opportunities for cost reduction measures. The scenarios are also used to find opportunities to introduce new products or fine-tune the business approach to specific markets. Monitoring and re-evaluation of the current situation is institutionalized and repeated at a quick pace to keep up with geopolitical and economic developments. The target is to be and remain capable of reacting quickly and adequately to changes that might occur.

Many industries face serious skill shortages, which also affect a technology-driven company like dormakaba. To mitigate possible talent shortages, dormakaba is increasing its efforts to find suitable candidates supported by its global employer branding initiative that is regularly adapted and tailored to the needs of the organization. This also includes career path models for certain functions such as product development and IT, as well as remote working models. Through employee engagement surveys, HR monitors employee engagement and management puts plans in place at several levels to work on elements where engagement should be improved.

c) Personnel risks

Committed employees and managers are pivotal to the sustainable business success of dormakaba and to the implementation of its strategy. The most common personnel risks evaluated by the Group are those relating to succession planning, fluctuation, and competences. There is a risk that vacant positions cannot be filled properly, and that competent employees could be lost. In recent months, there has been a large number of employee resignations in many industry sectors and to a large extent in the US, reaching a 20 year high in November 2021. This trend could spread to more countries. At dormakaba, numerous personnel initiatives are implemented, with the aim of retaining employees and fostering long-term employee retention. These risks are addressed throughout the Group with the help of an extensive employer branding initiative, expanded talent acquisition practices, an improved benefits landscape and succession management, and through individual, targeted employee development programs.

Since the beginning of the Covid-19 pandemic, a large focus was put on defining guidelines and specific measures such as strengthened safety precautions in the production environment as well as for sales staff and service technicians. Further guidelines include working from home for a longer period of time for office workers or travel restrictions. Another integral part was and still is providing employees with informational material on safety precautions and safe behavior to avoid the spread of the virus, as well as continuously communicating updates to related measures, stay-at-home policies, or lockdowns set by local governments. As restrictions are being eased in many countries, the dormakaba offices are still employing minimum safety precautions to safeguard all employees.

d) IT risks

The main business processes and customer solutions of dormakaba are supported by IT systems. The failure of these systems and the permanent loss of data through operating or program error, or as a result of increasingly prevalent external influences (e.g. cybercrime), represent a risk. To limit the risk of critical systems and infrastructure failing, including operational technology (OT) in manufacturing, the company's IT strategy is to use state-of-the-art protection standards. These are, for example, email address validation, client security protection and monitoring, identity and access control management, network security management, network and infrastructure management (e.g. 24x7 monitoring, high-level firewall protection tools, redundant network connections), special OT cybersecurity measures, and IT continuity operating plans as provision of redundant data and systems. dormakaba is using advanced threat protection solutions and operates a security operations center to further mitigate cyber security risks. A global information security management system (ISMS) according to ISO 27001 is in place. Cybersecurity risk awareness trainings (e-Learnings, behavior trainings concerning phishing malware) are globally mandatory for each employee with access to corporate IT systems. Additionally, dormakaba has taken out insurance to be protected against cyber threats to an extent that is economically reasonable.

Successful and timely execution of the global IT strategy (standardization of applications and infrastructure) is vital for the company's future success. Failure could result in the delay of integration projects and underperformance of important business or Group-wide processes, including financial damage. dormakaba manages such risks by an IT governance model, which involves all relevant stakeholders including operational business.

e) Legal and tax risks

As a globally active group of companies, dormakaba is exposed to the risk of legal disputes. These legal disputes can concern e.g. product liability claims as well as potential competition and antitrust law and trademark or patent rights infringements. Risks are managed with the aid of Group-wide standards, trainings, and controls. The internal Legal Department and/or external lawyers are brought in for legal matters associated with specific risks.

International business activities can also give rise to tax risks. As tax law is in the responsibility of each jurisdiction, external tax assessments might not be aligned and might lead to double taxation. To identify and manage such tax risks, dormakaba sets directives and manuals based on a defined tax policy. The responsibility for the tax policy rests with the BoD. For intra-Group transactions, dormakaba follows the dealing at arm's length principle of the OECD (Organization for Economic Cooperation and Development). This leads to tax payments where the economic value is created. dormakaba files the amount of taxes paid in a yearly CbCR (Country-by-Country Report). Transactions may further be subject to export control regulations. Compliance is managed through Group-wide standards, including directives and employee trainings. The internal Tax department works closely together with the local internal finance and legal organization and consults external advisors in case of need.

f) Compliance risks

Compliance risks arise as a result of a business model involving worldwide production and sales units, a growth strategy, and increasingly internationalized procurement. Risks also result from the wide variety of distribution channels, from participation in tendering processes, from the use of products in public spaces and private buildings, from the wide and international supplier base, and from active work within trade associations. Significant compliance risks include bribery and corruption, infringements of antitrust and competition law, fraud, preferential treatment of business partners from personal motives, violation of intellectual property protection rights, and shortages or improper installation of products. These risks can result in financial, liability, and reputational damage.

It is Group Compliance's mission to support the dormakaba organization and every dormakaba employee to take appropriate decisions consistent with applicable laws and corporate regulations and to act with integrity.

This mission is based on the following strategic goals:

- Enable employees to work in accordance with legal requirements as well as dormakaba´s company values, its Code of Conduct, and other internal rules and regulations.
- Support the BoD and EC to ensure that all provisions of the law and dormakaba's rules and regulations are complied with. The objective is to achieve compliance by all Group entities.
- Reduce undue risks for dormakaba, its employees, and management.
- Implement and operate a Compliance Management System (CMS) which meets the most stringent certification demands according to best practice standards.

That is why prevention is the priority: the implemented system is intended to avoid infringements, and employees are properly trained and advised.

The mandatory Code of Conduct trainings need to be completed by all dormakaba employees. Procedures are in place to ensure that new employees commit to the dormakaba Code of Conduct and are trained. In addition, dormakaba placed emphasis on antitrust and anticorruption trainings for a defined target group of employees who are particularly exposed (Senior Management, Sales, etc.). A full set of internal rules and regulations on Group Directive level covering the main activities of dormakaba is available and regularly updated. The implemented compliance mechanisms are adjusted to changing circumstances where necessary.

g) Financial risks

dormakaba is exposed to various financial risks on account of its international activities. As well as the risk of default on claims, e.g. trade receivables, liquidity and credit risks, these include market price risks in particular (interest rate, currency, and other price risks).

Further details on dormakaba's financial risk exposure and its risk avoidance and mitigation measures can be found in the Consolidated Financial Statements for the financial year 2021/22.

The "European Market Infrastructure Regulation" (EMIR), the EU initiative to regulate OTC trade in derivatives, imposes an audit duty. During the annual audit under § 20 para. 1 of the German Securities Trading Act for the audit period from 1 July 2020 to 30 June 2021, it was confirmed that dormakaba has an overall and in all respects appropriate and effective system for ensuring compliance with the statutory requirements.

Switzerland regulates the OTC trade in derivatives with the Finanzmarktinfrastrukturgesetz (FinfraG). All Swiss-based Group companies classify as "NFC" (small non-financial counterparties) and have signed agreements with their banks regarding the delegation of reporting duties.

The funding for dormakaba Group companies is managed centrally. A five-year syndicated sustainability-linked credit facility, agreed for dormakaba during financial year 2020/21 with a consortium of banks, amounts to CHF 525 million with options to extend by another two years and to increase the facility by CHF 200 million. There are also agreements in place with various regional banks for bilateral credit facilities. dormakaba thus has sufficient liquidity reserves to ensure that even unexpected events do not have a significant effect on its liquidity position.

CHF 360 million bond maturity in October 2021 was refinanced by drawings under the syndicated credit facility due to the unfinished strategy project Shape4Growth. The planned capital market take out in Spring 2022 was cancelled due to the war in Ukraine. To ensure the usual financial flexibility under the syndicated credit facility, dormakaba signed in June 2022 a 12 month CHF 300 million credit facility with a major Swiss bank to „bridge to bond".

h) Other risks
The company's business model could also give rise to other risks not mentioned so far. These could be, for instance, sustainability compliance risks including compliance to materials restrictions laws or human rights due diligence laws, climate change risks, and liability risks resulting from local laws that are not known at Group level. dormakaba counters these risks by diverse measures, including its sustainability framework and organization, the consistently high quality of its products and services, the engagement of legal experts when the risk of a legal dispute is identified, or by taking out appropriate insurance cover. A full disclosure of climate change related risks is made available in dormakaba's annual submission to the CDP.

Assessment of overall risk and opportunity situation

In conclusion, the company's opportunity and risk situation can be rated as moderate.

Existing risks are identified and continuously monitored through the risk management system. When necessary, they are hedged using appropriate countermeasures.

With strong brands, the broad existing portfolio, the wide market presence, and with the existing innovation structure and approach, the prospects of further profitable growth for dormakaba remain promising. The new Shape4Growth strategy places its focus on customer centricity and accelerating profitable growth, giving dormakaba even more leverage to make use of these strengths.

There is no sign of any risks that would endanger the continued existence of dormakaba. Currently no specific risk has been identified that could significantly affect the assets, financial position, or earnings of dormakaba, neither is there evidence of any material liquidity risk. A material deterioration in the future assets, financial position and earnings is not expected given the current risk situation. This assessment is based on the assumption that no global economic recession hits the markets in the near future

Future prospects (forward-looking report)

The 2022/23 financial year has opened on an unsettled note, with continuing concerns about the geopolitical and macroeconomic outlook. Year-on-year, global GDP growth is projected to decline from 6.1% in 2021 to 3.2% in 2022 (IMF World Economic Outlook, July 2022). The war in Ukraine has brought with it widespread disruption in fuel and overall energy markets, yielding inflation of costs and the potential for a food crisis on a broader scale with the related risk of widespread unrest. Rising energy and commodity prices, coupled with increased post-pandemic consumer and business purchasing, have driven a sharp price inflation in most developed economies. Central banks in Europe and the Americas have reacted with increased interest rates and quantitative tightening, reversing the loose money policies in place for more than a decade.

Meanwhile, the continuing circulation of Covid variants worldwide, and the severe lockdown measures that persist in some countries, have extended the challenges to labor availability and supply chain efficiency, such as the supply of semiconductors and further electronic components, that followed the pandemic.

Forecasts are to a large extent influenced by further developments of the war in Ukraine and the progression of the pandemic. Inflationary pressure and the central banks' intervention resulting in higher interest rates, could potentially distort economic growth and bear the risk of a recession. That said, the severity of these multiple sources of concern varies considerably according to geographical area, industry, and time scale – and much of the negative market reaction stems from lack of certainty and visibility about the persistence and the depth of their impact.

Employment remains high in developed economies, and GDP, with only a few exceptions, is at or above pre-pandemic levels. Asian economies outside China are seeing healthy economic activity and are outperforming global growth trends (IMF World Economic Outlook, July 2022). Housing and office space prices have been rebalancing to reflect new working practices, but the need for yet more building is still clear in countries around the world.

As a globally operating company, dormakaba will continue to be exposed to a wide range of risks in the individual regions. For this reason, the company publishes details on the development of the individual Regions in addition to the information about the business performance of the Group. dormakaba believes, however, that its business and regional profile puts it in a good position long-term to respond flexibly to regional changes. Since the merger to form dormakaba in September 2015, the company's risk profile has improved; dormakaba has gained scale while remaining financially more flexible and noticeably diversifying its product portfolio and global presence. Shape4Growth, dormakaba's new strategy launched in November 2021, will provide the flexibility and portfolio depth necessary to capture increased market share and profitable growth in the industries and territories that are most attractive. Shape4Growth's emphasis on customer-centricity gives dormakaba the power to address increasing differentiation in its industry, fulfilling the demand for smart, seamless, and secure access solutions that also meet increasingly rigorous sustainability criteria.

The turbulent geopolitical conditions of the moment should not obscure the fundamental trends of the industry, which remain unchanged from before the Covid-19 pandemic, and will continue to drive dormakaba's technical and commercial development:

- The world as a whole is becoming more prosperous; the needs for security and protection that characterize the middle classes in developed countries will become the norm in ever more places (growth driver: increasing prosperity);
- At the same time, the average life expectancy is rising steadily, which means that institutions and private homes increasingly need barrier-free solutions that allow senior citizens to move easily from room to room (growth driver: demographic change);
- The world is becoming more urban, cities larger, and infrastructure more complex, requiring sophisticated solutions to support the seamless flow of people to where they want to go (growth driver: urbanization);
- Buildings and land should be both easily accessible and secure from a wide spectrum of threats. Meeting these combined needs efficiently and conveniently demands a comprehensive access solution (growth driver: need for security);
- Finally, technology influences practically every aspect of the access and security market, from digitization and distribution channels to the networking of products in the "Internet of Things". Customers expect that their experience of access solutions should integrate seamlessly with their personal digital environments (growth driver: technology).

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Five-year performance overview

These five trends influence everything that dormakaba does, from strategy through product development to marketing and sales. In addition to these five megatrends, dormakaba expects access and credentialing policies across all vertical end markets to be strengthened, with emphasis on adaptability, versatility, and health. As such, dormakaba believes it is well equipped with key products and interoperable solutions to realize the growth potential, for example in the area of seamless and touchless access solutions. dormakaba is also willing to consider investments in the ongoing consolidation of the industry, which is likely to accelerate.

Outlook for the financial year 2022/23

The current business environment is characterized by uncertainties and lack of visibility. Geopolitical risks have further increased in the last months particularly in Asia and Europe. Spillover effects of the war in Ukraine could lead to a sudden stop of European gas imports from Russia and result in an energy crisis. Further, higher interest rates of the central banks to fight rising inflation might impact general economic growth including new construction activities. And finally, renewed Covid-19 outbreaks and lockdowns might suppress growth and further deteriorate global supply chains going forward.

Due to the aforementioned lack of visibility and as geopolitical and macroeconomic risks increase, dormakaba's outlook applies to the first half of 2022/23. The company will continue to carefully assess the economic situation in the next months and will update its guidance for the financial year 2022/23 with its half year results.

Based on a healthy order intake and backlog at the end of 2021/22, dormakaba expects a good start in the financial year 2022/23. For the first half-year of 2022/23, the company expects organic growth slightly above the mid-term target range of annually 3% - 5%. Expecting a sequential improvement on the 2021/22 second half-year performance excluding the dilutive effect of the divested Mesker business, the company expects an adjusted EBITDA margin of around 13% in the first half of financial year 2022/23.

Independent from macroeconomic conditions dormakaba will continue to focus on the execution of its Shape4Growth initiatives which includes both growth and cost management measures such as pricing and expense management.

Capital structure

Detailed information on dormakaba Holding AG's capital structure can be found in the Corporate Governance Report 2021/22.

Consolidated financial statements

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Consolidated income statement

CHF million, except share amounts	Note	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Net sales	1.2	**2,756.9**	**100.0**	**2,499.7**	**100.0**
Cost of goods sold		–1,650.4	–59.9	–1,455.9	–58.2
Gross margin		**1,106.5**	**40.1**	**1,043.8**	**41.8**
Other operating income, net		12.5	0.5	17.3	0.7
Result from sale of subsidiaries	4.3	–55.2	–2.1	–0.3	0.0
Sales and marketing		–427.8	–15.5	–404.7	–16.2
General administration		–318.1	–11.5	–272.3	–10.9
Research and development		–113.1	–4.1	–109.5	–4.4
Operating profit (EBIT)		**204.8**	**7.4**	**274.3**	**11.0**
Result from associates	4.2	0.3	0.0	0.1	0.0
Financial expenses	1.4	–32.3	–1.1	–26.7	–1.1
Financial income	1.4	1.1	0.0	1.9	0.1
Profit before taxes		**173.9**	**6.3**	**249.6**	**10.0**
Income taxes	1.5	–51.4	–1.9	–56.3	–2.3
Net profit		**122.5**	**4.4**	**193.3**	**7.7**
Net profit attributable to minority interests		59.3		92.5	
Net profit attributable to the owners of the parent		63.2		100.8	
Basic earnings per share in CHF	3.3	15.1		24.2	
Diluted earnings per share in CHF	3.3	15.1		24.1	
Adjusted EBITDA (Operating profit before depreciation and amortization)	1.1	**372.3**	**13.5**	**362.0**	**14.5**

Consolidated balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Current assets					
Cash and cash equivalents		104.5	5.5	169.1	9.0
Trade receivables	2.1	482.8	25.3	424.5	22.7
Inventories	2.2	537.0	28.2	450.6	24.1
Current income tax assets		17.7	0.9	36.2	2.0
Other current assets	2.6	68.5	3.6	65.7	3.5
Total current assets		**1,210.5**	**63.5**	**1,146.1**	**61.3**
Non-current assets					
Property, plant, and equipment	2.3	409.9	21.5	435.9	23.2
Intangible assets	2.3	87.9	4.5	90.8	4.9
Investments in associates	4.2	5.7	0.3	5.4	0.3
Non-current financial assets	2.6	45.0	2.4	38.8	2.1
Deferred income tax assets	1.5	148.2	7.8	152.8	8.2
Total non-current assets		**696.7**	**36.5**	**723.7**	**38.7**
Total assets		**1,907.2**	**100.0**	**1,869.8**	**100.0**

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Current liabilities					
Current borrowings	3.1	481.4	25.2	353.5	18.9
Trade payables		178.7	9.4	169.1	9.0
Current income tax liabilities		37.4	2.0	46.2	2.5
Accrued and other current liabilities	2.6	379.8	19.9	364.2	19.5
Provisions	2.4	24.4	1.3	26.7	1.4
Total current liabilities		**1,101.7**	**57.8**	**959.7**	**51.3**
Non-current liabilities					
Accrued pension costs and benefits	2.5	254.1	13.3	294.6	15.8
Deferred income tax liabilities	1.5	24.3	1.3	26.2	1.4
Non-current liabilities	3.1	331.2	17.3	324.4	17.3
Total non-current liabilities		**609.6**	**31.9**	**645.2**	**34.5**
Total liabilities		**1,711.3**	**89.7**	**1,604.9**	**85.8**
Equity					
Share capital	3.2	0.4	0.0	0.4	0.0
Additional paid-in capital		811.3	42.5	811.3	43.4
Retained earnings		1,329.8	69.7	1,318.7	70.5
Goodwill offset in equity	3.4	–1,925.8	–100.9	–1,890.6	–101.1
Treasury shares	3.2	–16.0	–0.8	–23.0	–1.2
Translation exchange differences	3.5	–25.9	–1.4	–9.3	–0.5
Total equity owners of the parent		**173.8**	**9.1**	**207.5**	**11.1**
Minority interests		22.1	1.2	57.4	3.1
Total equity	**3.4**	**195.9**	**10.3**	**264.9**	**14.2**
Total liabilities and equity		**1,907.2**	**100.0**	**1,869.8**	**100.0**

Consolidated cash flow statement

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Net profit		**122.5**	**193.3**
Depreciation and amortization	2.3	137.2	78.8
Income tax expenses	1.5	51.4	56.3
Interest expenses	1.4	20.7	19.5
Interest income	1.4	–0.8	–0.9
(Gain) Loss on disposal of fixed assets, net		–1.7	–0.6
Adjustment for non-cash items		4.7	6.9
Change in trade receivables		–54.9	–29.0
Change in inventories		–105.1	–1.1
Change in other current assets		–2.7	–0.3
Change in trade payables		8.5	36.2
Change in accrued pension cost		0.7	–0.4
Change in accrued and other current liabilities		7.9	25.8
Cash generated from operations		**188.4**	**384.5**
Income taxes paid		–40.3	–52.1
Interest paid		–21.6	–19.9
Interest received		0.8	1.0
Net cash from operating activities		**127.3**	**313.5**
Cash flows from investing activities			
Additions of property, plant, and equipment	2.3	–52.7	–46.6
Proceeds from sale of property, plant, and equipment	2.3	2.7	2.9
Additions of intangible assets	2.3	–25.8	–29.5
Change in non-current financial assets		–0.3	–0.8
Acquisition of subsidiaries, net of cash acquired	4.3	–92.1	–18.6
Sale of subsidiaries, net of cash sold	4.3	9.3	–0.9
Acquisition of associates and joint ventures	4.2	0.0	–2.0
Net cash used in investing activities		**–158.9**	**–95.5**
Free cash flow	**5.1**	**–31.6**	**218.0**
Cash flows from financing activities			
Repayment of bond	3.1	–340.1	–20.0
Other proceeds from (repayment of) current borrowings, net	3.1	439.0	–128.1
Proceeds from (repayment of) non-current borrowings, net	3.1	–1.1	0.1
Change in other non-current liabilities		–1.2	–0.5
Dividends paid to company's shareholders	3.3	–52.2	–43.7
Dividends paid to minority shareholders		–44.8	–39.7
Net cash flows from financing activities		**–0.4**	**–231.9**
Translation exchange differences		–32.6	26.2
Net increase (decrease) in cash and cash equivalents		**–64.6**	**12.3**
Cash and cash equivalents at beginning of period		169.1	156.8
Cash and cash equivalents at end of period		104.5	169.1
Net increase (decrease) in cash and cash equivalents		**–64.6**	**12.3**

Consolidated statement of changes in equity

CHF million	Share capital	Additional paid-in capital	Retained earnings	Goodwill offset in equity	Treasury shares	Cumul. translation adjustm.	Minority interests	Total equity
Balance at 30.06.2022	**0.4**	**811.3**	**1,329.8**	**–1,925.8**	**–16.0**	**–25.9**	**22.1**	**195.9**
Net profit for the reporting period			63.2				59.3	122.5
Goodwill on acquisitions and divestments (see note 3.4)				–35.2			–31.9	–67.1
Currency translation adjustments						–16.6	–18.0	–34.6
Dividend paid (see note 3.3)			–52.2				–44.8	–97.0
Shares awarded (share-based compensation)			0.1		7.0		0.1	7.2
Balance at 30.06.2021	**0.4**	**811.3**	**1,318.7**	**–1,890.6**	**–23.0**	**–9.3**	**57.4**	**264.9**
Net profit for the reporting period			100.8				92.5	193.3
Goodwill on acquisitions and divestments (see note 3.4)				–9.3			–8.5	–17.8
Minority interest on divestment of subsidiary (see note 4.3)							–0.7	–0.7
Currency translation adjustments						13.0	10.5	23.5
Dividend paid (see note 3.3)			–43.7				–39.7	–83.4
Shares awarded (share-based compensation)			0.2		8.4		0.1	8.7
Balance at 01.07.2020	**0.4**	**811.3**	**1,261.4**	**–1,881.3**	**–31.4**	**–22.3**	**3.2**	**141.3**

Notes to the consolidated financial statements for the financial year 2021/22

1. Performance

This section provides information on the operational performance of dormakaba Group and its changes to the operating model as per 1 January 2022. The description of the operating model provides useful information to understand the segment reporting, which corresponds to the Group's internal reporting system. In addition, information is presented on selected income and expense items.

The key headlines concerning the Group's performance are:

- Net sales of CHF 2,756.9 million, growth of 10.3%
- Organic sales growth of 7.7%
- Adjusted EBITDA increased by 2.8% to CHF 372.3 million with an adjusted EBITDA margin of 13.5%
- Net profit of CHF 122.5 million
- Operating cash flow margin down at 4.6%, mainly due to increase in net working capital
- Dividend proposal of CHF 11.50 per share

1.1 Segment reporting

Operating model

As part of its new corporate strategy Shape4Growth, dormakaba changed its operating model as per 1 January 2022 with the aim to

- Focus stronger on its customers
- Increase operational efficiency to gain scale
- Increase transparency and accountability

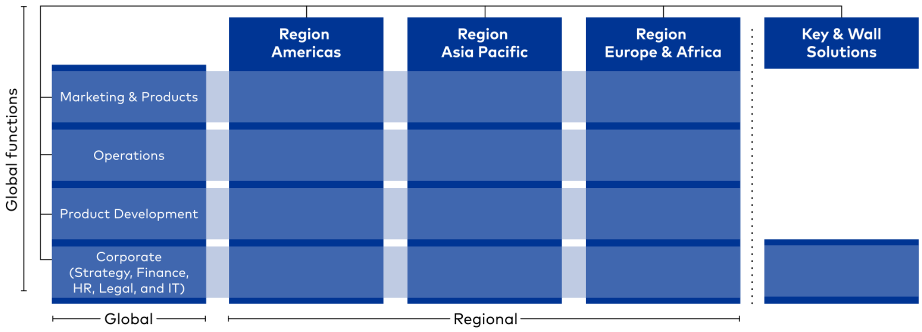
The new operating model drives customer centricity with fewer and more focused regions, leaner organizations, scale, and an ease of doing business.

The Access Solutions (AS) business is divided into three customer-centric regional sales organizations – Americas, Asia Pacific, and Europe & Africa. These three Regions are supported by Global Functions to secure efficiencies of scale and to capture business synergies in product development, product management, and operations. To enable a strong customer focus and sales generation, the three Regions are built around

- **Project and solutions sales**, focusing on architects, design engineers, and influencers to increase specification capabilities
- **Indirect sales,** focusing on distributors, general contractors, and project managers to enhance a dedicated offering for key verticals and to push cross-selling
- **Services,** focusing on facility managers, building operators, or installers to support services growth as part of the company's global core business

Key & Wall Solutions completes the organizational setup as standalone global segment.

The financial performance of the Regions is measured at full value contribution to the performance of the Group to improve financial steering, transparency, and accountability.



Region Americas covers North and South America.

Region Asia Pacific covers the Markets ASEAN, Greater China, India, Pacific & North Asia, and as a new addition, the Middle East. The Region Asia Pacific includes two OEM (Original Equipment Manufacturer) plants situated in mainland China and Taiwan.

Region Europe & Africa covers the Markets Austria, Germany, Switzerland, CEERT (Central and South East Europe, Poland, Russia, and Turkey), Scanbalt (Sweden, Norway, Denmark, Finland, and the Baltic states), South (Belgium, Luxembourg, France, Spain, Portugal, Italy, and French-speaking Africa), UK, Ireland, Netherlands, and the Sub-Sahara.

Key & Wall Solutions remains as a standalone self-contained segment with two global businesses – Key Systems and Movable Walls. Key & Wall Solutions includes its productions facilities, which are situated around the globe in North and South America, Europe, and Asia.

Marketing & Products manages the entire product & solution portfolio lifecycles globally to support and develop sales units to achieve market success. In addition, it is responsible for creating an engaging customer journey along the sales funnel from strategic marketing through branding and marketing communication to strategic pricing and sales excellence.

Operations is responsible for dormakaba's entire production network including the areas Plants, Manufacturing Excellence, Industrial Engineering, Procurement, Logistics, and Health & Safety. Operations' main task is to build an integrated production network, optimize the production footprint, bundling our purchasing activities, and drive lean efforts.

Product Development is responsible for delivering customer- and market-oriented product and solution developments and innovations. In cooperation with Marketing & Products, it develops and steers innovations and technology strategies to foster dormakaba's innovation leadership in the market.

Corporate functions (Strategy, Finance, HR, Legal, and IT) globally support the above Regions and Functions to steer the business, drive implementation of the current Shape4Growth strategy, and strengthen customer centricity of dormakaba.

In accordance with the management organization, the reporting to Group management consists of the three regions, Key & Wall Solutions, and the Global Functions, as described above. Segment Reporting is prepared up to the level of adjusted EBITDA/EBIT because these are the key figures used for management purposes. The reporting forms the basis for assessing performance and allocating resources. Financial transactions of Global Functions that are directly attributable or can be allocated on a reasonable basis to a specific segment are reported under the segment concerned. The segment results are based on the same accounting principles that are used to determine the operating profit of the Group. Intersegment transactions are based on the arm's length principle.

Offering

dormakaba Group provides smart, secure, and sustainable solutions for seamless flow and integrated access. Its portfolio of strong brands offers customers the full range of products, solutions, and services for access to premises, buildings, and rooms. From award-winning, end-to-end access solutions to industry best practices and straightforward installation across a range of markets and industries, dormakaba is a complete partner for door and access systems, catering to a broad range of industries such as hotels, retail spaces, sporting venues, airports, hospitals, offices, utilities, and multi-housing, as well as in some select residential markets.

The company's global access solutions portfolio ranges from door solutions, such as automatic door systems, swing and revolving doors and their operators, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way to fully networked and Cloud-based electronic access solutions and ecosystem solutions. The range also includes solutions for seamless flow such as sensor barriers, speed gates and self-boarding gates, high-security locks, solutions for workforce management, as well as services for all these applications.

In addition, the company also offers products in the areas of Key Systems and Movable Walls, but under different brands. Key Systems offers a range of high-performance key blanks and mechanical, electronic, and (semi-)industrial key cutting and origination machines. In addition, the portfolio covers solutions for the automotive industry, such as vehicle keys, transponders, and key programming devices and duplication equipment. The Movable Walls unit specializes in acoustic movable partitions as well as horizontal and vertical partitioning systems. The business offers partition solutions that range from manual application to fully automatic/electronic walls. The business units Key Systems and Movable Walls are combined in the global standalone, self-contained segment Key &Wall Solutions.

CHF million	Financial year ended 30.06.2022	Financial year ended (restated) 30.06.2021 [1]	Financial year ended 30.06.2022	Financial year ended (restated) 30.06.2021 [1]	Financial year ended 30.06.2022	Financial year ended (restated) 30.06.2021 [1]
		Region Americas		Region Asia Pacific		Region Europe & Africa
Net sales third parties	736.8	657.3	543.1	439.1	1,125.7	1,073.6
Intercompany sales	7.9	14.7	30.9	23.0	18.8	32.2
Total sales	**744.7**	**672.0**	**574.0**	**462.1**	**1,144.5**	**1,105.8**
Adjusted EBIT (Operating profit)	**121.6**	**116.6**	**95.9**	**73.1**	**216.1**	**211.4**
as % of sales	16.3%	17.4%	16.7%	15.8%	18.9%	19.1%
Adjusted depreciation and amortization	11.2	13.2	12.8	12.3	19.8	21.6
Adjusted EBITDA (Operating profit before depreciation and amortization)	**132.8**	**129.8**	**108.7**	**85.4**	**235.9**	**233.0**
as % of sales	17.8%	19.3%	18.9%	18.5%	20.6%	21.1%
				Eliminations		Sales Region Total
Net sales third parties			0.0	0.0	2,405.6	2,170.0
Intercompany sales			–49.5	–63.1	8.1	6.8
Total sales			**–49.5**	**–63.1**	**2,413.7**	**2,176.8**
Adjusted EBIT (Operating profit)			**3.5**	**6.6**	**437.1**	**407.7**
as % of sales			–7.1%	–10.5%	18.1%	18.7%
Adjusted depreciation and amortization			0.0	0.0	43.8	47.1
Adjusted EBITDA (Operating profit before depreciation and amortization)			**3.5**	**6.6**	**480.9**	**454.8**
as % of sales			–7.1%	–10.5%	19.9%	20.9%
		Key & Wall Solutions		Global Research and Development		Corporate
Net sales third parties	351.3	329.7	0.0	0.0	0.0	0.0
Intercompany sales	12.8	15.1	0.0	0.0	0.0	0.0
Total sales	**364.1**	**344.8**	**0.0**	**0.0**	**0.0**	**0.0**
Adjusted EBIT (Operating profit)	**42.2**	**45.2**	**–100.0**	**–86.9**	**–85.9**	**–82.4**
as % of sales	11.6%	13.1%	0.0%	0.0%	0.0%	0.0%
Adjusted depreciation and amortization	8.7	9.6	4.3	6.3	22.1	15.4
Adjusted EBITDA (Operating profit before depreciation and amortization)	**50.9**	**54.8**	**–95.7**	**–80.6**	**–63.8**	**–67.0**
as % of sales	14.0%	15.9%	0.0%	0.0%	0.0%	0.0%
				Eliminations		Group
Net sales third parties			0.0	0.0	2,756.9	2,499.7
Intercompany sales			–20.9	–21.9	0.0	0.0
Total sales			**–20.9**	**–21.9**	**2,756.9**	**2,499.7**
Adjusted EBIT (Operating profit)			**0.0**	**0.0**	**293.4**	**283.6**
as % of sales			0.0%	0.0%	10.6%	11.3%
Adjusted depreciation and amortization			0.0	0.0	78.9	78.4
Adjusted EBITDA (Operating profit before depreciation and amortization)			**0.0**	**0.0**	**372.3**	**362.0**
as % of sales			0.0%	0.0%	13.5%	14.5%

1) dormakaba changed its operating model as of 1 January 2022. To enable a fair comparison with current-year data, all segment information disclosed were retrospectively adjusted to the new operating model by reclassification of transactions within the segment reporting.

Transition into the new operating model

The transition into the new operating model contains the following major elements:

- **Global Operations and Marketing & Products** organizations are separated in the new operating model as Global Functions. Their financial contribution to the Group's financial performance is allocated to the respective sales Region; either directly attributable or allocated on a reasonable basis.
- **Other Organizational Changes** reflect the geographical and other structural shifts of responsibility. The change in Region Americas stems mainly from the centralization of the Safe Locks business (share of former AS EMEA segment) while Region Asia Pacific is impacted by the additional responsibility for the Market Middle East (former AS EMEA segment). The impact of above changes on Europe & Africa are

partly offset by the Legic SmartCard and Connect technologies (former segment "other").

- **Global Research and Development costs** contain the development costs for global products, and are organized as a Global Function (Product Development) and disclosed separately in the new operating model.

The following table bridges current year segment performance to the former operating model, summarized by the changes described above.

CHF million	Financial year ended 30.06.2022	Global Operations and Marketing & Products	Other organizational changes	Global Research and Development	Financial year ended 30.06.2022
	Region Americas				**Access Solutions AMER**
Net sales third parties	736.8	–0.5	20.2	0.0	717.1
Intercompany sales	7.9	–29.1	1.6	0.0	35.4
Total sales	**744.7**	**–29.5**	**21.7**	**0.0**	**752.5**
Adjusted EBIT (Operating profit)	**121.6**	**–6.0**	**4.0**	**23.3**	**100.3**
as % of sales	16.3%				13.3%
Adjusted depreciation and amortization	11.2	0.7	0.2	–3.2	13.5
Adjusted EBITDA (Operating profit before depreciation and amortization)	**132.8**	**–5.3**	**4.2**	**20.1**	**113.8**
as % of sales	17.8%				15.1%
	Region Asia Pacific				**Access Solutions APAC**
Net sales third parties	543.1	–4.4	61.2	0.0	486.3
Intercompany sales	30.9	–3.8	0.1	0.0	34.6
Total sales	**574.0**	**–8.1**	**61.2**	**0.0**	**520.9**
Adjusted EBIT (Operating profit)	**95.9**	**26.5**	**3.6**	**0.9**	**64.9**
as % of sales	16.7%				12.5%
Adjusted depreciation and amortization	12.8	3.7	0.5	0.0	8.6
Adjusted EBITDA (Operating profit before depreciation and amortization)	**108.7**	**30.2**	**4.1**	**0.9**	**73.5**
as % of sales	18.9%				14.1%
	Region Europe & Africa				**Access Solutions EMEA & DACH** [1]
Net sales third parties	1,125.7	5.0	–60.2	0.0	1,180.9
Intercompany sales	18.8	–96.0	5.3	–1.1	110.6
Total sales	**1,144.5**	**–91.0**	**–54.9**	**–1.1**	**1,291.5**
Adjusted EBIT (Operating profit)	**216.1**	**–24.7**	**–13.4**	**70.9**	**183.3**
as % of sales	18.9%				13.9%
Adjusted depreciation and amortization	19.8	–4.3	0.5	–1.1	24.7
Adjusted EBITDA (Operating profit before depreciation and amortization)	**235.9**	**–29.0**	**–12.9**	**69.8**	**208.0**
as % of sales	20.6%				16.1%
	Key & Wall Solutions				**Key & Wall Solutions**
Net sales third parties	351.3	0.0	0.0	0.0	351.3
Intercompany sales	12.8	0.0	0.0	0.0	12.8
Total sales	**364.1**	**0.0**	**0.0**	**0.0**	**364.1**
Adjusted EBIT (Operating profit)	**42.2**	**1.1**	**0.0**	**0.0**	**41.1**
as % of sales	11.6%				11.3%
Adjusted depreciation and amortization	8.7	–0.1	0.0	0.0	8.8
Adjusted EBITDA (Operating profit before depreciation and amortization)	**50.9**	**1.0**	**0.0**	**0.0**	**49.9**
as % of sales	14.0%				13.7%
	Global R&D				**Global R&D**
Adjusted EBIT (Operating profit)	**–100.0**			**–100.0**	**0.0**
Adjusted depreciation and amortization	4.3			4.3	0.0
Adjusted EBITDA (Operating profit before depreciation and amortization)	**–95.7**			**–95.7**	**0.0**

1) For better readability, the former segments AS EMEA and AS DACH are disclosed combined. Intersegment transactions of the combined disclosure are eliminated.

CHF million	Financial year ended 30.06.2022	Financial year ended (restated) 30.06.2021
Net working capital [1]		
Group	**751.3**	**641.6**
Region Americas	87.3	81.9
Region Asia Pacific	139.7	124.3
Region Europe & Africa	167.1	169.0
Operations	299.7	209.9
Key & Wall Solutions	87.4	80.1
Corporate	–14.3	–12.0
Elimination	–15.6	–11.6

1) Details on the calculation of net working capital are disclosed in chapter 5.1 About this report, in the note on the alternative performance measures (APM).

CHF million	Financial year ended 30.06.2022	Financial year ended (restated) 30.06.2021
Capital expenditure [1]		
Group	**78.5**	**76.1**
Region Americas	3.4	4.4
Region Asia Pacific	6.0	5.9
Region Europe & Africa	4.4	4.3
Operations	31.7	30.1
Key & Wall Solutions	7.8	10.7
Global Research and Development	10.1	7.9
Corporate	15.1	12.8

1) Details on the calculation of capital expenditure are disclosed in chapter 5.1 About this report, in the note on the alternative performance measures (APM).

Reconciliation of operational figures

	Financial year ended 30.06.2022			Financial year ended 30.06.2021		
CHF million	Adjusted	IAC [1]	Unadjusted	Adjusted	IAC [1]	Unadjusted
Operating profit before depreciation and amortization (EBITDA)	**372.3**	**–30.3**	**342.0**	**362.0**	**–8.9**	**353.1**
Depreciation and amortization [2]	–78.9	–58.3	–137.2	–78.4	–0.4	–78.8
Operating profit (EBIT)	**293.4**	**–88.6**	**204.8**	**283.6**	**–9.3**	**274.3**

1) Content of items affecting comparability (IAC) is described in the note alternative performance measures (APM) (5.1).
2) In 2021/22: depreciation and amortization include CHF 48.7 million goodwill recycling from the sale of the Mesker hollow metal doors business and CHF 2.2 million goodwill recycling from the sale of the interior glass systems business (IGS), which are treated as IAC. Details are disclosed in the note on business combinations and divestments (4.3).

1.2 Net sales per major geographical markets

CHF million	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Net sales to third parties	**2,756.9**	**100.0**	**2,499.7**	**100.0**
Switzerland	187.8	6.8	185.6	7.4
Germany	334.1	12.1	336.8	13.5
Rest of EMEA	824.0	30.0	754.1	30.2
Americas	957.7	34.7	855.8	34.2
Asia Pacific	453.3	16.4	367.4	14.7

Accounting principles

Net sales includes all sales of goods and services, after deduction of freight expense of goods sold, sales commissions, and other sales deductions, such as discounts and rebates.

Sales from goods are recognized when all significant risks, rewards of ownership, and control are transferred. Sales related to services are recognized when the service is provided. Distinctive components related to multi-element contracts are recognized separately.

1.3 Personnel expenses

CHF million	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Personnel expenses	**1,093.9**	**100.0**	**1,022.3**	**100.0**
Salaries and wages	877.6	80.3	824.8	80.6
Social security expenses	175.5	16.0	162.1	15.9
Share-based payments	7.0	0.6	8.3	0.8
Pension cost (see note 2.5)	27.0	2.5	23.3	2.3
Employment termination expenses	6.0	0.5	2.7	0.3
Other benefits	0.8	0.1	1.1	0.1
Employees at balance sheet date	**15,795**		**14,998**	
Average number of full-time equivalent employees	**15,495**		**14,989**	
Average number of employees per segment [1]	**15,495**	**100.0**	**14,989**	**100.0**
Region Americas	1,573	10.2	1,432	9.6
Region Asia Pacific	3,486	22.5	3,101	20.7
Region Europe & Africa	3,911	25.2	3,809	25.4
Operations	3,507	22.6	3,675	24.5
Key & Wall Solutions	1,918	12.4	2,001	13.3
Global Research and Development	524	3.4	466	3.1
Corporate	576	3.7	505	3.4
Average number of employees per geographical region	**15,495**	**100.0**	**14,989**	**100.0**
Switzerland	886	5.7	853	5.7
Germany	2,768	17.9	2,891	19.3
Rest of EMEA	3,842	24.8	3,606	24.1
Americas	3,680	23.7	3,607	24.1
Asia Pacific	4,319	27.9	4,032	26.8

1) dormakaba changed its operating model as of 1 January 2022. To enable a fair comparison with current-year data, all segment information disclosed were retrospectively adjusted to the new operating model by reclassification of full-time employees within the segment reporting.

Personnel expenses also contain Covid-19 contributions from governments for short-time work and other compensation. These grants are recorded in personnel costs with a cost-reducing effect to reflect the economic substance and did not have a material impact on the consolidated financial statements (2021/22 and 2020/21).

Share-based payments

The Nomination and Compensation Committee nominates individual Executive Committee (EC) members and other members of Senior Management for long-term incentive awards. The long-term incentive award in the 2021/22 financial year is granted in full in the form of performance share units of dormakaba subject to a three-year performance-based vesting period. The award is designed to reward participants for the future performance of the earnings per share (EPS) and the relative total shareholder return (TSR) of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

In the 2020/21 financial year, one-third of the long-term incentive award was granted in the form of restricted shares of dormakaba subject to a three-year blocking period.

The restricted shares allocated to the members of the Board of Directors (BoD) are blocked for three years.

The fair value of the performance share units at the grant date comprises adjustments for lost dividends during the vesting periods and the TSR performance condition. The expenses for the performance share units are allocated on a straight-line basis over the vesting period.

The fair value of the restricted shares corresponds to the value of the closing price of the dormakaba Holding AG share on the SIX Swiss Exchange as at the business day prior to the date of the allocation.

Further information about the allocation of treasury shares is disclosed in the note on share capital and treasury shares (3.2), and further details about long-term incentive stock award plans are outlined in the Compensation Report.

Accounting principles

The fair value of the employee services received in exchange for shares is measured at the fair value of the shares as at the grant date and recognized as an expense with a corresponding entry in equity. Expenses for shares that vest immediately are recognized accordingly. Shares that are subject to future services are recognized over the vesting period.

1.4 Financial result

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Financial income		**1.1**	**1.9**
Interest income		0.8	0.9
Other financial income		0.3	1.0
Financial expense		**32.3**	**26.7**
Interest expenses for bonds	3.1	3.5	4.4
Interest expenses for forward contracts	3.5	5.4	6.6
Other interest expenses		11.8	8.5
Foreign exchange losses (gains) [1)]	3.5	8.8	3.4
Other financial expenses		2.8	3.8

1) In 2021/22: including CHF 5.8 million foreign exchange losses from the divestment of Mesker and CHF 1.4 million from the divestment of the interior glass systems business (IGS).

1.5 Taxes

Income taxes

The weighted applicable tax rate is calculated using the expected income tax rates of the individual Group companies in each jurisdiction. The decrease in the weighted applicable tax rate is driven by the reduction in the profit from the US, which has a higher than average tax rate.

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Profit before taxes	**173.9**	**249.6**
Weighted applicable tax rate	24.9%	25.2%
Tax calculated at applicable tax rate	**43.3**	**62.9**
Current income taxes	49.3	50.5
Deferred income taxes	2.1	5.8
Income taxes	**51.4**	**56.3**
Difference between applicable and effective income taxes	**8.1**	**–6.6**
Impact of losses and tax loss carryforwards	0.9	–5.0
Tax-exempt income	–2.6	–6.1
Non-deductible expenses	5.2	7.0
Impact from divestments	14.1	0.0
Non-recoverable withholding tax expenses	2.2	2.2
Tax charges (credits) relating to prior periods, net	–6.1	0.0
Other	–5.6	–4.7
Income taxes charged to equity	0.2	–0.6

Deferred taxes

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Balance sheet presentation of deferred income taxes		
Total deferred income taxes, net	**123.9**	**126.6**
Deferred income tax assets	148.2	152.8
Deferred income tax liabilities	24.3	26.2
Expiration of tax loss carryforwards not recognized as deferred tax assets		
Balance of tax loss carryforwards at end of financial year	**146.0**	**142.7**
Expiry in 1 year	2.5	0.0
Expiry in 2 to 5 years	18.7	17.0
Expiry after 5 years	13.4	11.9
No expiry	111.4	113.8

Accounting principles

Current income taxes are based on taxable income for the current year and charged to income when incurred. Deferred income taxes are determined using the liability method, with the applicable and substantially enacted income tax rates applied on a comprehensive basis to eligible temporary differences. Deferred income tax assets arising from temporary differences are only recognized to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. Deferred income taxes resulting from tax loss carryforwards applicable to future taxable income are only recognized to the extent of the available deferred tax liabilities.

Use of accounting estimates

The recoverable amount of deferred income tax assets is based on past performance and forecasts of the corresponding taxable entity over a period of several years. Deviations between actual and projected results can lead to impairment losses.

2. Operating assets and liabilities

Detailed information on the operating assets used and liabilities incurred to support the Group's operating activities are disclosed in this section. This includes disclosures on the valuation of trade receivables and inventory as well as movements in tangible and intangible assets, provisions, and employee benefits.

2.1 Trade receivables

Maturity analysis	Financial year ended 30.06.2022			Financial year ended 30.06.2021		
CHF million	**Gross**	**Allow.**	**Net**	**Gross**	**Allow.**	**Net**
Trade receivables	**500.5**	**–17.7**	**482.8**	**446.9**	**–22.4**	**424.5**
Not yet due	365.8	–0.4	365.4	327.4	–0.5	326.9
1–30 day(s) overdue	55.2	–0.3	54.9	50.5	–0.1	50.4
31–60 days overdue	23.1	–0.1	23.0	19.2	–0.1	19.1
61–90 days overdue	16.0	–0.1	15.9	10.6	0.0	10.6
91–120 days overdue	7.3	–0.3	7.0	5.5	–0.2	5.3
121–150 days overdue	3.5	–0.3	3.2	4.2	–0.3	3.9
More than 150 days overdue	29.6	–16.2	13.4	29.5	–21.2	8.3

The Group does not hold material collateral as security for trade receivables.

Accounting principles

Short-term accounts receivable are stated at nominal value less allowance for doubtful accounts. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. It is assessed based on the maturity structure. In addition, accounts receivable are individually impaired if there is clear evidence of insolvency or other indications that collectability is severely endangered.

2.2 Inventories

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Inventories, net	**537.0**	**450.6**
Allowance for obsolete and slow-moving items	59.6	60.6
Inventories, gross	**596.6**	**511.2**
Raw materials and supplies	284.1	228.5
Semi-finished goods and work in progress	79.6	84.8
Finished goods	225.0	193.9
Prepayments to suppliers	7.9	4.0

Accounting principles

Inventories are valued at the lower of purchase/manufacturing cost and net realizable value. Cost is determined using the weighted average method. Manufacturing cost includes direct labor and material as well as a commensurate share of related overhead cost. Allowances are made for obsolete and slow-moving items. Cash discounts from suppliers are treated as purchase cost reductions.

2.3 Property, plant, and equipment/Intangible assets

Property, plant, and equipment

CHF million, except where indicated	Land and buildings	Plant, machinery, and equipment	Furniture and fixtures	Pre-payments	Total property, plant, and equipment
30 June 2022, net	**215.8**	**122.3**	**49.4**	**22.4**	**409.9**
30 June 2021, net	**232.3**	**125.4**	**53.6**	**24.6**	**435.9**
Cost 30 June 2022	**324.2**	**358.9**	**181.8**	**22.4**	**887.3**
Additions	3.3	11.1	14.8	23.5	52.7
Disposals	–1.0	–4.9	–5.0	–0.2	–11.1
Reclassifications	5.8	17.3	0.9	–24.4	–0.4
Acquisition of businesses	0.6	3.2	4.2	0.2	8.2
Divestment of businesses	–21.8	–20.3	–12.5	–0.4	–55.0
Translation exchange differences	–6.6	–9.2	–8.3	–0.9	–25.0
30 June 2021	**343.9**	**361.7**	**187.7**	**24.6**	**917.9**
Additions	4.2	8.7	12.2	21.5	46.6
Disposals	–11.6	–8.6	–7.6	–0.1	–27.9
Reclassifications	0.7	13.2	3.5	–17.6	–0.2
Acquisition of businesses	0.1	0.1	0.3	0.0	0.5
Divestment of businesses	0.0	–0.2	–0.1	0.0	–0.3
Translation exchange differences	2.4	3.4	3.4	0.2	9.4
1 July 2020	**348.1**	**345.1**	**176.0**	**20.6**	**889.8**
Estimated useful life (in years)	20-50 [1]	4-15	3-15		
Accumulated depreciation 30 June 2022	**108.4**	**236.6**	**132.4**	**0.0**	**477.4**
Additions	9.1	25.4	20.6	0.1	55.2
Disposals	–1.0	–4.6	–4.4	–0.1	–10.1
Reclassifications	0.7	0.5	–1.4	0.0	–0.2
Divestment of businesses	–10.6	–14.6	–10.5	0.0	–35.7
Translation exchange differences	–1.4	–6.4	–6.0	0.0	–13.8
30 June 2021	**111.6**	**236.3**	**134.1**	**0.0**	**482.0**
Additions	9.6	24.6	21.0	0.0	55.2
Disposals	–11.8	–8.0	–6.1	0.0	–25.9
Reclassifications	0.1	0.1	–0.3	0.0	–0.1
Divestment of businesses	0.0	–0.2	–0.1	0.0	–0.3
Translation exchange differences	0.4	2.4	2.3	0.0	5.1
1 July 2020	**113.3**	**217.4**	**117.3**	**0.0**	**448.0**

1) Land is not depreciated.

Accounting principles

Property, plant, and equipment are recorded at cost less accumulated depreciation using the straight-line method. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Items of minor value are charged directly to the income statement. All gains and losses on the disposal of property, plant, and equipment are recognized in the income statement.

Intangible assets

CHF million, except where indicated	Software	Development	Other	Intangible assets
30 June 2022, net	**49.0**	**31.6**	**7.3**	**87.9**
30 June 2021, net	**52.1**	**24.2**	**14.5**	**90.8**
Cost 30 June 2022	**94.2**	**54.7**	**41.1**	**190.0**
Additions	12.7	10.1	3.0	25.8
Disposals	–2.9	–0.5	–2.3	–5.7
Reclassifications	4.0	1.8	–5.4	0.4
Acquisition of businesses	0.2	0.0	0.1	0.3
Divestment of businesses	–2.1	0.0	–0.3	–2.4
Translation exchange differences	–5.3	–0.7	–2.7	–8.7
30 June 2021	**87.6**	**44.0**	**48.7**	**180.3**
Additions	15.6	8.4	5.5	29.5
Disposals	–14.0	–0.6	–3.9	–18.5
Reclassifications	85.1	1.4	–86.3	0.2
Translation exchange differences	0.9	0.8	1.4	3.1
1 July 2020	**0.0**	**34.0**	**132.0**	**166.0**
Accumulated depreciation 30 June 2022	**45.2**	**23.1**	**33.8**	**102.1**
Additions	15.3	3.8	5.3	24.4
Disposals	–2.7	–0.5	–2.4	–5.6
Reclassifications	0.6	0.3	–0.7	0.2
Divestment of businesses	–1.4	0.0	–0.3	–1.7
Translation exchange differences	–2.1	–0.3	–2.3	–4.7
30 June 2021	**35.5**	**19.8**	**34.2**	**89.5**
Additions	9.7	6.0	7.9	23.6
Disposals	–13.8	–0.5	–3.8	–18.1
Reclassifications	39.2	1.0	–40.1	0.1
Translation exchange differences	0.4	0.3	0.9	1.6
1 July 2020	**0.0**	**13.0**	**69.3**	**82.3**

Accounting principles

Intangible assets that embody future economic benefits (such as acquired licenses, patents, and similar rights) and eligible development costs are capitalized at cost and are amortized using the straight-line method over a period of 2-5 years.

Development costs are recognized as an asset when specific recognition criteria are met and the amount recognized is assessed to be recoverable through future economic benefits.

Other intangible assets consist mainly of licenses, patents and advance payments.

Use of accounting estimates

Property, plant, and equipment as well as intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To determine whether impairment exists, estimates are made of the expected future cash flows arising from the use of the asset. Actual cost may differ from the discounted future cash flows based on these estimates.

2.4 Provisions

CHF million	Warranty and customer returns	Restructuring	Other	Total
Provisions 30 June 2022	**10.5**	**5.5**	**8.4**	**24.4**
Additions	4.2	6.2	4.3	14.7
Releases	–1.8	–0.9	–1.2	–3.9
Usage	–5.1	–3.9	–3.8	–12.8
Acquisition of businesses	0.5	0.0	0.2	0.7
Divestment of business	–0.1	0.0	0.0	–0.1
Translation exchange differences	–0.5	–0.1	–0.3	–0.9
Provisions 30 June 2021	**13.3**	**4.2**	**9.2**	**26.7**
Additions	7.2	0.2	3.4	10.8
Releases	–1.3	–2.8	–6.6	–10.7
Usage	–7.0	–5.9	–4.6	–17.5
Translation exchange differences	0.1	0.1	0.0	0.2
Provisions 1 July 2020	**14.3**	**12.6**	**17.0**	**43.9**

The provision for warranty and customer returns covers customer warranty claims and voluntary concessions as well as customer returns.

Other provisions mainly comprise those relating to environmental risks, litigation, and sales agents' indemnities.

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Accounting principles

Provisions are recognized when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a use of resources will be required to settle the obligation; and
- the amount of the obligation can be reliably estimated.

A restructuring is a program planned and controlled by the Management that materially changes the manner in which the business is conducted. Costs relating to restructuring plans or agreements, including the reduction of excess staff, the discontinuation of certain activities, the streamlining of facilities and operations, and other restructuring measures, are recorded in the period in which the Group commits itself to a detailed formal plan.

Use of accounting estimates

In the course of their ordinary operating activities, Group companies can face claims from third parties. Provisions for pending claims are measured on the basis of the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the Group that cannot be met at all or in full through provisions or insurance cover.

Significant judgment is required to determine the costs of restructuring plans. The actual cost might deviate from the original plan.

2.5 Employee benefit liabilities

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021					Financial year ended 30.06.2022	Financial year ended 30.06.2021
	Economic part of the Corporation		Acquisition and divestment of Businesses Economical part of the Corporation	Translation differences	Change to previous year period or recognized in current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
Total	**254.1**	**294.6**	**–18.9**	**–20.7**	**–1.6**	**28.6**	**27.0**	**23.3**
Pension institutions with surplus						10.7	10.7	10.0
Pension institutions without surplus/deficit						13.6	13.6	12.2
Pension institutions without own assets	228.1	269.3	–18.9	–20.7	–1.6	4.3	2.7	1.1
Other long-term employee benefits	26.0	25.3						

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Pension benefit expenses within personnel expenses	**27.0**	**23.3**
Decrease/increase economic obligation from pension institutions without own assets	2.7	1.1
Contributions and changes employer contribution reserves	**24.3**	**22.2**
Contributions to pension institutions from Group entities	24.3	22.2

The expenses for pension institutions with a surplus relate entirely to pension plans in Switzerland. The Swiss plans are valued annually as of December and in line with Swiss GAAP FER 26. The pension institutions without own assets are assessed annually as of the financial year-end closing. They relate mainly to pension liabilities of Group companies in Germany, Austria, and Italy.

Accounting principles

There are various pension plans in existence within the Group, which are individually aligned with local conditions in the respective countries. The plans are financed either by means of contributions to legally independent pension/insurance funds or by recognition as liabilities in the balance sheet of the respective Group companies. An economic obligation or an economic benefit arising from a Swiss pension scheme is determined from the statements made on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans" and recognized in the balance sheet accordingly. The provision for pension plans of foreign subsidiaries, which are not organized as an independent legal entity, is determined based on the local valuation methods.

Use of accounting estimates

dormakaba Group operates pension plans in various countries. The calculation of pension provisions for plans that do not have their own assets is based on actuarial assumptions, which may differ from the actual results.

2.6 Other assets and liabilities

Other assets

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Other current assets		**68.5**	**65.7**
Prepaid expenses		22.6	21.3
Retentions		7.9	6.6
Sales, withholding and other recoverable taxes		33.2	33.1
Fair value of forward contracts	3.5	2.3	1.9
Other receivables and miscellaneous		2.5	2.8
Non-current financial assets		**45.0**	**38.8**
Loans		9.9	0.0
Pension-related assets		17.4	20.1
Long-term prepaid expenses		8.0	8.3
Long-term held securities		9.7	10.4

Accounting principles

Long-term held securities are recorded at fair value. All realized and unrealized gains and losses are recognized in the income statement. Other non-current financial assets are stated at amortized cost less valuation adjustments.

Other liabilities

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Accrued and other current liabilities		**379.8**	**364.2**
Advances from customers		50.5	30.6
Deferred income		39.3	33.8
Sales, withholding and other tax payable		37.9	42.8
Payables to social security and pension fund		18.9	20.9
Accruals for salary payments, bonuses, vacation, overtime and other employee benefits		131.7	135.5
Accrued interest		2.4	3.3
Fair value of forward contracts	3.5	0.7	0.8
Other accruals and current non-interest-bearing liabilities		98.4	96.5

Current borrowings and other non-current liabilities are disclosed in the note on capital management (3.1) as this information relates to capital management disclosures.

Accounting principles

Financial liabilities measured at amortized cost are initially recorded at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the proceeds from disposal (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

3. Capital and financial risk management

This section outlines the principles and procedures applied to manage the capital structure and the financial risks to which the Group is exposed. Detailed information on dormakaba Group's sources of funding, such as credit facilities and bonds, are also provided here. In addition, the details of the share capital, treasury shares, earnings per share, and dividends are disclosed in this section. The theoretical movement of goodwill provides information about the impact of dormakaba Group's accounting option to offset the goodwill in equity.

3.1 Capital management

Capital management has the following objectives:

- securing sufficient liquidity to meet the Group's needs to fulfil its financial obligations;
- securing sufficient funding capacity for future investments and acquisitions;
- ensuring creditworthiness;
- achieving an appropriate risk-adjusted return for investors.

The comprehensive crisis management measures implemented by the Group management in the last financial year due to the Covid-19 pandemic as well as due to the war in Ukraine are ongoing. Measures aimed at focusing on the receivable collection to limit the days sales outstanding increase following the sales growth. The earlier introduced daily monitoring of the liquidity and financial debt status on Group level, including financial covenants and undrawn credit facilities, was continued. Further increased attention was on the net working capital management, which also includes a strict credit management and collection discipline on the trade receivables as well as restrictions on capital expenditures. The inflationary pressure of raw materials, the transportation cost increase as well as increased safety stock due to ongoing supply chain issues as well as the accelerating business focusing towards profitability and sales growth resulted in an increase in accounts receivables and inventory that was accepted to reduce backlog and ensure delivery capability. The inventory increase is seen as a temporary measure and actions to reduce to prior crisis level are ongoing.

Borrowings and other financial liabilities

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Current borrowings	**481.4**	**353.5**
Short-term bank loans and overdrafts	473.4	9.9
Bonds - short-term	0.0	340.0
Current portion of other non-current liabilities	**8.0**	**3.6**
Non-current liabilities	**331.2**	**324.4**
Bonds - long-term	320.2	320.3
Other non-interest bearing liabilities	4.7	0.0
Other interest-bearing liabilities	**6.3**	**4.1**

Credit facility

As of 30 June 2022, the short-term bank loans and overdrafts amount to CHF 473.4 million (2020/21: CHF 9.9 million).

In November 2020, dormakaba secured a five-year syndicated loan in the amount of CHF 525 million that includes options for a prolongation of two additional years and for an increase of up to CHF 200 million. For the first time, incentives for the achievement of ambitious sustainability performance objectives in the form of three important ESG (Environmental, Social, and Governance) criteria were included in the contract. The syndicated credit facility contains a single financial covenant that is the leverage factor (calculated as the ratio of net debt to EBITDA). As of 30 June 2022 and throughout the

2021/22 financial year, dormakaba complied with the financial covenant. As per 30 June 2022, this credit line was 30% drawn.

The CHF 360 million bond maturity in October 2021 was refinanced by drawings under the syndicated credit facility due to the unfinished strategy project Shape4Growth. The planned capital market take out in Spring 2022 was cancelled due to the war in Ukraine. To ensure the usual financial flexibility under the syndicated credit facility, dormakaba signed a 12-month CHF 300 million credit facility with one major Swiss bank in June 2022 to „bridge to bond". This credit facility is fully drawn.

The interest expenses on short-term bank loans and overdrafts are recorded within other interest expenses. Interest expenses are disclosed in detail in the note on the financial result (1.4).

Net debt

Disclosed below are the corresponding key figures as at 30 June 2022 and 30 June 2021, respectively, including the maturities.

	Financial year ended 30.06.2022				Financial year ended 30.06.2021			
CHF million	Up to 1 year	2 to 5 years	Over 5 years	Total	Up to 1 year	2 to 5 years	Over 5 years	Total
Short-term bank loans and overdrafts	473.4			473.4	9.9			9.9
Bonds		320.2		320.2	340.0	320.3		660.3
Other liabilities	8.0	7.7	3.3	19.0	3.6	1.6	2.5	7.7
Cash and cash equivalents	–104.5			–104.5	–169.1			–169.1
Net debt	**376.9**	**327.9**	**3.3**	**708.1**	**184.4**	**321.9**	**2.5**	**508.8**
Adjusted EBITDA				372.3				362.0
Net debt/Adjusted EBITDA (Leverage)				**1.9x**				**1.4x**

The interest expenses for drawdowns from the syndicated credit facility and other credit facilities are recorded within other interest expenses. Interest expenses are disclosed in detail in the note on the financial result (1.4).

Accounting principles

Financial liabilities measured at amortized cost are initially recorded at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the proceeds of disposal (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

Bonds

Two bonds were placed in September 2017 in the Swiss capital market by dormakaba Finance AG, a Group company of dormakaba Holding AG, as a dual tranche transaction worth a total of CHF 680 million (ISIN CH0384629884 due in 2021 and ISIN CH0384629892 due in 2025). The first tranche of CHF 360 million was matured as of 13 October 2021 and was refinanced by drawings of CHF 340 million in the syndicated credit facility since dormakaba held CHF 20.0 million financed from own cash.

CHF million	Coupon % p.a.	Financial year ended 30.06.2022	Coupon % p.a.	Financial year ended 30.06.2021
Bonds (at fixed interest rates)		**320.2**		**660.3**
CHF 320 million bond 2017 – 2025 Payment date: 13 October 2017 Issue price: 100.46%	1.000	320.2	1.000	320.3
CHF 360 million bond 2017 – 2021 Payment date: 13 October 2017 Issue price: 100.298%			0.375	340.0

The interest expenses for the two bonds amount to CHF 3.5 million in 2021/22 (2020/21: CHF 4.4 million). This is disclosed in the note on the financial result (1.4).

Accounting principles

Bonds are initially recorded at issue price, net of issue costs. Issue costs as well as any discount or premium are recognized in the financial result of the income statement over the period of each bond.

3.2 Share capital and treasury shares

Share capital

As of 30 June 2022, the share capital comprised 4,200,026 registered shares with a par value of CHF 0.10 each. The shares are listed on the SIX Swiss Exchange (DOKA/ISIN CH0011795959).

Conditional capital as of 30 June 2022 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 12 October 2021, the BoD is authorized to increase the share capital, no later than 12 October 2023, by a maximum amount of CHF 42,000 through the issue of a maximum of 420,000 fully paid-in registered shares at a nominal value of CHF 0.10 each. The increase may be made in partial amounts. No shares were issued out of authorized capital in the 2021/22 financial year.

Treasury shares

Treasury shares are recorded as a negative balance within equity and disclosed in the consolidated statement of changes in equity. These registered shares are predominantly intended for share-based compensation. Further information about the long-term incentive stock award plans are disclosed in the note on personnel expense (1.3) and within the Compensation Report.

	Financial year ended 30.06.2022			Financial year ended 30.06.2021		
Equity and treasury shares	Number of shares	Transaction (Ø) price in CHF per share	Treasury shares in CHF million	Number of shares	Transaction (Ø) price in CHF per share	Treasury shares in CHF million
Treasury shares as at 30 June	**21,624**	**740.99**	**16.0**	**31,259**	**736.45**	**23.0**
Purchases of treasury shares	4	675.00	0.0	-	-	-
Shares awarded (share-based compensation)	–9,639	726.24	–7.0	–11,551	723.64	–8.4
Treasury shares as at 1 July	31,259	736.45	23.0	42,810	733.00	31.4

In the 2021/22 financial year, a total of 9,639 shares (2020/21: 11,551 shares) were allocated. 7,552 shares (4,307 restricted and 3,245 performance shares) were vested as part of the long-term incentive stock award plans (2020/21: 9,805 shares made up of 7,605 restricted and 2,200 performance shares). In addition, 2,087 restricted shares (2020/21: 1,746 restricted shares) were allocated to the BoD members. Further information on the long-term incentive stock award plans is included in the Compensation Report.

3.3 Earnings per share and dividends

Earnings per share

Number of shares, except where indicated	**Financial year ended 30.06.2022**	**Financial year ended 30.06.2021**
Net profit attributable to the owners of the parent	63.2	100.8
For basic number of shares		
Number of shares outstanding at end of financial year	**4,178,402**	**4,168,767**
Own shares (acquired)/reissued	9,635	11,551
Number of shares outstanding at beginning of financial year	4,168,767	4,157,216
Weighted average number of shares outstanding (basic)	4,174,363	4,163,010
Basic earnings per share in CHF	**15.1**	**24.2**
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,174,363	4,163,010
Eligible shares under stock award plans and shares awarded in acquisitions	19,496	15,873
Weighted average number of shares outstanding (diluted)	4,193,859	4,178,883
Diluted earnings per share in CHF	**15.1**	**24.1**

The earnings per share is calculated based on the profit attributable to the owners of the parent only. Net profit attributable to minority interests is not taken into account. The minorities represent mainly the shareholders who hold 47.5% of the shares of dormakaba Holding GmbH + Co. KGaA, a direct subsidiary of the Group parent, dormakaba Holding AG, which holds the remaining 52.5%. The legal subsidiaries are disclosed in the note on the legal structure of the dormakaba Group (5.3).

Accounting principles

Basic earnings per share is calculated by dividing net profit attributable to the owners of the parent by the weighted average number of shares outstanding during the reporting period.

The diluted earnings per share includes all potentially dilutive effects.

Dividends

CHF million, except where indicated	**CHF per share [1)]**	**Financial year ended 30.06.2022 [2)3)]**	**CHF per share**	**Financial year ended 30.06.2021**	**CHF per share**	**Financial year ended 30.06.2020**
Dividend for the financial year	**11.50**	**48.1**	**12.50**	**52.2**	**10.50**	**43.7**
Net profit attributable to the owners of the parent		95.4		100.8		84.6
Dividend payout ratio in %		50.4		51.7		51.6

1) In 2021/22: proposal to the AGM; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.
Date of payment: 17 October 2022 (estimated final dividend payable, subject to variations in the number of shares up to the recording date). This dividend has not been recognized as a liability as at 30 June 2022 and will be recognized in subsequent consolidated financial statements.
2) The dividend for the financial year is calculated on the basis of the outstanding shares at the end of the financial year.
3) In line with the BoD's decision not to consider the negative impact of the Mesker divestment when determining the dividend, the 2021/22 net profit attributable to owners of the parent company of CHF 63.2 million has been adjusted by CHF 32.2 million (CHF 61.4 million net profit impact of the Mesker divestment less minorities of 47.5%).

dormakaba Group envisages a dividend policy whereby the minimum payout ratio should be 50% of the consolidated net profit after minority interests.

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The dividend distribution is proposed to the AGM in the form of an equal distribution from the reserves from capital contributions and statutory retained earnings of the parent entity, dormakaba Holding AG. After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 17 October 2022 according to the instructions received: CHF 11.50 (2020/21: CHF 12.50) gross per listed registered share at CHF 0.10 par value, whereof only the distribution from reserves from capital contributions will be paid free of Swiss withholding tax in accordance with Art. 5 para. 1bis of the Federal Law on Withholding Tax.

3.4 Theoretical equity and goodwill movement

The goodwill additions of CHF 118.0 million (2020/21: CHF 17.8 million) and the disposal of CHF 50.9 million (2020/21: CHF 0.0 million) resulting from business acquisitions and divestments are offset as disclosed in the consolidated statement of changes in equity. See also the note on business combinations and divestments (4.3). The following tables show the impact on equity and net profit based on the assumption that the goodwill was capitalized and amortized over a period of five years.

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Theoretical book value of goodwill, net	**169.2**	**205.1**
Cost 30 June	**2,115.6**	**2,035.3**
Additions from acquisitions	118.0	17.8
Disposals	–50.9	0.0
Translation exchange differences	13.2	–9.2
Cost 1 July	**2,035.3**	**2,026.7**
Accumulated amortization 30 June	**1,946.4**	**1,830.2**
Additions	151.9	205.7
Impairment	0.0	4.0
Disposals	–50.9	0.0
Translation exchange differences	15.2	0.0
Accumulated amortization 1 July	**1,830.2**	**1,620.5**

The disclosed disposal of CHF 50.9 million relates to the divestments of the Mesker and interior glass systems business. This disposal of goodwill affects consolidated income, but, does not impact the Group's cash flow.

	Financial year ended 30.06.2022			Financial year ended 30.06.2021		
CHF million	Effective	Amortization goodwill	Theoretical (incl. amortization goodwill)	Effective	Amortization goodwill	Theoretical (incl. amortization goodwill)
Effects on the income statement						
Operating profit (EBIT)	204.8	–151.9	**52.9**	274.3	–209.7	**64.6**
EBIT as % of net sales	7.4	–5.5	**1.9**	11.0	–8.4	**2.6**
Net profit	122.5	–151.9	**–29.4**	193.3	–209.7	**–16.4**
Effect on the balance sheet						
Equity according to balance sheet	195.9	169.2	**365.1**	264.9	205.1	**470.0**
Equity as % of balance sheet total	10.3		**17.6**	14.2		**22.6**

Accounting principles

As goodwill is fully offset in equity at the date of acquisition, an impairment of goodwill does not affect income; it is only disclosed in the notes to the consolidated financial statements.

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the book value as at the acquisition date of any previous equity interest in the acquired entity over the fair value of the Group's share of the identifiable net assets acquired. Only intangible assets purchased separately are recognized as part of an acquisition. The positive or negative goodwill resulting from acquisitions is offset in equity at the date of acquisition against retained earnings.

If the purchase price contains elements that are dependent on future results, they are estimated as accurately as possible at the date of acquisition and recognized in the balance sheet. In the event of any disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly. The consequences of a theoretical capitalization and amortization of goodwill are explained in the note on the theoretical movement of goodwill.

3.5 Financial risk management

The tasks of the BoD include identifying risks, determining suitable measures, and implementing these measures or having them implemented. The BoD of dormakaba Holding AG conducted a regular Group-wide risk assessment in the year under review and determined the risks to be managed at particular management levels.

The ongoing Covid-19 pandemic and the war in Ukraine continue to have a significant impact on the global economic environment. The ongoing comprehensive crisis management with taskforces implemented by the Group management ensured supportive actions to all Group companies as well as relevant reporting to the EC and BoD. The aim of the Covid-19 measures is to ensure the health and safety of all employees, to minimize the impact on business operations and supply chains, and thus on customers, and to focus on cash flow by following a "cash is king" principle. dormakaba adjusted its financial management as well as its forecast structures to retain its entrepreneurial flexibility and financial stability at all times. This includes the daily monitoring of cash flows, liquidity, and the status of financial debt at Group level, also regarding available undrawn credit facilities. The Ukraine Taskforce implemented rigid sanctions-control as well as business adjustment for Russia. This ensures that operating risks are given due attention, reported accordingly, and the BoD has a comprehensive overview of the key risks and measures taken.

Liquidity risk

Liquidity risk arises due to the possibility that dormakaba Group might experience difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

Liquidity risk is managed centrally by Group Treasury. The Group's objective is to maintain a balance between the continuity of funding and flexibility by using varied financing instruments across a range of maturities. The Group aims to maintain a spread of maturities to avoid excessive refinancing in any one period. The Group endeavors to maintain funding flexibility by keeping available committed credit lines with a variety of counterparties.

Credit risk

Credit risk is the risk of loss if a counterparty fails to fulfil its obligations to dormakaba Group. Hence, dormakaba Group is exposed to credit risk arising from financing activities, including deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments such as trade receivables, other current assets, and non-current financial assets.

Cash and cash equivalents are mainly held in the form of current accounts and current fixed-term deposits. Counterparty risks with financial institutions are monitored continuously and are minimized by the Group limiting its relationships to high-ranking banks only.

Trade receivables are monitored on an ongoing basis locally and via Group management reporting procedures. The danger of cluster risks on trade receivables is limited due to the large number and wide geographical spread of customers. The extent of the credit risk is determined mainly by the individual characteristics of each customer. The assessment of this risk involves a review of the customer's creditworthiness based on its financial situation and experience. The maturity analysis of trade receivables is disclosed in the note on trade receivables (2.1).

Interest rate risk

Interest rate risk is the risk that the Group's financial situation is impacted by changes in interest rates.

The dormakaba Group's interest rate risk arises from its short-term and long-term borrowings. The interest rate risk is hedged only in a few cases. Management strives for a well-balanced mix of long- and short-term interest rate exposure, taking into consideration the planned funding requirements. Funding and related interest are managed centrally by Group Treasury.

Foreign currency exposure

Translation risk

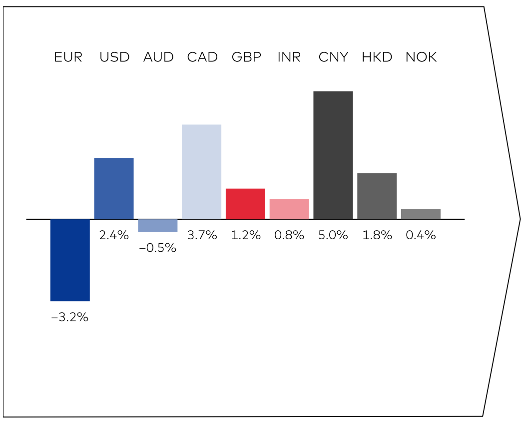
dormakaba Group does not actively manage the translation risk.

In the 2021/22 financial year, the Group's equity was negatively impacted in the amount of CHF 34.6 million by foreign currency translation (2020/21: CHF 23.5 million positive impact).

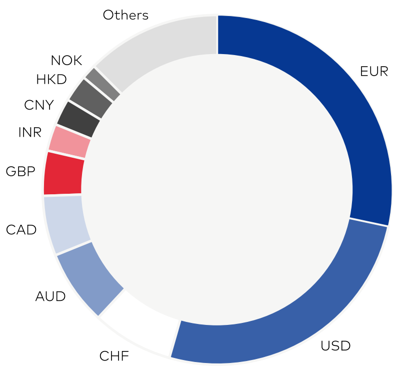
The key exchange rates based on net sales in foreign currencies are disclosed in the table below:

Currency rates (CHF), net sales (CHF million)	Net sales 30.06.2022	Exchange rate 30.06.2022	Average rate 2021/22	Net sales 30.06.2021	Exchange rate 30.06.2021	Average rate 2020/21
Total net sales	**2,756.9**			**2,499.7**		
EUR	785.1	0.997	1.050	753.2	1.096	1.085
USD	722.1	0.955	0.932	644.0	0.921	0.910
CHF	203.7	1.000	1.000	196.6	1.000	1.000
AUD	194.7	0.657	0.676	140.9	0.692	0.680
CAD	153.1	0.740	0.736	141.3	0.743	0.710
GBP	113.5	1.157	1.240	102.1	1.275	1.226
INR	70.8	0.012	0.012	50.0	0.012	0.012
CNY	68.8	0.143	0.144	69.3	0.142	0.137
HKD	68.0	0.122	0.119	56.0	0.119	0.117
NOK	40.0	0.097	0.104	38.3	0.108	0.104
Net sales in other currencies	337.1			308.0		

June 2021 – June 2022
Change of average FX-rate in relation to CHF



2021/22
Net sales exposure



In the 2021/22 financial year, dormakaba Group's sales growth was negatively impacted by foreign currency translations in the amount of CHF 3.0 million (2020/21: CHF 76.6 million negative impact) and EBITDA positively by CHF 3.0 million (2020/21: CHF 11.1 million negative impact).

Transaction risk

Management monitors foreign exchange risks on a regular basis. When management deems it appropriate to do so, dormakaba uses derivative financial instruments to manage its transaction risk exposure to fluctuations in exchange rates.

Foreign exchange risks relating to intercompany loans are covered to a large extent by forward exchange contracts with third parties. The external counterparties involved are high-ranking financial institutions. dormakaba enters into financial transactions only to hedge against a related off-balance-sheet risk or a highly probable future business transaction. No uncovered short transactions are entered into.

Intercompany invoicing is structured in a way that foreign exchange risks are concentrated in dormakaba's manufacturing companies. The use of a group netting system with intercompany payment terms of up to 60 days reduces the intercompany exposure and foreign exchange risk. The third party and intercompany cross-currency exposures are reduced through natural hedges or they are hedged using financial instruments.

dormakaba Group actively manages the transaction risk arising from net investment in foreign currencies.

The following currency forward contracts for hedging purposes existed as at the balance sheet date:

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Contract value	**383.9**	**578.2**
Fair value – held-for-trading, net	**1.6**	**1.1**
Assets from fair value of forward contracts	2.3	1.9
Liabilities from fair value of forward contracts	–0.7	–0.8

In the 2021/22 financial year, the net foreign exchange loss amounts to CHF 8.8 million (2020/21: loss amounts to CHF 3.4 million). While the hedges mitigate the foreign currency effect arising from intercompany loans, the interest expenses for forward contracts amounts to CHF 5.4 million (2020/21: CHF 6.6 million). The foreign exchange gains and losses as well as the interest expenses and income are disclosed in the note on the financial result (1.4).

Accounting principles

Derivative financial instruments for the purpose of hedging balance sheet items are recorded using the same valuation principles as applied to the underlying hedged positions.

4. Other financial information

This section provides details of the various commitments and contingencies as well as information about the associated companies, the acquisitions, and the legal subsidiaries including the Group companies' shareholdings.

4.1 Commitments and contingencies

Lease commitments

Operating lease payments are charged to income (CHF 38.5 million in 2021/22 and CHF 35.9 million in 2020/21) on a straight-line basis over the lease term. The following table shows the future minimum lease payments resulting from non-cancellable operating leases:

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Future payment commitments for operating leases	**108.2**	**103.5**
Up to 1 year	32.2	31.4
2 to 5 years	60.5	60.6
Over 5 years	15.5	11.5

Operating lease commitments mainly refer to the lease of buildings used for operational purposes.

Accounting principles

Operating lease agreements are lease agreements that do not qualify as finance leases and are not capitalized in the balance sheet.

Other commitments and contingencies

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Current endorsement liabilities	0.3	1.0
Investments committed to purchase from third parties:		
Property, plant, and equipment	8.0	6.9
Intangible assets	0.6	0.6

4.2 Equity accounted investments

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Investments in associates - 30 June	**5.7**	**5.4**
Increase of investments in associates	0.0	2.0
Share of profit (loss)	0.3	0.1
Investments in associates - 1 July	**5.4**	**3.3**
Result from associates	**0.3**	**0.1**
Share of profit (loss)	0.3	0.1

Accounting principles

Investments in associates and joint ventures where dormakaba Group exercises significant influence but does not have control (i.e. usually an interest between 20% and 50%) are accounted for using the equity method of accounting. Under the equity method, investments in associated companies and joint ventures are initially recognized at cost, and the carrying amount is increased or decreased to recognize dormakaba Group's share of the profit or loss of the associate/joint venture after the date of acquisition. Profit and loss are attributed to the owners of the parent and to the minority interests, even if this results in a negative balance. Investments in which dormakaba Group does not have significant influence (i.e. dormakaba Group's interest is usually less than 20%) are recorded at cost.

4.3 Business combinations and divestments

Business combinations

The following table summarizes all considerations paid for businesses, as well as the assets and liabilities acquired and recognized at fair value as at the acquisition date for the full financial year 2021/22 and for the full financial year 2020/21 in comparison.

CHF million				Financial year ended 30.06.2022	Financial year ended 30.06.2021
	Fermatic	RELBDA	Others	Total	Total
Total consideration	**27.0**	**62.3**	**25.1**	**114.4**	**20.5**
Cash paid	26.6	52.2	20.2	99.0	19.9
Deferred payment	0.0	9.4	4.6	14.0	0.5
Acquisition-related costs	0.4	0.7	0.3	1.4	0.1
Identifiable assets and liabilities	**–2.9**	**–5.2**	**4.5**	**–3.6**	**2.7**
Cash and cash equivalents	2.6	2.5	3.5	8.6	1.4
Trade receivables	9.3	6.4	2.8	18.5	3.2
Inventories	2.1	6.3	1.5	9.9	0.9
Current income tax assets	0.0	0.0	0.4	0.4	0.0
Other current assets	0.9	1.4	0.1	2.4	0.8
Property, plant, and equipment	2.8	4.6	0.8	8.2	0.5
Intangible assets	0.0	0.3	0.0	0.3	0.0
Deferred income tax assets	0.0	0.9	0.1	1.0	0.2
Current borrowings	0.0	0.0	–0.1	–0.1	–0.4
Trade payables	–3.9	–4.5	–1.0	–9.4	–1.5
Current income tax liabilities	–0.1	–0.4	–0.5	–1.0	–0.3
Accrued and other current liabilities	–6.4	–3.0	–2.6	–12.0	–1.7
Provisions	–0.3	–0.2	–0.2	–0.7	0.0
Non-current borrowings	–10.0	–18.2	–0.1	–28.3	–0.4
Accrued pension costs and benefits	–0.6	–1.3	–0.2	–2.1	0.0
Deferred income tax liabilities	0.7	0.0	0.0	0.7	0.0
Goodwill	**29.9**	**67.5**	**20.6**	**118.0**	**17.8**

Fermatic Group

On 22 October 2021, dormakaba acquired Fermatic Group based near Paris (FR). Fermatic Group is a renowned provider of services for automatic doors and gates. The company primarily operates in the multi-housing market in the North-West of France and also serves other verticals such as offices, retail, and public buildings.

Australian Reliance Doors and Best Doors Australia Groups (RELBDA)

On 31 August 2021, dormakaba acquired the Australian Reliance Doors and Best Doors Australia Groups (RELBDA) based in eastern and southern Australia. The group of companies is a well-established provider in the Australian market with reputable brands for residential garage doors, automatic openers, industrial overhead doors, as well as related services.

Others

Further, dormakaba acquired AtiQx Holding B.V. based in Utrecht/Dordrecht (NL), MultiGlazingSystems Ltd based in Dudley, West Midlands (UK), Rovato Techniek B.V. based in LK Tiel (NL), and Solus Security Systems PvT Ltd based in Bangalore (IN).

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Business divestments

The following table summarizes the considerations received as well as the net assets divested. The resulting net goodwill was recycled affecting result from sale of subsidiaries.

CHF million			Financial year ended 30.06.2022	Financial year ended 30.06.2021
	Mesker	**IGS**	**Total**	**Total**
Total consideration	**5.9**	**26.3**	**32.2**	**2.6**
Cash consideration	0.5	30.5	31.0	2.6
Deferred expenses / payment	6.4	–1.1	5.3	0.0
Divestment-related costs	–1.0	–3.1	–4.1	0.0
Assets and liabilities divested	**13.8**	**22.7**	**36.5**	**2.9**
Cash and cash equivalents	0.0	17.4	17.4	1.5
Trade receivables	0.0	4.3	4.3	0.7
Inventories	7.1	8.5	15.6	1.3
Other current assets	0.0	0.9	0.9	0.0
Property, plant, and equipment	6.1	13.2	19.3	0.0
Intangible assets	0.6	0.1	0.7	0.0
Non-current financial assets	0.0	0.5	0.5	0.0
Deferred income tax assets	0.0	2.2	2.2	0.0
Trade payables	0.0	–2.9	–2.9	–0.6
Accrued and other current liabilities	0.0	–1.7	–1.7	0.0
Provisions	0.0	–0.1	–0.1	0.0
Accrued pension costs and benefits	0.0	–19.7	–19.7	0.0
Amortization on goodwill - recycling [1)]	48.7	2.2	50.9	0.0
Result from sale of subsidiaries [2)]	**–56.6**	**1.4**	**–55.2**	**–0.3**

1) Goodwill is fully offset in equity at the date of acquisition and amortized over five years in the notes of the annual financial statements without affecting consolidated income. In order to determine the result from sale of subsidiaries, goodwill allocated to the disposed business is recognized at its original cost in the income statement.

2) Included in other operating income, net

Mesker business

On 21 June 2022, dormakaba divested its Mesker hollow metal doors business to the key principals of Trimco and Metal Manufacturing Industries (MMI). US-based Trimco is a recognized leader in the North American market for innovating, designing, and manufacturing architectural hardware solutions. MMI is the premier hollow metal doors and frames manufacturer in the Mexican market, exporting its products to Central and South America.

Interior glass systems business (IGS)

As per 31 October 2021, dormakaba divested its interior glass systems business (IGS). The purchaser is the Italian-based investment and financial group Aliante Equity Tre S.p.A. Aliante has built up an investment portfolio with other portfolio companies, with a global presence in the design and furniture market, that complement the IGS business and offer commercial synergies.

Accounting principles

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the book value as at the acquisition date of any previous equity interest in the acquired entity over the fair value of the Group's share of the identifiable net assets acquired. Only intangible assets purchased separately are recognized as part of an acquisition. The positive or negative goodwill resulting from acquisitions is offset in equity at the date of acquisition against retained earnings.

If the purchase price contains elements that are dependent on future results, they are estimated as accurately as possible at the date of acquisition and recognized in the balance sheet. In the event of any disparities when the definitive purchase price is settled, the goodwill offset in equity is adjusted accordingly. The consequences of a theoretical capitalization and amortization of goodwill are explained in the note on the theoretical equity and goodwill movement (3.4).

5. Other disclosures

This section provides a general understanding of the preparation and consolidation principles as well as an overview of the use of accounting estimates. In addition, it details any events occurring between the balance sheet date and the date at which the financial statements are approved by the BoD.

5.1 About this report

Parent company of the Group

The parent company of the Group is dormakaba Holding AG, a company limited by shares that is incorporated and domiciled in Rümlang (Switzerland). The address of its registered office is Hofwisenstrasse 24, 8153 Rümlang, Switzerland. The company is listed on the SIX Swiss Exchange.

Basis for preparation

These consolidated financial statements were approved for issue by the BoD on 25 August 2022 and will be presented for approval by the AGM on 11 October 2022.

The consolidated financial statements of dormakaba Group comply with Swiss law and have been prepared using the historical cost principle, except where disclosed in the accounting policies below, and in accordance with Swiss GAAP FER as a whole (GAAP = Generally Accepted Accounting Principles, FER = Fachempfehlung zur Rechnungslegung or "accounting and reporting recommendations"). Furthermore, the accounting complies with the provisions of the Listing Rules of SIX and Swiss company law. The accounting policies have been applied consistently by Group companies. No changes to the Swiss GAAP FER requirements were announced or released in the year under review.

Currency conversion

The consolidated financial statements are presented in Swiss francs (CHF), which is dormakaba Group's presentation currency. Items included in the financial statements of each dormakaba Group company are measured using the currency of the primary economic environment in which that company operates (the "functional currency").

Foreign currency transactions are converted into the functional currency of the appropriate entity using the exchange rates prevailing as at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the income statement.

The assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated at the exchange rates prevailing as at the balance sheet date. Income, expenses, cash flows, and other movement items are translated at average exchange rates for the period. All resulting exchange differences are recognized in equity. Upon consolidation, exchange differences arising from the translation of the net investment in foreign companies and from borrowings and other currency instruments designated as hedges of such investments are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recycled to the income statement as part of the gain or loss on the sale.

Basis of consolidation

The consolidated financial statements of dormakaba Group include the operations of dormakaba Holding AG and all direct and indirect subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and it has the ability to affect those returns through its power over the entity. The consolidated accounts are based on the annual financial statements of the individual subsidiaries. All companies follow the uniform measurement and reporting practices prescribed by the Group. In applying the full consolidation method, the assets, liabilities, income, and expenses of all subsidiaries are included in their entirety. Minority interests in equity and profit are disclosed separately. Subsidiaries are consolidated from the date when control is acquired. The identifiable assets and liabilities are revalued and included according to the acquisition method. Any difference between the cost of acquisition and the fair value of the Group's share of net assets acquired constitutes goodwill. Subsidiaries sold are excluded from consolidation as of the date when control ceases. All intercompany balances, transactions, and intercompany profits are eliminated upon consolidation. Investments in associates and joint ventures where dormakaba Group exercises significant influence but does not exercise control (i.e. usually an interest between 20% and 50%) are accounted for using the equity method of accounting. Under the equity method, investments in associated companies and joint ventures are initially recognized at cost, and the carrying amount is increased or decreased to recognize dormakaba Group's share of the profit or loss of the associate/joint venture after the date of acquisition. Profit and loss are attributed to the owners of the parent and to the minority interests, even if this results in a negative balance. Investments in which dormakaba Group does not have significant influence (i.e. dormakaba Group's interest is usually less than 20%) are recorded at cost.

Companies established or acquired or those in which the Group increases its interest and thereby obtains control during the year are consolidated as of the date of establishment or the date when control commences. Companies are deconsolidated as of the date that control effectively ceases upon disposal or a reduction in ownership interest. This rule is applied similarly to investments in associates.

In the event that shares of a Group company or associated company are sold, the difference between the proceeds from the sale and the proportional book value of the net assets, including historical goodwill, is recognized as a gain or loss in the income statement.

The Group treats transactions with minority interests that do not result in a loss of control as transactions with the equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and minority interests to reflect their relative interests in the subsidiary.

Use of estimates

The preparation of financial statements in accordance with Swiss GAAP FER requires the use of estimates and assumptions, which have an effect on the reported value of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported value of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events as well as actions that dormakaba Group may undertake in the future, the actual results may differ from the estimates.

The most important accounting estimates are described in a blue box at the end of the note to which they relate as per the following table:

Use of accounting estimates	Note
Deferred income taxes	1.5
Provisions	2.4
Testing goodwill and assets for impairment	2.3, 5.1
Accrued pension costs and benefits	2.5

In accordance with Swiss GAAP FER, assets are subject to an impairment test based on indicators reflecting a possible impairment of the individual assets. Therefore, the following accounting estimates apply to all assets in general.

Use of accounting estimates

For the purpose of testing impairment, goodwill and assets are grouped in cash-generating units for which cash flows are separately identifiable. The Group estimates the recoverable amount of those cash-generating units, which generally represent their value in use. Value in use is assessed using the discounted cash flow method. The estimates used in these calculations are based on updated budgets and medium-term plans covering a period of three years. Cash flows beyond the projection period are extrapolated in perpetuity.

When the carrying amount exceeds its recoverable amount, an impairment loss is recognized separately in the income statement. The recoverable amount is the higher of fair value less cost of disposal and value in use.

Alternative performance measures (APM)

Some of the key figures used by dormakaba to measure the financial performance are not defined by Swiss GAAP FER. The comparability of these figures with those of other companies might be limited. Explanations and reconciliations of these APMs are disclosed below.

EBITDA and EBIT adjusted by items affecting comparability (IAC)

Earnings before interest, taxes, depreciation, and amortization (EBITDA) corresponds to the operating result (EBIT) before depreciation and amortization. By adjusting EBITDA and EBIT for items affecting comparability (IAC), transparency is further increased and the comparability of the Group's operational performance on a period-to-period basis is improved.

IACs are defined as significant costs and income which, because of their exceptional nature, cannot be viewed as inherent to the Group's underlying performance. The content of these items excluded is summarized in the table below and the reconciliation with EBIT defined by Swiss GAAP FER is disclosed in segment reporting:

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Items affecting comparability (IAC)	**88.6**	**9.3**
Reorganization and restructuring expenses	32.1	14.4
(Gain) Loss on divestment of businesses	55.2	0.3
Other exceptional items	1.3	–5.4

Reorganization and restructuring comprise expenses in relation to dormakaba's new strategy Shape4Growth, which will change the operating model of dormakaba, and consequently the organizational setup as well as the financial reporting. Strategic IT harmonization projects that are closely related to the execution of Shape4Growth such as ERP harmonization and accelerated IT infrastructure optimization, including state-of-the-art business continuity management across applications and processes, are also included.

In the first half of financial year 2021/22, dormakaba divested its interior glass systems business (IGS). In the second half-year, dormakaba divested its hollow metal doors business (Mesker). Details on the divestments are disclosed in chapter business combinations and divestments (4.3).

Other exceptional items comprise revaluation gains or losses, significant gains on sale of property, plant, and equipment, as well as other significant items that cannot be viewed as inherent to the Group's underlying performance.

Capital expenditure

Capital expenditure (Capex) consists of the additions in property, plant, and equipment and the additions of intangible assets.

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Capital expenditure	**78.5**	**76.1**
Additions of property, plant, and equipment	52.7	46.6
Additions of intangible assets	25.8	29.5

Free cash flow and free cash flow before acquisitions/divestments

Free cash flow consists of cash flow from operating activities together with cash flow from investing activities. Free cash flow before acquisitions/divestments excludes the cash effective movements arising from acquisitions/divestments.

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Free cash flow before acquisitions/divestments	**51.2**	**239.5**
Acquisition of subsidiaries, net of cash acquired	–92.1	–18.6
Sale of subsidiaries, net of cash sold	9.3	–0.9
Acquisition of associates and joint ventures	0.0	–2.0
Free cash flow	**–31.6**	**218.0**
Net cash from operating activities	127.3	313.5
Net cash used in investing activities	–158.9	–95.5

Net working capital

Net working capital is used by the Group to measure the efficiency of the segment in managing financial resources and complements the Group's performance management. dormakaba defines net working capital as trade receivables plus inventories, minus the sum of trade payables, advances from customers, and deferred income.

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Net working capital		**751.3**	**641.6**
Trade receivables	2.1	482.8	424.5
Inventories	2.2	537.0	450.6
Trade payables		–178.7	–169.1
Advances from customers		–50.5	–30.6
Deferred income		–39.3	–33.8

Operating cash flow margin

Operating cash flow margin is calculated as the ratio of net cash from operating activities to net sales.

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Operating cash flow margin		**4.6%**	**12.5%**
Net sales	1.2	2,756.9	2,499.7
Net cash from operating activities		127.3	313.5

Organic sales growth

Organic growth in sales refers to the growth compared to the same period of the previous year adjusted for the impacts from currency translation as well as impacts from acquisition and divestment.

Return on capital employed (ROCE)

EBIT divided by capital employed (CE) results in ROCE. dormakaba bases the calculation on a 12-month rolling EBIT, adjusted for items affecting comparability (IAC). CE equals the sum of net working capital, property, plant, and equipment, and intangible assets. For the calculation, the average of the last three published balance sheet information is considered (30 June 2022, 31 December 2021, and 30 June 2021). For the previous year comparison, the same principles were applied.

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
ROCE (Return on capital employed)		**24.4%**	**24.9%**
Adjusted EBIT		**293.4**	**283.6**
Average CE (Capital employed)		**1,201.9**	**1,139.9**
Average net working capital	5.1	692.6	618.7
Average property, plant, and equipment		421.0	435.5
Average intangible assets		88.3	85.7

5.2 Events after the balance sheet date

On 1 August 2022, dormakaba acquired Alldoorco based in Nijkerk (Netherlands). Alldoorco is a well-known company specializing in the maintenance, repair, and new installation of industrial door systems. With its high level of technical expertise in door solution services, the company is an ideal complement to dormakaba's existing offering in the Dutch market.

5.3 Legal structure of the dormakaba Group

As at 30 June 2022

List of substantial Group and associated companies		Share capital in local currency (000)	Voting rights in %	Group companies with shareholdings
dormakaba Holding AG, Rümlang/CH	CHF	420.0		Publicly Listed Company
dormakaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642.1	52.5	dormakaba Holding AG
			47.5	Familie Mankel Industriebeteiligung GmbH + Co. KGaA
dormakaba Beteiligungs-GmbH, Ennepetal/DE	EUR	1,000.0	52.5	dormakaba Holding AG

All of the following companies are held directly or indirectly by dormakaba Holding GmbH + Co. KGaA. The voting rights listed for these companies represent the voting rights of this sub-holding. dormakaba shareholders ultimately benefit from the 52.5% share of the cash flows generated by these entities.

dormakaba International Holding AG, Rümlang/CH	CHF	101.0	100	dormakaba Holding GmbH + Co. KGaA

ADUK Products Ltd., Nuneaton/GB	GBP	0.1	100	dormakaba UK Holding Limited
Advanced Diagnostics Ltd., Nuneaton/GB	GBP	0.1	100	ADUK Products Ltd.
Aluminium Services Inc., Randolph/US	USD	30.0	100	dormakaba USA Inc.
Alvarado Manufacturing Co. Inc., Chino/US	USD	100.0	100	dormakaba U.S. Holding Ltd.
any2any GmbH, Munich/DE	EUR	35.9	26	dormakaba International Holding GmbH
Atimo Personeelstechniek B.V., Utrecht/NL	EUR	72.9	100	AtiQx Holding B.V.
AtiQx Holding B.V., Utrecht/NL	EUR	201.5	100	dormakaba Nederland B.V.
ATM-Türautomatik GmbH, Gleisdorf/AT	EUR	35.0	100	dormakaba Austria GmbH
AXE S.A.S., Créteil/FR	EUR	38.1	100	dormakaba France S.A.S.
Best Doors Australia Pty. Ltd., Hallam/AU	AUD	5,565.7	100	dormakaba Holding Australia Pty. Ltd.
Best Doors Victoria Pty. Ltd., Hallam/AU	AUD	0.0	100	Best Doors Australia Pty. Ltd.
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXN	202,059.4	100	dormakaba Canada Inc.
Danmar Australia Pty. Ltd., Hallam/AU	AUD	0.1	100	Reliance Doors Pty. Ltd.
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30.0	100	dormakaba Holding GmbH + Co. KGaA
DORMA Arabia Automatic Doors Company Ltd., Dammam/SA	SAR	10.0	95	dormakaba International Holding GmbH
			5	DORMA Produktion International GmbH
DORMA Ghana Limited, Accra/GH	GHS	1,850.0	100	dormakaba International Holding GmbH
DORMA HUEPPE Pty. Ltd., Regents Park/AU	AUD	5,374.4	100	dormakaba Holding Australia Pty. Ltd.
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe S.A., Brugge/BE	EUR	3,300.0	100	DORMA Hüppe Raumtrennsysteme GmbH
dormakaba Ireland Limited, Kildare/IE	EUR	1,500.0	100	dormakaba International Holding GmbH
DORMA Hüppe Raumtrennsysteme GmbH, Westerstede/DE	EUR	3,000.0	100	dormakaba Holding GmbH + Co. KGaA
DORMA Produktion International GmbH, Ennepetal/DE	EUR	60.0	100	dormakaba Deutschland GmbH
dormakaba UK Limited., Hitchin/GB	GBP	250.0	100	dormakaba Nederland B.V.
dormakaba International Holding GmbH, Ennepetal/DE	EUR	110.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba (China) Technologies Ltd., Shenzhen/CN	CNY	69,500.0	100	dormakaba Hong Kong Limited
dormakaba (Thailand) Ltd., Bangkok/TH	THB	13,490.0	100	dormakaba International Holding GmbH
dormakaba Access Indonesia, PT, Jakarta/IN	IDR	2,555,199.5	90	dormakaba International Holding GmbH
			10	DORMA Produktion International GmbH
dormakaba Access Solutions LLC, Doha/QA	QAR	200.0	100	dormakaba International Holding GmbH
dormakaba Access Solutions (China) Ltd./Shanghai/CN	USD	3,000.0	100	dormakaba International Holding GmbH
dormakaba Australia Pty. Ltd., Hallam/AU	AUD	10.7	100	dormakaba Holding Australia Pty. Ltd.
dormakaba Austria GmbH, Herzogenburg/AT	EUR	1,460.0	100	dormakaba International Holding AG
dormakaba Belgium N.V., Bruges/BE	EUR	2,416.3	100	dormakaba International Holding AG
dormakaba Brasil Soluções de Acesso Ltda., São Paulo/BR	BRL	35,160.7	100	dormakaba International Holding AG
dormakaba Bulgaria Ltd., Sofia/BG	EUR	1,314.1	100	dormakaba International Holding GmbH
dormakaba Canada Inc., Montreal/CA	CAD	1.0	100	dormakaba International Holding AG
dormakaba Cesko s.r.o., Praha/CZ	CZK	100.0	100	dormakaba International Holding GmbH
dormakaba China Ltd, Suzhou/CN	CNY	127,759.1	100	dormakaba International Holding GmbH
dormakaba Danmark A/S, Albertslund/DK	DKK	696.0	100	dormakaba International Holding AG
dormakaba Deutschland GmbH, Ennepetal/DE	EUR	126,780.0	100	dormakaba Holding GmbH + Co. KGaA
DORMAKABA DOO BEOGRAD, Beograd/RS	RSD	4,474.3	100	dormakaba International Holding GmbH
dormakaba EAD GmbH, Villingen-Schwenningen/DE	EUR	819.1	100	dormakaba Holding GmbH + Co. KGaA
dormakaba España S.A.U., Madrid/ES	EUR	600.0	100	dormakaba International Holding AG

dormakaba Eurasia LLC, Moscow/RU	RUB	213,000.0	100	dormakaba International Holding GmbH
dormakaba Finance AG, Rümlang/CH	CHF	100.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Services B.V., Dodewaard/NL	EUR	100.0	100	dormakaba Nederland B.V.
dormakaba Finance GmbH, Ennepetal/DE	EUR	25.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba France S.A.S., Créteil/FR	EUR	5,617.2	100	dormakaba International Holding AG
dormakaba Gulf FZE, Dubai/AE	USD	9,524.9	100	dormakaba International Holding GmbH
dormakaba Holding Australia Pty. Ltd., Hallam/AU	AUD	910.7	100	dormakaba Singapore Pte. Ltd.
dormakaba Hong Kong Limited, Hong Kong/HK	HKD	100.0	100	dormakaba Nederland B.V.
dormakaba Hrvatska d.o.o., Zagreb/HR	HRK	5,650.0	100	dormakaba International Holding GmbH
dormakaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba India Private Limited, Chennai/IN	INR	1,147,197.3	100	dormakaba International Holding GmbH
dormakaba Italia Srl., Milano/IT	EUR	260.0	100	dormakaba Schweiz AG
dormakaba Japan Co. Ltd., Tokyo/JP	JPY	120,000.0	100	dormakaba Schweiz AG
dormakaba Kapi Ve Güvenlik Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	TRY	3,750.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Kenya Limited, Nairobi/KE	KES	40,000.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Korea Inc., Seoul/KR	KRW	150,000.0	100	dormakaba International Holding GmbH
dormakaba Kuwait for Ready Made Windows LLC, Kuwait City/KW	KWD	10.0	49	dormakaba International Holding GmbH
			51	dormakaba Middle East SPV Ltd.
dormakaba Luxembourg S.A., Wecker/LU	EUR	300.0	100	dormakaba International Holding AG
dormakaba Magyarorszàg Zrt., Budapest/HU	HUF	251,000.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Malaysia SDN BHD, Selangor/MY	MYR	800.0	100	dormakaba Nederland B.V.
dormakaba Maroc SARL, Casablanca/MA	MAD	2,000.0	100	dormakaba International Holding GmbH
dormakaba México, S. de R.L. de C.V., Mexico City/MX	MXN	3.0	96.6	dormakaba International Holding GmbH
			3.4	dormakaba Deutschland GmbH
dormakaba Middle East (LLC), Dubai/AE	AED	7,700.0	100	dormakaba International Holding GmbH
dormakaba Middle East SPV Limited, Abu Dhabi/AE	AED	N/A	100	dormakaba International Holding AG
dormakaba Nederland B.V., Dodewaard/NL	EUR	11.7	100	dormakaba International Holding GmbH
dormakaba New Zealand Limited, Auckland/NZ	NZD	384.0	100	dormakaba Nederland B.V.
dormakaba Norge A/S, Drammen/NO	NOK	1,783.5	100	dormakaba International Holding AG
dormakaba Philippines Inc., Makati City/PH	PHP	18,000.0	100	dormakaba International Holding GmbH
dormakaba Polska sp.z.o.o., Konstancin-Jeziorna/PL	PLN	10,000.0	100	dormakaba International Holding AG
dormakaba Portugal, Unipessoal Lda., Lisbon/PT	EUR	50.0	100	dormakaba International Holding GmbH
dormakaba Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SGP	EUR	2,560.0	100	dormakaba Deutschland GmbH
dormakaba Production GmbH, Ennepetal/DE	EUR	50.0	100	dormakaba Deutschland GmbH
dormakaba Production Malaysia SDN. BHD., Melaka/MY	MYR	5,000.0	100	dormakaba International Holding GmbH
dormakaba Romania S.R.L., Bucharest/RO	RON	4,705.8	100	dormakaba International Holding GmbH
dormakaba Schweiz AG, Wetzikon/CH	CHF	6,800.0	100	dormakaba International Holding AG
dormakaba Singapore Pte Ltd, Singapore/SGP	SGD	13,300.0	100	dormakaba Production GmbH + Co. KG
dormakaba Slovensko s.r.o, Bratislava/SK	EUR	6.6	100	dormakaba International Holding GmbH
dormakaba South Africa (Pty.) Ltd., Johannesburg/ZA	ZAR	1.0	100	dormakaba International Holding GmbH
dormakaba Suomi Oy, Helsinki/FI	EUR	67.3	100	dormakaba International Holding GmbH
dormakaba Sverige AB, Västra Frölunda/SE	SEK	500.0	100	dormakaba Nederland B.V.
dormakaba Ukraine LLC, Kiev/UA	EUR	250.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Uruguay S.A, Montevideo/UY	UYU	10.8	100	dormakaba International Holding GmbH
dormakaba U.S. Holding Ltd., Wilmington/US	USD	235,000.0	59.52	dormakaba Schweiz AG
			17	dormakaba Nederland B.V.
			23.48	dormakaba International Holding AG
dormakaba USA Inc., Wilmington/US	USD	1.0	100	dormakaba U.S. Holding Ltd.
dormakaba Workforce Solutions LLC, Wilmington/US	USD	19.7	100	dormakaba U.S. Holding Ltd.
Eminence S.A.S., Guitrancourt/FR	EUR	5,866.0	100	dormakaba France S.A.S.
E Plus Building Products Pty. Ltd., Hallam/AU	AUD	0.2	100	E Plus Nominees Pty. Ltd.
Ezi Roll Doors Australia Pty. Ltd., Hallam/AU	AUD	7,500.0	100	Best Doors Australia Pty. Ltd.
Farpointe Data Inc., San Jose/US	USD	1,701.7	100	dormakaba USA Inc.
Fermatic S.A.S., Guitrancourt/FR	EUR	260.0	100	Eminence S.A.S.
Fermatic AFH S.A.S., Octeville-sur-Mer/FR	EUR	12.5	100	Eminence S.A.S.
Fermatic Agence Normandie S.A.S., Saint-Jacques-sur-Darnétal/FR	EUR	350.0	100	Eminence S.A.S.
Fermatic Fresnais S.A.S., Les Torches/FR	EUR	32.0	100	Eminence S.A.S.

Fermetures GROOM S.A.S., Javené/FR	EUR	1,500.0	100	dormakaba France S.A.S.
Forponto Informática S.A., São Paulo/BR	BRL	10.0	100	Task Sistemas de Computação S.A.
Gliderol International Pty. Ltd., Hallam/AU	AUD	5.0	100	Reliance Doors Pty. Ltd.
Gonen Automation Services B.V., Dordrecht/NL	EUR	18.2	100	AtiQx Holding B.V.
Grupo Klaus S.A.C., Lima/PE	PEN	11,516.2	100	dormakaba International Holding AG
H. Cillekens & ZN BV, Roermond/NL	EUR	15.9	100	dormakaba Nederland B.V.
Jaqmar Pty. Ltd., Hallam/AU	AUD	6,195.1	100	Best Doors Australia Pty. Ltd.
Kaba do Brasil Ltda., São Paulo/BR	BRL	32,051.2	100	dormakaba International Holding AG
dormakaba UK Holding Limited, Hitchin/GB	GBP	173.0	100	dormakaba International Holding AG
Kaba Holding AG, Rümlang/CH	CHF	100.0	100	dormakaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	USD	56,897.6	100	dormakaba U.S. Holding Ltd.
Kaba Jaya Security Sdn. Bhd., Selangor/MY	MYR	350.0	70	dormakaba Schweiz AG
			30	dormakaba International Holding AG
Kaba Ltd., Tiverton/GB	GBP	6,300.0	100	dormakaba UK Holding Limited
Kaba Mas LLC, Lexington/US	USD	880.7	100	dormakaba U.S. Holding Ltd.
Kilargo Pty. Ltd., Hallam/AU	AUD	1.0	100	dormakaba Holding Australia Pty. Ltd.
KIWS Property LLC, Delaware/US		N/A	100	dormakaba USA Inc.
dormakaba Trondheim A/S, Drammen/NO	NOK	100.0	100	dormakaba Norge A/S
Legic Identsystems AG, Wetzikon/CH	CHF	500.0	100	dormakaba Schweiz AG
Mauer Thüringen GmbH, Bad Berka/DE	EUR	255.7	100	dormakaba EAD GmbH
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	INR	107,510.0	65	dormakaba International Holding AG
Modernfold Inc., Greenfield/US	USD	0.0	100	dormakaba USA Inc.
Modernfold of Nevada LLC., Greenfield/US	USD	0.0	100	Modernfold Inc.
MultiGlazingSystems Limited, Oldbury/GB	GBP	0.3	100	dormakaba UK Limited
Path Line (China) Ltd., Hong Kong/HK	HKD	113,900.0	100	Wah Yuet Hong Kong Limited
Perfect Lease S.A.S., Guitrancourt/FR	EUR	8.0	100	Fermatic S.A.S.
Poksundo GmbH, Villingen-Schwenningen/DE	EUR	62.5	60	dormakaba International Holding GmbH
Rafi Shapira & Sons Ltd., Rishon LeZion/IL	ILS	0.1	30	dormakaba International Holding GmbH
Reliance Doors Pty. Ltd., Hallam/AU	AUD	768.5	100	dormakaba Holding Australia Pty. Ltd.
Resolute Testing Laboratories Pty. Ltd., Hallam/AU	AUD	0.1	100	Kilargo Pty. Ltd.
R.T.R. Services Limited, Derbyshire/GB	GBP	6,270.0	100	dormakaba UK Limited
Seca Solutions A/S, Sandnes/NO	NOK	3,000.0	100	dormakaba Norge A/S
Serrurerie Chaudronnerie Bouffier Alain et Heurtaut Jean Claude SCBH S.A.S., Freneuse/FR	EUR	300.0	100	Eminence S.A.S.
Silca GmbH, Velbert/DE	EUR	358.0	100	dormakaba Holding GmbH + Co. KGaA
Silca Key Systems S.A., Barcelona/ES	EUR	162.3	100	dormakaba Holding GmbH + Co. KGaA
Silca S.A.S., Porcheville/FR	EUR	797.7	100	dormakaba France S.A.S.
Silca S.p.A., Vittorio Veneto/IT	EUR	10,000.0	97	dormakaba Holding GmbH + Co. KGaA
			3	dormakaba Schweiz AG
Silca South America S.A., Tocancipa/CO	COP	4,973,013.8	65.92	dormakaba International Holding AG
			32.52	dormakaba Schweiz AG
Skyfold Inc., Quebec/CA	CAD	113,994.5	100	dormakaba Canada Inc.
Smart Access Solutions Company Ltd., Riyadh/SA	SAR	25.0	100	dormakaba Middle East SPV Limited
SmartteQ B.V., Utrecht/NL	EUR	18.0	100	AtiQx Holding B.V.
Solus Security Systems Private Limited, Mumbai/IN	INR	100.0	100	dormakaba India Private Limited
Task Sistemas de Computação S.A., Rio de Janeiro/BR	BRL	26,438.7	100	dormakaba International Holding AG
TLHM Co. Ltd., Taiwan/TWN	TWD	270,000.0	100	dormakaba International Holding AG
Transquest Tag & Tracing Solutions B.V., Utrecht/NL	EUR	18.0	100	AtiQx Holding B.V.
WAH MEI Access Security Technology Co. LTD. Taishan/CN	USD	15,000.0	100	Wah Yuet Hong Kong Limited
Wah Yuet Hong Kong Limited, Hong Kong/HK	HKD	768,250.0	100	dormakaba Schweiz AG
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	USD	13,289.0	100	Wah Yuet Hong Kong Limited

Apart from dormakaba Holding AG in Rümlang, none of the companies in the dormakaba Group's scope of consolidation is listed on a stock exchange. The registered shares of dormakaba Holding AG are traded on the SIX Swiss Exchange (security no./ISIN: 1179595/CH 0011795959). As at 30 June 2022, the company's market capitalization was CHF 1,740.3 million.

This disclosure meets the requirements of the GRI standards (Disclosure 102-45).

Consolidated financial statements
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Capital and financial risk management
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Report of the statutory auditor

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of dormakaba Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 30 June 2022, the consolidated balance sheet as at 30 June 2022, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 44 to 87) give a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

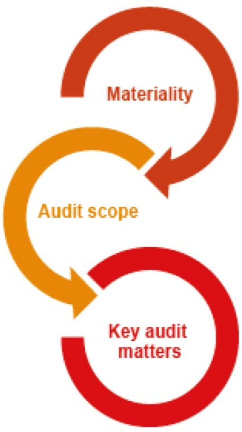
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other 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 opinion.

Our audit approach

Overview



Overall Group materiality: CHF 11'500'000

We concluded full scope audit work at 47 reporting units in 20 countries.

Our audit scope addressed over 73% of the Group's revenue. In addition, specified procedures were performed on a further 2 reporting units in one country representing a further 2% of the Group's revenue. Reviews were performed for 36 reporting units in 22 countries addressing a further 10% of the Group’s revenue.

As key audit matter the following area of focus has been identified:

Revenue recognition

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due

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to fraud or error. They 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 consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 11'500'000
Benchmark applied	Profit before tax (adjusted for effects resulting from sale of Mesker)
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 575,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is structured along six reporting segments: Region Americas, Region Asia Pacific, Region Europe & Africa, Key & Wall Solutions, Global Research and Development and Corporate. In establishing the overall approach for the Group audit, we determined the type of work that needed to be performed by us, as the Group audit team and by component auditors from the other PwC network firms operating under our instructions. The Group consolidation, financial statement disclosures, acquisition and divestment accounting and the valuation of deferred tax assets are audited by the Group audit team. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work for those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our audit opinion on the Group's financial statements as a whole. The Group audit team's involvement also included reading the reports from the component auditors and leading conference calls with component auditors to discuss their audit findings.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key audit matter	How our audit addressed the key audit matter
Total consolidated net sales of the financial year 2021/2022 amounted to CHF 2,756.9 million (2020/2021: CHF 2,499.7 million). Refer to note 1.2 "Net sales per major geographic markets". Net sales includes all sales of goods and services, after deduction of freight expense of goods sold, sales commissions and other sales deductions, such as discounts and rebates. Sales from goods are recognized when all significant risks,	We obtained an understanding of the Group's policies, processes and methods regarding revenue recognition. During our audit, we analysed the process established to determine revenue recognition and we performed, on a sample basis, the following audit procedures for all full scope reporting components and for the reporting unit subject to specified procedures:

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rewards of ownership and control is transferred. Sales related to services are recognized when the service is provided. Distinctive components related to multi-element contracts are recognized separately. The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	- We tested whether revenue is categorized and recognized in line with the dormakaba accounting policy. - We tested the occurrence and timing of revenue recognition of sales related to products by comparing individual sales transactions to delivery documents. - We tested the occurrence and timing of revenue related to individual services by comparing sales transactions to contracts, handover certificates or equivalent. Based on the audit procedures performed, we consider the risk of revenue recognition in an incorrect period to be adequately addressed by Management.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards 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 consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. 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 internal control relevant to the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 consolidated financial

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statements or, if such disclosures are inadequate, to modify our opinion. 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 the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee 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 safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 25 August 2022

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Financial statements dormakaba Holding AG

Balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Current assets			
Cash and cash equivalents		0.1	0.2
Other current assets: third parties		0.2	0.1
Total current assets		**0.3**	**0.3**
Non-current assets			
Investments	2.1	704.9	704.9
Loans to Group companies	2.2	170.1	171.7
Total non-current assets		**875.0**	**876.6**
Total assets		**875.3**	**876.9**

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Current liabilities			
Other current liabilities: third parties		1.2	1.3
Accruals		0.1	0.1
Total current liabilities		**1.3**	**1.4**
Long-term provisions	**2.3**	**11.5**	**11.3**
Equity			
Share capital	2.4	0.4	0.4
Legal capital reserves - reserves from capital contributions		45.5	71.6
Legal reserves		261.0	261.0
Reserves for treasury shares	2.6	16.0	23.0
Statutory retained earnings - available earnings carried forward		489.1	464.0
Net profit for the year		50.5	44.2
Total equity		**862.5**	**864.2**
Total liabilities and equity		**875.3**	**876.9**

Income statement

CHF million	Note	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Operating revenues			
Dividend income from investments	3.1	52.6	46.0
Interest from loans to Group companies		4.1	5.3
Other financial income		0.1	0.0
Total operating revenues		**56.8**	**51.3**
Operating expenses			
Financial expenses	3.2	–2.2	–3.6
Cost of services provided by Group companies		–0.1	0.0
Personnel expenses		–2.6	–2.0
Other operating expenses	3.3	–1.0	–1.2
Direct taxes	3.4	–0.4	–0.3
Total operating expenses		**–6.3**	**–7.1**
Net profit for the period		**50.5**	**44.2**

Notes to the financial statements

1. Principles

1.1 General

These annual financial statements were prepared in accordance with the provisions of the Swiss accounting law (Title 32 of the Swiss Code of Obligations [CO]). The main valuation principles applied that are not prescribed by law are described below.

In accordance with the provisions of the Swiss accounting law (article 961d para. 1 CO), the company does not provide a management report, a cash flow statement, or additional information in the notes and refers instead to the consolidated financial statements of dormakaba Holding AG for the relevant information.

1.2 Loans to Group companies and other financial assets

Loans granted to Group companies and other financial investments in foreign currencies are valued at the market rate on the balance sheet date. The valuation is at nominal values, taking into consideration any impairment required.

1.3 Investments

Investments are valued in accordance with the principle of individual valuation. General value adjustments can be applied.

1.4 Dividend income

Dividend income is recorded when payment is received.

2. Information on balance sheet items

2.1 Investments

		Share capital in local currency	Voting rights in %
dormakaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642,105	52.5
dormakaba Beteiligungs-GmbH, Ennepetal/DE	EUR	1,000,000	52.5

There are no changes to the investments.

2.2 Loans to Group companies

Counterparty	Currency	Interest rate	Financial year ended 30.06.2022	Financial year ended 30.06.2021
dormakaba International Holding AG, Rümlang/CH	CHF	1.00%	170.1	171.7
Total loans to Group companies			**170.1**	**171.7**

2.3 Long-term provisions

These provisions relate to general risks.

2.4 Share capital

As at 30 June 2022, the share capital amounted to CHF 420,002.60 divided into 4,200,026 registered shares at a par value of CHF 0.10.

Conditional capital as at 30 June 2022 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 12 October 2021, the Board of Directors (BoD) is authorized to increase the share capital by no later than 12 October 2023 up to a maximum amount of CHF 42,000 by issuing a maximum of 420,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts. No shares were issued out of authorized capital in the 2021/22 financial year.

2.5 Principal shareholders

	As at 30.06.2022 No. of shares at CHF 0.10 par value	%	As at 30.06.2021 No. of shares at CHF 0.10 par value	%
Pool Shareholders [1]	**1,174,323**	**28.0**	**1,187,875**	**28.3**
Group's treasury shares	**21,624**	**0.5**	**31,259**	**0.7**
Public shareholders				
Other public shareholders	2,976,773	70.9	2,954,108	70.3
Total public shareholders	**2,976,773**	**70.9**	**2,954,108**	**70.3**
BoD and EC members [2]				
BoD members	458,795	10.9	555,465	13.3
EC members	9,699	0.2	12,088	0.3
Total BoD and EC members	**468,494**	**11.1**	**567,553**	**13.6**
Less double-counting in respect of Pool Shareholders [3]	–441,188	–10.5	–540,769	–12.9
Total shares	**4,200,026**	**100.0**	**4,200,026**	**100.0**

1) The following persons are party to the pool agreement: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA / Ennepetal, Mankel Family Office GmbH / Ennepetal, KRM Beteiligungs GmbH / Ennepetal, Christine Mankel / Ennepetal, CM Beteiligungs-GmbH / Ennepetal, CM-Familienstifung / Düsseldorf, Laetitia Brecht-Bergen / Düsseldorf, Leander Brecht-Bergen / Düsseldorf, Stephanie Brecht-Bergen / Düsseldorf, SBB Beteiligungs-GmbH / Ennepetal, as well as Martina Bössow / Meilen, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Kim Dubs / Zurich, Linus Dubs / Zurich, Amy Flückiger / Herrliberg, Anja Flückiger / Herrliberg, Beat Flückiger / Herrliberg, Flo Flückiger / Herrliberg, heirs of Karin Forrer / Muri, Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2) Including related parties.

3) Shareholdings of Pool Shareholders who are also BoD members are included under Pool Shareholders and BoD members.

2.6 Treasury shares

	Financial year ended 30.06.2022		Financial year ended 30.06.2021	
	CHF million	Number of shares	CHF million	Number of shares
Treasury shares at the beginning of the period	0.0	–	0.0	–
Purchase	1.1	2,087	1.0	1,746
Share-based compensation	–1.1	–2,087	–0.9	–1,746
Revaluation	0.0	–	–0.1	–
Treasury shares at the end of the period	**0.0**	**–**	**0.0**	**–**
Treasury shares held in other Group entities	16.0	21,624	23.0	31,259

3. Information on the income statement

3.1 Dividend income
The dividend income for the year is CHF 52.6 million (2020/21: CHF 46.0 million).

3.2 Financial expenses
The financial expenses relate primarily to guarantee fees paid to dormakaba Holding GmbH + Co. KGaA to guarantee the bond issued by dormakaba Finance AG.

3.3 Other operating expenses
The main expense items relate to external consulting services and marketing expenses.

3.4 Direct taxes
Direct taxes comprise capital taxes and income taxes.

4. Other information

4.1 General information
dormakaba Holding AG is incorporated and domiciled in Rümlang (Switzerland). The address of its registered office is Hofwisenstrasse 24, 8153 Rümlang, Switzerland.

The company is listed on the SIX Swiss Exchange.

4.2 Full-time equivalents
As at 30 June 2022, dormakaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Guarantees	329.6	693.7
Of which used	0.0	0.0

As in the previous year, the guarantees disclosed relate to the guarantee accorded to the bondholders for the bonds issued by dormakaba Finance AG in the total nominal amount of CHF 320.0 million.

The dormakaba companies in Switzerland are treated as a single entity for VAT purposes (Group taxation article 13 Swiss VAT Act). If one company is unable to meet its payment obligations to the taxation authorities, the other Group companies within the tax group are jointly and severally liable.

5. Conditional and authorized capital

	Financial year ended 30.06.2022		Financial year ended 30.06.2021	
	Share capital value in CHF	Number of shares	Share capital value in CHF	Number of shares
Conditional capital at the end of the period	42,438	424,384	42,438	424,384
Authorized capital at the end of the period	42,000	420,000	42,000	420,000

Conditional capital of CHF 36,000 (2020/21: CHF 36,000) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,438.40 (2020/21: CHF 6,438.40) for shares or share options to associates and BoD members of which CHF 0 (2020/21: CHF 0) were exercised in the 2021/22 financial year.

The authorized capital at financial year-end amounts to CHF 42,000 (2020/21: CHF 42,000).

6. Shareholdings of BoD and EC members

As at the reporting date, the individual BoD and EC members (including related parties) held the following numbers of shares in dormakaba Holding AG. None of the BoD and EC members held any options.

Number of shares	Financial year ended 30.06.2022	Financial year ended 30.06.2021
BoD		
Aebischer Thomas 1)	100	
Birgersson Jens	2,085	1,919
Brecht-Bergen Stephanie	220,489	220,323
Cadonau Riet	8,630	7,015
Daeniker Daniel	2,020	1,854
Dubs Karina 2)		99,913
Gummert Hans	1,095	929
Heppner John	1,283	1,117
Hess Hans	2,156	1,790
Liu John Y.	238	72
Mankel Christine	220,699	220,533
Total BoD	**458,795**	**555,465**
EC		
Berninger Alwin	371	339
Bewick Stephen	335	312
Brinker Bernd 3)		1,964
Häberli Andreas	2,636	2,530
Housten Alex	747	617
Jones Andy 4)	233	
Kelterborn Kaspar 5)	48	
Lee Jim-Heng 6)	2,865	2,725
Mörtl Mathias 7)	-	
Soussan Sabrina 8)		1,233
Zocca Stefano	2,464	2,368
Total EC	**9,699**	**12,088**

1) BoD Member as of 12 October 2021
2) BoD Member until 12 October 2021
3) EC Member until 31 March 2022
4) EC Member as of 12 January 2022
5) EC Member as of 1 April 2022
6) CEO as of 1 January 2022
7) EC Member as of 1 December 2021
8) CEO until 31 December 2021

7. Events after the balance sheet date

On 1 August 2022, dormakaba acquired Alldoorco based in Nijkerk (Netherlands). Alldoorco is a well-known company specializing in the maintenance, repair, and new installation of industrial door systems. With its high level of technical expertise in door solution services, the company is an ideal complement to dormakaba's existing offering in the Dutch market.

Appropriation of retained earnings

Proposal for the appropriation of available retained earnings as at 30 June 2022

CHF million	Financial year ended 30.06.2022	Financial year ended 30.06.2021
Net profit for the period	50.5	44.2
Allocation from reserves for treasury shares	7.0	8.4
Statutory retained earnings carried forward from previous year	482.1	455.6
Unappropriated retained earnings at the end of the period	**539.6**	**508.2**
Allocation from reserves from capital contributions [1]	24.2	26.3
Total at the AGM's disposal	**563.8**	**534.5**

1) Reserves from capital contributions will only be released in the amount of the resolution of the AGM.

The BoD will propose to the shareholders at the AGM on 11 October 2022 a total distribution of CHF 48.4 million on the basis of the share capital of CHF 420,002 (4,200,026 shares at CHF 0.10) without contribution to other reserves, to be equally paid out from the reserves from capital contributions and statutory retained earnings:

- CHF 24.2 million (2020/21: CHF 26.3 million) from capital contributions without deduction of Swiss withholding tax; and
- CHF 24.2 million (2020/21: CHF 26.3 million) from statutory retained earnings subject to Swiss withholding tax

CHF million	Proposal to the AGM 2022	Approved by the AGM 2021
Distribution from reserves from capital contributions [1]	24.2	26.3
Dividend distribution from statutory retained earnings [1]	24.2	26.3
To be carried forward	515.4	481.9
Total at the AGM's disposal	**563.8**	**534.5**

1) Calculated based on the number of total shares as at 30 June 2022. The total amount of the distribution depends on the number of shares entitled to dividend payout as at 12 October 2022. Treasury shares are not entitled to dividend payout.

After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 17 October 2022 according to the instructions received: CHF 11.50 (2020/21: CHF 12.50) gross per listed registered share at a par value of CHF 0.10.

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the financial statements

Opinion

We have audited the financial statements of dormakaba Holding AG, which comprise the balance sheet as at 30 June 2022, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 93 to 98) as at 30 June 2022 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other 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 opinion.

Our audit approach

Overview

Overall materiality: CHF 4.3 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 4.3 million
Benchmark applied	Total Assets
Rationale for the materiality benchmark applied	We chose total assets as benchmark because, in our view, it is a relevant benchmark for a holding company and it is a generally accepted benchmark for holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 430,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
As at 30 June 2022, the Company had investments in two subsidiaries in the amount of CHF 704.9 million (prior year: CHF 704.9 million). These investments are stated at cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. Valuation of investments was deemed a key audit matter due to their significance on the balance sheet. The two investments in dormakaba Holding GmbH & Co KGaA and dormakaba Beteiligungs-GmbH represent the largest single asset category on the balance sheet (81% of total assets).	Management performs a review whether indicators for impairment for the investments exist. No such indicators were identified in the process. We tested the valuation of the investments as at 30 June 2022 by performing the following procedures: • We compared the net book values of the investments as at 30 June 2022 to the shareholder's equity of the company concerned. • We compared the book value of equity of the Company to its market capitalisation as at 30 June 2022. We consider management's approach to value the investments as acceptable and reasonable.

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Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards 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 financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 opinion. 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 internal control relevant to the 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 financial statements or, if such disclosures are inadequate, to modify our opinion. 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 the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and 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 safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

pwc

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 25 August 2022

Corporate Governance Report

General framework

This report on corporate governance sets out the principles of management and control at the highest level of the dormakaba Group (dormakaba) in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance (Directive Corporate Governance, DCG). Unless otherwise stated, the information in this report for the financial year 2021/22 is as of 30 June 2022. dormakaba's corporate governance largely follows the guidelines and recommendations set out in the Swiss Code of Best Practice for Corporate Governance of July 2002 and revised editions of 2007, 2014, and 2016. dormakaba has made some adjustments and simplifications to suit its management and shareholder structure as well as its medium size.

dormakaba's principles and rules regarding corporate governance are set out in its Articles of Incorporation, its Organizational Regulations, and in the regulations of its Board committees. The ultimate parent company of dormakaba, dormakaba Holding AG, is listed on SIX Swiss Exchange and is headquartered in Rümlang (Zurich/Switzerland).

Group structure and shareholders

Group structure

As part of its new strategy Shape4Growth, dormakaba has adapted its organizational structure:

Until the end of 2021, it consisted of the following five segments:

- The four regional segments within Access Solutions (AS)
  – AS AMER (North and South America)
  – AS APAC (Asia-Pacific)
  – AS DACH (Germany, Austria, Switzerland)
  – AS EMEA (rest of Europe, Middle East, Africa)
- Key & Wall Solutions (KWS)

As of 1 January 2022, the organizational structure consists of dormakaba's core business Regions – Americas, Asia-Pacific, and Europe & Africa – supported by Global Functions – Marketing & Products, Operations, and Product Development. Key & Wall Solutions remains unchanged.

The companies that lie within the Group's scope of consolidation are listed in the Financial Statements.

Shareholders

	As at 30.06.2022 No. of shares at CHF 0.10 par value	%	As at 30.06.2021 No. of shares at CHF 0.10 par value	%
Pool Shareholders 1)	**1,174,323**	**28.0**	**1,187,875**	**28.3**
Group's treasury shares	**21,624**	**0.5**	**31,259**	**0.7**
Public shareholders				
Other public shareholders	2,976,773	70.9	2,954,108	70.3
Total public shareholders	**2,976,773**	**70.9**	**2,954,108**	**70.3**
BoD and EC members 2)				
BoD members	458,795	10.9	555,465	13.3
EC members	9,699	0.2	12,088	0.3
Total BoD and EC members	**468,494**	**11.1**	**567,553**	**13.6**
Less double-counting in respect of Pool Shareholders 3)	–441,188	–10.5	–540,769	–12.9
Total shares	**4,200,026**	**100.0**	**4,200,026**	**100.0**

1) The following persons are party to the pool agreement: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA / Ennepetal, Mankel Family Office GmbH / Ennepetal, KRM Beteiligungs GmbH / Ennepetal, Christine Mankel / Ennepetal, CM Beteiligungs-GmbH / Ennepetal, CM-Familienstifung / Düsseldorf, Laetitia Brecht-Bergen / Düsseldorf, Leander Brecht-Bergen / Düsseldorf, Stephanie Brecht-Bergen / Düsseldorf, SBB Beteiligungs-GmbH / Ennepetal, as well as Martina Bössow / Meilen, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Kim Dubs / Zurich, Linus Dubs / Zurich, Amy Flückiger / Herrliberg, Anja Flückiger / Herrliberg, Beat Flückiger / Herrliberg, Flo Flückiger / Herrliberg, heirs of Karin Forrer / Muri, Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2) Including related parties.

3) Shareholdings of Pool Shareholders who are also BoD members are included under Pool Shareholders and BoD members.

Major shareholders

The above table sets out the shareholder structure of dormakaba Holding AG on the balance sheet date of 30 June 2022 and lists the names of shareholders who have reported holding a stake of 3% or more of the voting rights in dormakaba Holding AG. The announcements related to the disclosure notifications made by shareholders based on stock exchange reporting obligations can be found via the search function on SIX Swiss Exchange Disclosure Office’s website at https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

The Mankel/Brecht-Bergen Family and the Kaba Family Shareholders (collectively referred to as the Pool Shareholder Group) have concluded a pool agreement that governs the mutual rights and obligations of both parties. The pool agreement states that the Pool Shareholder Group can propose to the Nomination and Compensation Committee of the Board of Directors (BoD) a maximum of five representatives for election to the BoD by the general meeting of shareholders (General Meeting). This proposal right for up to five Board members reflects the majority participation of the Pool Shareholder Group in the operational business of dormakaba. Members of the Pool Shareholder Group hold:

- 28.0% of the 52.5% in dormakaba Holding GmbH + Co. KGaA, which is directly held by the ultimate parent company dormakaba Holding AG; and
- 47.5.% in dormakaba Holding GmbH + Co. KGaA (held by the Mankel/Brecht-Bergen Family).

These shareholdings represent an economic interest of 62.2% in dormakaba.

This Pool Shareholder Group undertakes to exercise its voting rights in concert when voting on General Meeting resolutions. The members of the Pool Shareholder Group also grant each other the right of first refusal if they intend to sell shares in dormakaba Holding AG. Finally, if they sell 27% or more of dormakaba Holding AG voting rights, members of the Pool Shareholder Group undertake to commit the buyer to make a public takeover offer to all dormakaba Holding AG shareholders at the same price as that at which the members of the Pool Shareholder Group are selling. This is designed to prevent any price discrimination against minority shareholders. The pool agreement lasts until 29 April 2030. As far as dormakaba Holding AG is aware, there are no further shareholder agreements or other agreements between the major shareholders mentioned that involve the dormakaba Holding AG shares they own or that involve the exercise of the shareholder rights these shares confer.

Cross-shareholdings

dormakaba has not entered into any capital or voting cross-shareholdings with other companies.

Capital structure

Capital

dormakaba Holding AG's share capital as at 30 June 2022 is CHF 420,002.60, divided into 4,200,026 fully paid-up registered shares with a nominal value of CHF 0.10 each. As at 30 June 2022, dormakaba Holding AG has authorized capital of CHF 42,000 (corresponding to 10% of the share capital), divided into 420,000 registered shares with a nominal value of CHF 0.10 each, and conditional capital of maximum CHF 42,438.40 (corresponding to 10.10% of the share capital) for issuing bonds or similar instruments (up to a maximum of CHF 36,000, divided into 360,000 registered shares with a nominal value of CHF 0.10 each) and for employee participation programs (maximum CHF 6,438.40, divided into 64,384 registered shares with a nominal value of CHF 0.10 each).

The total of new registered shares to be issued from authorized and conditional share capital, where the subscription or advance subscription rights were restricted or excluded (see below), is limited until 12 October 2023 to 420,000 new registered shares (i.e. to less than 10% of the currently issued share capital).

Conditional capital

The share capital of dormakaba Holding AG may be increased by an amount not exceeding CHF 36,000 by issuing up to 360,000 registered shares, to be fully paid up, with a nominal value of CHF 0.10 each, through the exercise of conversion and/or option rights that have been granted in connection with the issue of bonds or similar instruments by dormakaba Holding AG or a Group company, and/or through the exercise of option rights that have been conferred on shareholders. If bonds or similar instruments are issued in connection with conversion and/or option rights, the subscription rights of existing shareholders are excluded. The right to subscribe to the new registered shares falls to the respective holders of conversion and/or option rights.

The purchase of registered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the restrictions set out in the Articles of Incorporation. The BoD is entitled to limit or abolish the pre-emptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing the acquisition of companies, parts of companies, or equity interests. The share capital of dormakaba Holding AG may be increased by no more than CHF 6,438.40 by issuing to employees and BoD members of dormakaba Holding AG and of Group companies no more than 64,384 registered shares with a nominal value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or BoD members subject to one or more sets of regulations to be defined by the BoD and taking into account individual performance, function, and level of responsibility. The group of beneficiaries and the principles of allocation are disclosed in the Compensation Report. Said registered shares or option rights may be issued to employees or BoD members at a price below the market price. In connection with the issue of option rights to employees and BoD members, the pre-emptive subscription rights of existing shareholders are excluded. The purchase of shares within the context of employee share ownership schemes and any subsequent transfers of such shares are subject to the restrictions set out in the Articles of Incorporation.

Authorized capital

The annual general meeting of shareholders (Annual General Meeting/AGM) of 12 October 2021 created authorized capital and authorized the BoD of dormakaba Holding AG to increase the share capital of dormakaba Holding AG by no more than CHF 42,000 through the issue of a maximum of 420,000 fully paid-up registered shares with a nominal value of CHF 0.10 each by 12 October 2023 at the latest. An increase in installments is allowed. Subscription to and acquisition of new shares and each subsequent transfer shall be subject to the restrictions set out in the Articles of Incorporation. The BoD determines the date of issue of new shares, the issue price, type of payment, conditions of exercising subscription rights, and the start date for dividend entitlement. The BoD can issue new shares by having a bank or third party underwrite them all and then making an offer to existing shareholders. The BoD is authorized to set the issue price of new shares as close as possible to the market value of the shares. The BoD is authorized in this case to restrict or exclude trading with subscription rights. The BoD can let unexercised subscription rights lapse or can take these rights, or the shares for which these rights are granted but not exercised, and place them at market conditions or use them in some other way in the interests of dormakaba Holding AG. The BoD is also authorized to restrict or remove and allocate to third parties shareholders' subscription rights if the shares are being used in connection with the acquisition of companies, parts of companies or participations, or if shares are being placed to finance or refinance such transactions.

Changes in capital in the last three financial years

The share capital of dormakaba Holding AG did not change in the last three financial years.

Changes of capital of dormakaba Holding AG within the last three financial years

CHF million	30.06.2022	30.06.2021	30.06.2020
Equity			
Share capital	0.4	0.4	0.4
Reserves from capital contributions	45.5	71.6	93.5
Legal reserves	261.0	261.0	261.0
Reserves for treasury shares	16.0	23.0	31.4
Unappropriated retained earnings	539.6	508.2	477.5
Total equity	**862.5**	**864.2**	**863.8**

Shares and non-voting shares (Partizipationsscheine)

Each share entitles the holder to one vote at the General Meeting of dormakaba Holding AG. Voting rights can only be exercised if the shareholder is registered with voting rights in the share register of dormakaba Holding AG. The shares of dormakaba Holding AG are not physical but are issued purely as security rights. They are registered as book-entry securities. Shares carry full dividend rights. There are no outstanding shares with privileged dividend rights or other preferential rights. dormakaba Holding AG has not issued any non-voting shares (Partizipationsscheine).

Profit-sharing certificates (Genussscheine)

dormakaba Holding AG has not issued any profit-sharing certificates (Genussscheine).

Limitations on transferability and nominee registrations

Transfers of shares of dormakaba Holding AG require the approval of the BoD of the company. Approval may be refused if the acquirer of the shares does not expressly declare that these were acquired in its own name and for its own account. The BoD will register individual persons who do not expressly declare that they hold the shares for their own account ("nominees") in the share register with the right to vote provided the nominee has entered into an agreement with the BoD with respect to its position and if the nominee is subject to recognized banking or financial market supervision. Otherwise, such shares held by nominees can be registered in the share register without voting rights.

In the financial year under review, the BoD granted no exemptions from the transfer restrictions.

Cancelling or changing the limitations on the transferability of shares requires a resolution by the General Meeting supported by at least two-thirds of the votes represented. Book-entry securities based on dormakaba Holding AG shares cannot be transferred by assignment, neither can collateral be placed by assignment on these book-entry securities. The transfer of such book-entry securities follows the stipulations of the Federal Intermediated Securities Act.

Convertible bonds and options

Neither dormakaba Holding AG nor any of its Group companies have issued any convertible bonds or warrants that are still outstanding, or any options. This does not include the allocation of shares to employees under the stock award plans, details of which are given in the Compensation Report.

Board of Directors (BoD)

The duties and responsibilities of the BoD of dormakaba Holding AG are defined by the Swiss Code of Obligations, the Articles of Incorporation, and the company's Organizational Regulations.

BoD members

The BoD of dormakaba Holding AG has ten members. All members are non-executive. Other than BoD Chair Riet Cadonau, none of the BoD members have sat on the Executive Committee (EC) of dormakaba Holding AG at any time in the last five financial years. Riet Cadonau was CEO of dormakaba Group from 2015 to the end of March 2021 (and CEO of Kaba Group from 2011 to 2015) and was elected as BoD Chair the first time in 2018.

No BoD members have significant business relations with dormakaba Holding AG. The maximum number of mandates that BoD members are allowed to take on the governing bodies of legal entities outside dormakaba is regulated in section 27 of the Articles of Incorporation.

Based on the principles of the Swiss Code of Best Practice for Corporate Governance established by economiesuisse, all BoD members other than the BoD Chair are independent.

The following table lists the name, year of birth, date of joining the BoD, gender, and nationality of the individual BoD members.

BoD members as at 30 June 2022

Name/Position	Year of birth	Entry	Gender	Nationality
Riet Cadonau (Chair)	1961	2018 [1]	m	CH
Hans Hess (Lead Independent Director and Vice-Chair)	1955	2012	m	CH
Thomas Aebischer	1961	2021	m	CH
Jens Birgersson	1967	2018	m	SE
Stephanie Brecht-Bergen	1985	2015	f	DE
Daniel Daeniker	1963	2010	m	CH
Hans Gummert	1961	2015	m	DE
John Heppner	1952	2013	m	US
John Y. Liu	1964	2020	m	SG
Christine Mankel	1982	2015	f	DE

1) Riet Cadonau was already a BoD member from 2006 until 2011 (at which time dormakaba Holding AG operated under the name Kaba Holding AG).

Elections and terms of office

The BoD of dormakaba Holding AG is elected by the AGM, with each member standing for election individually. The Articles of Incorporation state that the BoD shall have between five and ten members. Prospective members shall be elected for a one-year term of office up to the conclusion of the next AGM. BoD members can be re-elected. The Organizational Regulations provide that when they reach 70 years of age, BoD members shall resign at the next AGM.

As part of a staggered renewal of the Board of Directors, Vice-Chair and Lead Independent Director Hans Hess (67), John Heppner (70), and Christine Mankel (40) will not stand for re-election as member of the BoD at the upcoming AGM on 11 October 2022. The BoD is proposing Kenneth Lochiatto (59), Michael Regelski (57), and Svein Richard Brandtzæg (65) to be elected as new independent members. The BoD plans to propose women for later BoD changes , the first one in 2023, to (re-)increase gender diversity within the BoD.

Further, the BoD is proposing to the AGM that all other serving members of the BoD be re-elected.

Riet Cadonau shall continue to serve as Chair of the BoD for one final term subject to his re-election by the upcoming AGM. The BoD intends to nominate Svein Richard Brandtzæg as the Vice-Chair and Lead Independent Director subject to his election as BoD member at the upcoming AGM. This measure will continue to ensure that the BoD exercises independent control and supervision for as long as the Chair is not considered independent according to the definition of the Swiss Code of Best Practices for Corporate Governance established by economiesuisse.

Internal organization

According to the Swiss Code of Obligations and dormakaba Holding AG's Articles of Incorporation and Organizational Regulations, the main responsibilities of the BoD are:

- The strategic direction and management of dormakaba Group;
- Structuring the accounting system, the financial controls, and the financial planning;
- Appointing and dismissing members of the EC;
- Overall supervision of business activities;
- Approving the Group-wide codes of conduct or ethics (incl. supplier codes), the sustainability framework (ESG), and the Group-wide strategic risk management framework;
- Preparation of the Annual Report, preparation of the General Meeting, and implementation of its resolutions;
- Approving the signing authority of dormakaba Holding AG representatives;
- Approving the purchase and sale of companies, business areas, or other assets worth more than CHF 10 million;
- Approving investments, purchases, and disposals of real estate worth more than CHF 10 million.

The relevant decisions are taken by the whole BoD. The CEO and CFO regularly participate in meetings of the BoD in an advisory capacity. Other EC members are brought in to advise on individual items of the agenda. The agendas for Board meetings are defined by the Chair based on an annual standard agenda defined by the BoD. Main topics of each ordinary BoD meeting are:

- Report by the CEO;
- State of the business, including performance and forecast;
- Projects update, including M&A;
- Reports by the Chairs of the committees.

Further standard agenda topics are:

- **February meeting:** Report on the EC strategy/medium-term plan workshop; succession planning at BoD and EC level and management development; Financial statements and Interim Report of last half-year;
- **June meeting:** Strategy update; annual budget and medium-term plan; skills/expertise assessment of BoD members;
- **August meeting:** Financial statements and Annual Report of last financial year; AGM agenda and motions;
- **October meeting**: Constitution of the BoD and its committees; Sustainability Report of last financial year;
- **December meeting:** Annual BoD schedule;
- Regular updates by Global Functions such as HR, IT, and Product Development.

During the year under review, key BoD topics beyond the standard items were the new strategy and operating model Shape4Growth (decision and implementation reviews) as well as personnel matters at BoD and EC level.

The BoD held nine meetings during the financial year 2021/22: two lasted more than ten hours (spread over two days), one lasted more than eight hours (spread over two days), two lasted more than six hours, and four lasted two hours or less. None of the BoD members or committee members missed a meeting held during their term. The following table shows the attendance of the individual BoD members at the Bod meetings and of the individual committee members at the committee meetings during the financial year 2021/22:

Attendance at BoD and committee meetings during the financial year 2021/22

	BoD	AC	NCC
Number of meetings held	**9**	**4**	**10**
Riet Cadonau (Chair)	9		
Hans Hess (Lead Independent Director and Vice-Chair)	9	1 [1)]	10
Thomas Aebischer	9	3 [2)]	
Jens Birgersson	9	4	
Stephanie Brecht-Bergen	9		10
Daniel Daeniker	9	4	
Hans Gummert	9	4	
John Heppner	9		10
John Y. Liu	9		
Christine Mankel	9		

1) Hans Hess was a member of the AC until the AGM 2021: He attended the AC meeting held in financial year 2021/22 ahead of the AGM 2021.

2) Thomas Aebischer was elected as member of the BoD and AC as from the AGM 2021: He attended one BoD meeting as guest ahead of his election, as well as all five BoD meetings and all three AC meetings held after his election.

Committees

The BoD has formed an Audit Committee (AC) and a Nomination and Compensation Committee (NCC). Members of the NCC are elected at each AGM. Each committee has written terms of reference that define its tasks and responsibilities. The chairs of these committees are elected by the BoD. The committees meet regularly and are obliged to produce minutes as well as recommendations to the regular BoD meetings. Committee meeting agendas are defined by the committee chair. Members of the committees receive documentation prior to the meetings so they can prepare for discussion of agenda items.

Audit Committee (AC)

The AC is composed of four non-executive BoD members, who have professional or other experience of finance and accounting:

- **Daniel Daeniker** (Chair)
- Thomas Aebischer
- Jens Birgersson
- Hans Gummert

The BoD has specified that members of the AC must meet certain requirements with regard to independence and skills and that they must not be EC members. The term of office is until the conclusion of the next AGM; members may be re-elected. The AC meets at least twice a year but will be convened by the Chair as often as business requires. During the financial year 2021/22, the AC held four meetings, each lasting around three hours. The CFO takes part in the meetings in an advisory capacity, as do, where necessary, the CEO, representatives of the audit firm, representatives of Group Internal Audit and of the Group Accounting Department, and the Group General Counsel. In the financial year 2021/22, representatives of the audit firm participated in two meetings and representatives of Group Internal Audit, the Group General Counsel, and representatives of the Group Accounting Department in all four meetings. The AC minutes the deliberations and decisions taken during meetings. The principal responsibilities of the AC are to evaluate risk management and accounting processes, monitor financial reporting and internal auditing, and assess external audits. With regard to external audits, the AC has the following responsibilities:

- Approval of the audit priorities;
- Acceptance of the audit report and of any recommendations made by the auditors prior to the submission of the annual accounts (statutory and consolidated financial statements, Group Management Report, Corporate Governance Report) to the whole BoD for approval;
- Proposing to the whole BoD which external auditor should be recommended to the AGM;
- Assessing the external auditor's performance, pay, and independence, and checking that audit activities do not clash with any consultancy mandates.

The AC's tasks relating to internal audits include:

- Approving the rules on the internal audit's organization and responsibilities;
- Approving audit plans;
- Checking the results of the audits and implementing the recommendations of the internal or external auditor;
- Transferring (if necessary) internal auditing activities to third parties or to the external auditor in an expansion of its audit activities;
- Monitoring the existing Internal Control System (ICS). Compliance with Management Information System guidelines, compliance with guidelines on limiting legal risk, and optimizing the risk profile through insurance. In individual cases, external specialist auditors may be brought in to help;
- Auditing the compliance report;
- Monitoring outstanding legal proceedings;
- Evaluating and monitoring business and financial risks.

The Risk Management System periodically records legal, operational, financial, and business risks. Legal risks include current or potential legal disputes; operational risks include scenarios such as operational failures, supply chain issues, and natural disasters; whereas business risks include, for instance, payment defaults or general negative market developments. Risks are quantified and weighted with regard to their likelihood and their possible financial and/or business impact. Preventative measures that have been planned or already implemented are also subject to review. Risks are recorded if they have a potential financial impact of CHF 2.5 million or more. The AC regularly reports to the BoD as a whole about its activities, and it notifies the BoD immediately about important matters.

The agendas for the AC meetings are defined by its Chair based on an annual standard agenda. Main topics of the meetings are:

- Legal report on major litigations and key legal risks;
- External and internal audit plans;
- Internal audit reviews and status of implementation of audit action items;
- Risk management reports;
- Financial statements, audit and ICS reports, Group Management and Corporate Governance Report, Interim Report (full financial year and/or half-year);
- Compliance Report;
- Performance review of external auditor.

During the year under review, a key AC topic beyond the standard items was an update on the capitalization of the R&D projects.

Nomination and Compensation Committee (NCC)

The NCC consists of three non-executive BoD members:

- **Hans Hess** (Chair)
- Stephanie Brecht-Bergen
- John Heppner

The term of office for each member is until the conclusion of the next AGM; members may be re-elected. As Hans Hess and John Heppner will not stand for re-election at the AGM 2022, the BoD is proposing to the AGM on 11 October 2022 that Stephanie Brecht-Bergen be re-elected and that Kenneth Lochiatto and Svein Richard Brandtzæg be elected as new members of the NCC.

The NCC meets at least three times a year. During the financial year 2021/22, the NCC held ten meetings: two meetings lasting three to four hours, four meetings lasting one to three hours, and four meetings lasting one hour or less. The BoD Chair, the CEO, and the Chief Human Resources Officer (CHRO) usually take part in the meetings in an advisory capacity. The Deputy Vice President Total Rewards and member(s) of the external executive compensation consultancy attend the compensation topics of the meetings, excluding parts where their own compensation and/or performance are being discussed.

The NCC's main compensation tasks are:

- Propose and periodically review the compensation policy and regulations for the attention of the BoD (the details of the compensation policy of dormakaba are set out in the Compensation Report);
- Propose to the BoD the specific design of the fundamental compensation elements and the determination of the compensation-related performance objectives;
- Propose to the BoD the maximum aggregate compensation amount of the BoD and of the EC to be submitted to the shareholders' vote at the AGM;
- Propose to the BoD the compensation to be paid to its members within the limits approved by the AGM;
- Decide on the terms of appointment, significant changes in existing employment contracts, and compensation for the EC members within the limits approved by the AGM;
- Decide on the share-based compensation to be awarded to the members of the EC and the Senior Management;

- Propose the Compensation Report to the BoD for approval.

The NCC's main nomination tasks are:

- Set out the principles for appointing and re-electing BoD members;
- Conduct and regularly review succession planning for the BoD and the EC;
- Submit proposals to the BoD about its composition and the composition of its committees;
- Review management development at EC-level;
- Recommend the appointment and de-selection of EC members (the final decisions on appointments and de-selections are taken by the BoD as a whole);
- Approve mandates of BoD members outside dormakaba, including political mandates;
- Review of the Group-wide employee engagement program.

The NCC minutes its deliberations and decisions and regularly reports to the whole BoD.

The agendas for the NCC meetings are defined by its Chair based on an annual standard agenda. Main topics of the meetings are:

Compensation matters:

- BoD and EC compensation: Philosophy, system, and directives; benchmarks and proposal on aggregates amounts for AGM approval and individual amounts for BoD approval;
- Variable EC and Senior-Management compensation: Target amounts, objectives, and KPIs;
- Compensation Report.

Nomination matters:

- BoD and EC succession, including skills/expertise assessment;
- HR roadmap;
- Employee engagement: Surveys and action items.

During the year under review, key NCC topics beyond the standard items were the review of the compensation program and the implementation of the related changes, as set forth in more detail in the Compensation Report, as well as personnel matters at BoD and EC level.

Powers and responsibilities

Management organization

The BoD has the highest responsibility for business strategy and supervises management of dormakaba. It has the highest decision-making authority and sets the strategic, organizational, financial planning, and accounting rules that dormakaba must follow. The BoD has delegated management of ongoing business to the CEO, supported by the EC. Therefore, the CEO is responsible for the overall management of dormakaba. The powers and functions of the EC are set out in the Organizational Regulations of dormakaba Holding AG. The CFO, the Presidents, the CMPO (Chief Marketing & Products Officer), the COO (Chief Operations Officer), and the CTO (Chief Technology Officer) report to the CEO, who is responsible for alignment between regions and functions. These roles have a seat on the EC.

Environmental, Social, and Governance (ESG)

The BoD guides the Group's sustainability strategy and is responsible for its overall governance by reviewing and approving it. The BoD Chair monitors its implementation progress against set targets, and monitors and evaluates the related risks and opportunities on behalf of the BoD. The BoD receives a status update on the ESG strategy implementation from its BoD Chair at least once a year; the BoD Chair is regularly updated by the delegate of the Group Sustainability Council.

Lead Independent Director

Together with the dual role of BoD Chair and CEO, the BoD established the role of Lead Independent Director (LID) 2018. The BoD decided to continue the role of LID following the end of the BoD Chair/CEO dual role at the end of March 2021. The LID role is specifically designed to ensure the independent decision-making of the BoD based on sound separation of duties between the BoD (including its Chair) and the EC (including the CEO). It is equipped with competencies that are defined in the Organizational Regulations. The LID:

- Focuses on best corporate governance practices by the BoD, be it within the BoD or in its interaction with the CEO;
- Stays in regular contact with the BoD Chair between BoD meetings in case of important business developments;
- Chairs in matters related to the BoD Chair and in case of potential conflicts of interest of the BoD Chair, and leads communication content and measures related thereto, following alignment with the BoD;
- Calls for information from the CEO if the flow of information from the EC to the BoD does not meet the expectation for forming an independent opinion or if the flow of information is not transparent;
- Is available to respond to stakeholder engagement requests.

Chief Executive Officer (CEO)

The CEO manages dormakaba. He is responsible for all the things that are not allocated to other company bodies by law, by the Articles of Incorporation, or by the Organizational Regulations. After consulting with the EC, the CEO submits the strategy, the long- and medium-term objectives, and the management guidelines for dormakaba to the BoD for approval. In response to a proposal by the CEO, the BoD decides on the annual budget and the medium-term plan, which covers a three-year period, individual projects, and the statutory and consolidated financial statements of dormakaba. The CEO submits recommendations to the NCC about personnel issues at the EC level. The CEO also makes proposals to the NCC regarding the remuneration of EC members (including allocation of shares from the share allocation plans). The CEO regularly reports to the BoD about business performance, anticipated important business issues and risks, and about key changes at the senior management level. BoD members may request and examine further information. The CEO must inform the BoD Chair immediately about any extraordinary developments.

Information from and control over the EC

The Management Information System of dormakaba works as follows: monthly, quarterly, semi-annual, and annual financial statements (balance sheet, income statement, and cash flow statement) are prepared based on the Group's individual reporting units. These figures are consolidated for each region and function and for the Group as a whole. The financial figures are compared with the previous year and the budget. The achievability of the budget, which shows the first year of the medium-term plan for each reporting unit, is assessed against the monthly financial statements and in the form of monthly rolling forecasts. The CEO and CFO submit monthly written financial reports to the BoD about progress against the budget and comparisons with the previous year. At monthly meetings (monthly performance reviews), the regional and functional heads (Presidents, CMPO, COO, and CTO) inform the CEO and the CFO about business performance and notable events based on written reports about e.g. achievement of budget targets. At BoD meetings, a summary of these reports is discussed and assessed with the CEO and the CFO.

The financial part of the Management Information System is supplemented by semi-annual risk reports and annual compliance and sustainability reports.

Skills and expertise of the BoD

In line with the guideline of the Swiss Code of Best Practice for Corporate Governance for a well-balanced representation, the BoD members have a broad spectrum of educational background, professional skills and expertise, and personal qualities from a range of industries. In addition to age, gender, geographic, and tenure diversity, the BoD assesses its level of diversity based on a skills matrix established by its NCC.

The skills matrix includes the following professional skills/expertise:

- Executive leadership experience,
- Corporate governance/compliance skills,
- Strategic industry and technology skills,
- Financial skills,
- Digital business model experience,

The assessment is done based on the two top skills of each BoD member as well as several personal attributes.

All required competencies are represented in the BoD, with emphasis on executive leadership experience, corporate governance, compliance, strategic industry, and technology skills (each with 45% occurrence), followed by financial skills (35%) and digital business model experience (20%). With the proposal of the BoD that Kenneth Lochiatto and Michael Regelski be elected as new members of the BoD, the BoD intends to further increase the specific industry and technology know- how. With the proposal to elect Svein Richard Brandtzæg as a new member, the BoD also further strengthens its expertise with a very experienced and reputed business leader and former CEO. The BoD plans to propose women for later BoD changes, the first one in 2023, to (re-)increase gender diversity within the BoD.

Details on age, gender, geographic, and tenure diversity can be found in the table "BoD members as of 30 June 2022". Details on the range of business sectors represented by the Board members can be found in their biographies.

The NCC annually reviews the composition of the BoD and its committees based on the abovementioned characteristics of its members as well as on dormakaba's strategy, business profile, risks, and opportunities to determine the need to propose changes to the AGM.

Events after balance sheet date

On 1 August 2022, dormakaba signed an agreement to acquire Alldoorco based in Nijkerk (Netherlands). Alldoorco is a well-known company specializing in the maintenance, repair, and new installation of industrial door systems. With its high level of technical expertise in door solution services, the company is an ideal complement to dormakaba's existing offering in the Dutch market.

As part of a staggered renewal of the Board of Directors, Vice-Chair and Lead Independent Director Hans Hess (67), John Heppner (70), and Christine Mankel (40) will not stand for re-election as members of the BoD at the upcoming AGM on 11 October 2022. The BoD is proposing Kenneth Lochiatto (59), Michael Regelski (57), and Svein Richard Brandtzæg (64) to be elected as new independent members. The Board intends to appoint Svein Richard Brandtzæg as Vice-Chair and Lead Independent Director of the BoD and Chair of the NCC, subject to his election by the Annual General Meeting. As further element of the planned transition, the BoD intends to appoint Thomas Aebischer as chair of the AC. More detailed information on the proposed new BoD member can be found on the dormakaba Group website.

BoD members

as of 30 June 2022

Riet Cadonau

BoD Chair

Swiss citizen

Education
Master of Arts in Economics and Business Administration, University of Zurich (CH); Advanced Management Program at INSEAD (FR)

Career
dormakaba: since 2018 Chairman of the BoD dormakaba Group[1] (CH); 2015–2021 CEO and member of the EC dormakaba Group[1] (CH); 2011–2015 CEO and member of the EC Kaba Group[1] (CH); Ascom: 2007–2011 CEO Ascom Group[1] (CH); until 2007 Managing Director Transport Revenue and SVP ACS Europe; 2001–2005 member of the Executive Board Ascom Group, from 2002 Deputy CEO and General Manager of the Transport Revenue Division, which was acquired by ACS, Inc. at the end of 2005; IBM: 1990–2001 various management positions at IBM Switzerland, lastly as a member of the Management Board and Director of IBM Global Services

External activities and interests
Since 2022 Chairman of the Swiss-American Chamber of Commerce; since 2021 (and until September 2022) member of the BoD of Logitech International S.A.[1] (CH); since 2016 member of the BoD of Georg Fischer AG[1] (CH); since 2013 member of the BoD of Zehnder Group[1] (CH); 2006–2011 member of the BoD of Kaba Group[1] and Griesser Group (CH)

Hans Hess

LID & Vice-Chair
Chair Nomination and Compensation Committee

Swiss citizen

Education
Master's Degree in Material Science and Engineering, ETH Zurich (CH); Master of Business Administration (MBA), University of Southern California (USA); Stanford Executive Program, Stanford University (USA)

Career
Since 2006 owner of Hanesco AG (CH); 2010–2021 President of Swissmem (CH); 2010–2020 Vice-President of economiesuisse (CH); 2006–2019 Chairman of the BoD of Burckhardt Compression Holdings AG[1] (CH); 2005–2019 Chairman of the BoD of Comet Holding AG[1] (CH); 1996–2005 President and CEO Leica Geosystems AG[1] (CH); 1993–1996 President Leica Optronics Group (CH); 1989–1993 Vice President Leica Microscopy Group (CH); 1983–1988 Head of Polyurethane Business Unit Huber + Suhner AG[1] (CH); 1981–1983 Development Engineer Sulzer[1] (CH)

External activities and interests
Chairman of the BoD Reichle & De-Massari Holding AG (CH); Chairman of the BoD Synhelion SA (CH)

Thomas Aebischer

Member Audit Committee

Swiss citizen

Education
Advanced Management Program, Harvard Business School (USA);
Trustee Exams and School for Swiss Certified Accountants, Zurich (CH)

Career
2021-2022 Chief Financial Officer of RWDC Industries Limited (SG/ USA); 2016 – 2019 Executive Vice President and Chief Financial Officer of LyondellBasell Industries[1] (NL/ USA); 2011 – 2015 Group Chief Financial Officer, member of the Executive Committee of Holcim/LafargeHolcim[1] (CH);2003 – 2010 Chief Financial Officer of Holcim Inc.[1] (USA); 2002 – 2003 Chief Financial Officer of Apasco S.A. de C.V.[1] (MX); 1996 – 2002 Head Corporate Controlling of Holcim Group Support Ltd. (CH); 1988 – 1996 Senior Manager of Price Waterhouse (CH/HK); 1983 – 1987 Cantonal Tax Authorities, Thun (CH)

External activities and interests
2022 – present Board and Audit Committee Member of Quotient Limited, Jersey, Channel Islands; 2013 – 2015 Board and Audit Committee Member of Huaxin Cement Co., Ltd1) (CN); 2008 – 2010 Founding Member of the Swiss American Chamber of Commerce, Boston Chapter (USA)

1) listed company

Jens Birgersson

Member Audit Committee

Swedish citizen

Education
Harvard Advanced Management Program, Harvard Business School, Boston (MA/USA); M. Sc. Engineering Physics, Royal Institute of Technology, Stockholm (SE); B. Sc. Economics, University of Stockholm (SE)

Career
Since 2015 President and CEO of ROCKWOOL Group[1] (DK); 2008–2015 with ABB[1] as Group Senior Vice President and Head of Business Unit Network Management (CH); 2005–2008 with Imerys[1] as Executive Vice President and Head of Business Group Performance Minerals & Pigments (BE); 1992–2005 with ABB[1]) in different positions (CH, SE, ZA)

External activities and interests
Since 2018 member of the Advisory Board of NREP (DK); since 2017 Chairman of the BoD of Randers Reb (DK); since 2016 member of the Confederation of Danish Industry Council (DK); since 2015 member of the BoD of Flumroc (CH), an affiliate of ROCKWOOL Group[1]

1) listed company

Stephanie Brecht-Bergen

Member Nomination and Compensation Committee

German citizen

Education
Dr. rer. pol., EBS University (DE); Master of Science in General Management, EBS University (DE); MBA, Pepperdine University (CA/USA)

Career
Since 2017 Managing Director KARL München GmbH & Co. KG (DE); since 2014 Executive Board member Mankel Family Office GmbH (DE); 2010–2013 research assistant, EBS University (DE); since 2009 shareholder dormakaba Holding GmbH + Co. KGaA (DE)

External activities and interests
Since 2008 Management Board member of the foundation "Rudolf Mankel Stiftung" (DE)

Daniel Daeniker

Chair Audit Committee

Swiss citizen

Education
Dr. iur., University of Zurich (CH), Zurich bar; LL.M. at the Law School of the University of Chicago (IL/USA)

Career
Since 2019 Senior Partner at Homburger AG (CH), where he became Partner in the Corporate / M&A team in 2000; lecturer in law at the University of Zurich (CH).

External activities and interests
Member of the Board of Directors of Hilti AG, Schaan (FL); President of the Donor Foundation of Avenir Suisse (CH).

John Y. Liu

Singaporean citizen

Education
Doctor of Philosophy in Traffic Engineering & Network Management, Technical University of Denmark (DK); Master of Science in Operation Research, Technical University of Denmark (DK); Bachelor of Science in Mathematics, Beijing Normal University (CN)

Career
From October 2020 until April 2022 CEO China of Afiniti; January–June 2020 Interim CEO of Voss (USA); 2016–2018 Group Vice President, COO of Wanda Internet Technology Group (CN); 2014–2015 Chief Business Officer of Qihoo 360[1] (CN); 2008–2013 Corporate Vice President and President Greater China of Google[1] (USA); 2002–2007 CEO China of SK Telecom1) (KR); 2000–2001 General Manager Greater China of FreeMarkets (USA); 1999–2000 General Manager China Operations of SITA Communications (CH); 1997–1999 General Manager Telecom Division of Lion Group (MY); 1994–1997 Country Director Greater China of Singapore Telecommunications[1] (SG)

External activities and interests
Since 2014 independent non-executive Director, Chairman of the Remuneration Committee of the Board of Digital China Holdings[1] (HK); 2013–2020 Member of the Board of Trustees of Beijing Normal University Education Fund (CN); 2014–2018 independent non-executive Director of China Eastern Airlines[1] (CN); 2014–2016 independent non-executive Director of ARM Holdings (UK); 2005–2007 independent non-executive Director of TTP Communications (UK)

1) listed company

Hans Gummert

Member Audit Committee

German citizen

Education
Universities of Tübingen and Bonn (DE); attorney-at-law, admitted to the bar in 1990

Career
Partner since 1991, Managing Partner from 2008 until 2021 of the law and tax consultancy firm Heuking Kühn Lüer Wojtek (DE/ CH)

External activities and interests
Chairman of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (DE); Chairman of the Supervisory Board of Familie Mankel Industriebeteiligungs GmbH + Co. KGaA (DE); Chairman of the Advisory Board Coroplast Fritz Müller GmbH & Co. KG (DE); Member of the Supervisory Board of ara AG (DE); Vice Chairman of the Shareholders Committee Hoberg & Driesch Group (DE);Vice Chairman of the Advisory Board of Hoberg & Driesch Röhrenhandel GmbH & Co. KG (DE); Vice Chairman of the BoD Chiron-Werke SE (DE); Member of the Supervisory Board of WIBU Wirtschaftsbund Sozialer Einrichtungen eG (DE)

John Heppner

Member Nomination and Compensation Committee

US citizen

Education
Bachelor of Science, University of Wisconsin-Milwaukee (WI/USA); MBA, University of Wisconsin-Milwaukee (WI/USA)

Career
2006–2013 President and CEO Fortune Brands Storage and Security (USA) with global responsibility for Master Lock Company LLC and Waterloo Industries; 2000–2006 Chief Operating Officer Master Lock Company LLC (USA); 1998–2000 Executive Vice President Sales + Marketing Master Lock Company LLC (USA); 1996–1998 Marketing + New Business Master Lock Company (USA); 1992–1996 Vice President Logistics and Corporate Controller Master Lock Company LLC (USA)

External activities and interests
Member of the National Association of Corporate Directors (USA); member of the Advisory Board of University of Wisconsin Milwaukee Business School (USA)

Christine Mankel

German citizen

Education
Diplomkauffrau, EBS University (DE)

Career
Since 2014 Management Board member of Mankel Family Office GmbH (DE); since 2009 shareholder of dormakaba Holding GmbH + Co. KGaA (DE); 2006–2009 audit assistant, BDO AG Wirtschaftsprüfungsgesellschaft (DE)

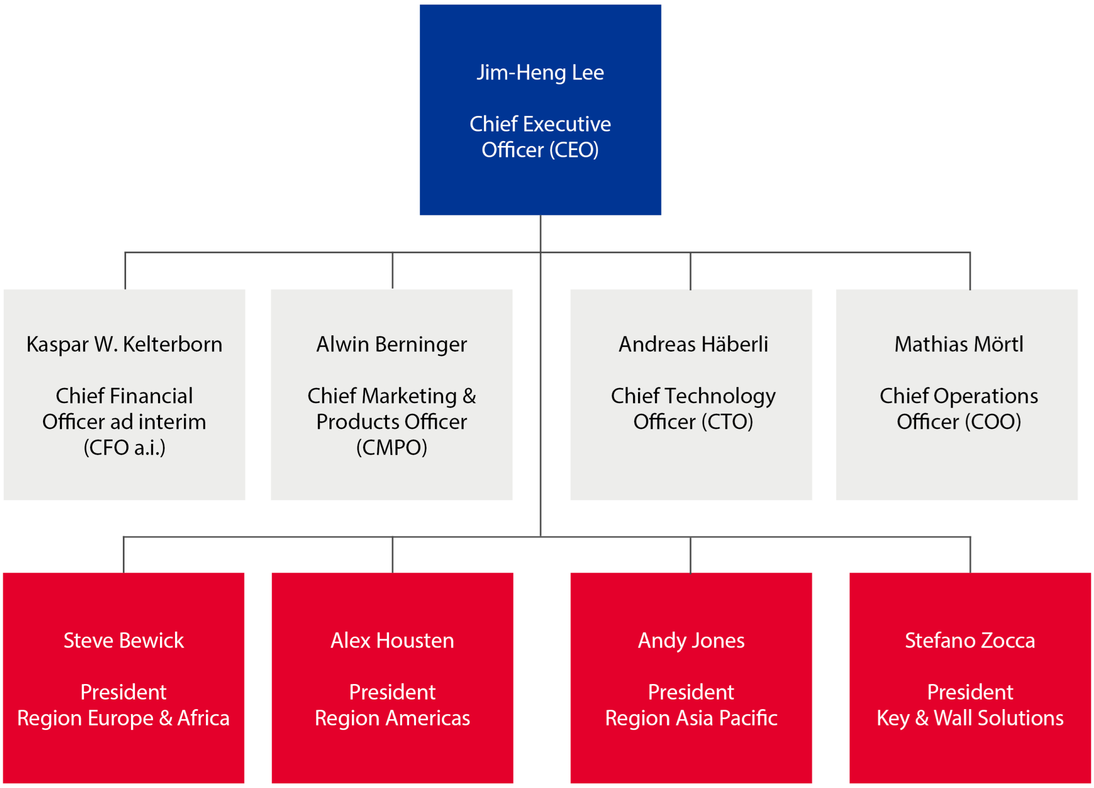
External activities and interests
Since 2008 Management Board member of the foundation "Rudolf Mankel Stiftung" (DE)

Executive Committee (EC)

Management philosophy

dormakaba acts through customer-centric regions and sales organizations for its Access Solutions (AS) business, supported by global functions to secure efficiencies of scale and to capture business synergies in product development, product management, and operations. The corresponding management organization is based on decentralized responsibility where appropriate and therefore rapid decision-making structures situated close to local markets, combined with globally supported operational excellence and organizational efficiency. This helps to keep activities focused on the customer. Further global corporate functions such as Strategy, Finance, Human Resources, IT, and Legal, define and monitor Group-wide standards. The CFO is responsible for the Group's financial affairs as well as other Corporate functions such as Investor Relations. The Regional Presidents are responsible for sales generation and services within their geography. The CMPO and the CTO focus on productivity and scale with a global R&D and product pipeline able to fulfill local market needs. The COO ensures factory network optimization with lean manufacturing and optimized direct and indirect spend. The President KWS continues to have the entrepreneurial responsibility for this global segment, including product development, production, sales, and services.

EC dormakaba Group as at 30 June 2022



EC members as at 30 June 2022

Name/Position	Year of birth	Entry	Gender	Nationality
Jim Heng Lee CEO	1962	2014	m	SG
Kaspar W. Kelterborn CFO ad interim	1964	2022	m	CH
Alwin Berninger Chief Marketing & Products Officer	1969	2018	m	DE
Steve Bewick President Region Europe & Africa	1966	2020	m	GB
Andreas Häberli Chief Technology Officer	1968	2011	m	CH
Alex Housten President Region Americas	1980	2020	m	US
Andy Jones President Region Asia Pacific	1969	2022	m	AU/GB
Mathias Mörtl Chief Operations Officer	1978	2021	m	DE
Stefano Zocca President Key & Wall Solutions	1963	2011	m	IT

EC members

The table above gives the name, position, year of birth, date of joining the EC, gender, and nationality of each EC member.

During the financial year 2021/22, the following changes within the EC have been made:

- Mathias Mörtl joined dormakaba on 1 December 2021 as COO and EC member
- Sabrina Soussan stepped down from her role as CEO and as EC member and was succeeded by Jim Heng Lee as of 1 January 2022
- Andy Jones was appointed President Asia Pacific and EC member as of 12 January 2022
- Bernd Brinker stepped down from his role as CFO and as EC member and was succeeded by Kaspar W. Kelterborn as interim CFO as of 1 April 2022.

External mandates

The maximum number of mandates that members of the EC are allowed to take on the governing bodies of legal entities outside dormakaba is regulated in section 27 of the Articles of Incorporation.

Management contracts

Neither dormakaba Holding AG nor its Group companies have entered into any management contracts with third parties.

Compensation

The compensation policy and all the information relating to the compensation paid to the company's management bodies are shown in the Compensation Report Sections 22–25 and 28 of the Articles of Incorporation contain rules relating to compensation principles, loans to governing bodies, and AGM votes on compensation.

EC members

as of 30 June 2022

Jim-Heng Lee

CEO

Singaporean citizen

Education
Diploma in Business Studies (Finance), Ngee Ann Polytechnic Singapore (SG); Certified Public Accountant, Institute of Certified Public Accountants of Singapore (SG); Chartered Certified Accountant, University of Huddersfield (UK); MBA in Marketing, University of Strathclyde (UK)

Career
dormakaba Group[1)] (CH): Since 2022 CEO (2015–2021 COO Access Solutions APAC and member of the EC; 2014–2015 Head of Division Access + Data Systems Asia Pacific and member of the EC of Kaba Group[1)] (CH); 2012–2014 Vice President and General Manager of Materials Group China, Avery Dennison Corporation[1)] (CN); 1996–2011 various senior management positions at Assa Abloy[1)]: e.g. 2010–2011 Vice President Asia Pacific (HK); 2006–2010 President China Door Group (CN); 2003–2005 Vice President Mergers & Acquisitions (HK)

External activities and interests
None

Kaspar W. Kelterborn

CFO

German citizen

Education
Master's degree in Business Administration, University of St. Gallen (CH)

Career
Since April 2022 Interim CFO; 2006–2021 Chief Financial Officer and member of the Group Executive Board of Conzzeta AG[1)] (CH); 2002–2005 Chief Financial Officer and member of the Group Executive Board of Unaxis Holding AG[1)] ; prior to that Kaspar W. Kelterborn held several international, senior leadership positions at Clariant AG[1)] (CH), including CFO for Division Life Science & Electronic Material at Clariant BTP Ltd (UK); CFO for ASEAN region at Clariant Singapore Pte (SG); Country Finance Director for Clariant Thailand Ltd (TH) and other finance functions in Spain and Venezuela.

External activities and interests
Since 2015 member of the BoD and Chairman of the AC of CPH Chemie+Papier Holding AG[1)] (CH); since 2019 member of the BoD of Suhner Holding AG (CH); since 2019 member of the BoD of Wipf Holding AG (CH); since 2021 member of the BoD and Chairman of the AC of Ruag International AG (CH) and since 2006 board of trustees of Conzzeta Pension fund.

Alwin Berninger

Chief Marketing & Products Officer

German citizen

Education
MSc (Diplom-Ingenieur FH), University of Applied Science in Augsburg (DE); MBA, Rotterdam School of Management Erasmus University (NL)

Career
dormakaba Group[1)] (CH): since 2022 Chief Marketing & Products Officer (2018–2021 COO Access Solutions DACH and member of the EC); Kuka Group[1)] (DE): various positions, i.a. 2015–2017 Chief Executive Officer of Kuka Industries (DE); 2015 Spokesman of the Managing Directors, Managing Director Strategy and Sales (CSO) Kuka Industries (DE); 2014 Managing Director Strategy and Sales (CSO) Reis Robotics (DE); 2010–2014 Executive Vice President Asia/Pacific Kuka Roboter (CN); 2009–2010 Managing Director Operations Kuka Roboter (DE); 2006–2009 Director Global Customer Services Kuka Roboter (DE); 2003–2005 Director Customer Services Kuka Roboter (DE); 2001–2003 Director Development Kuka Roboter (DE)

External activities and interests
None

1) listed company

Steve Bewick

President Region Europe & Africa

British citizen

Education
BSc Hons in Combined Sciences, University of Glamorgan (UK)

Career
dormakaba Group[1] (CH): since 2022 President Europe & Africa (2020–2021 COO Access Solutions EMEA and member of the EC) (CH); 2016–2019 Senior Vice President UK, Ireland and Benelux dormakaba; 2014–2015 Senior Vice President Market North Nordics Kaba and 2010–2019 Managing Director Kaba UK; 2008–2009 Contracting Business Director Kaba UK; 2007–2008 Sales and Marketing Director Surelock McGill (UK); 2005–2006 Sales & Marketing Director EDM Group (UK)

External activities and interests
Guild of Architectural Ironmongers (UK): Director since 2021.

Andreas Häberli

CTO

Swiss citizen

Education
Master's Degree in electrical engineering, ETH Zurich (CH); PhD in micro-engineering, ETH Zurich (CH); Financial Management for executives, St.Galler Business School (CH)

Career
Since 2015 CTO and member of the EC dormakaba Group[1] (CH); 2011–2015 CTO and member of the EC of Kaba Group[1] (CH); 2003–2010 Head of Development and member of Management Board Kaba AG (CH), from 2009 also of Kaba GmbH (AT); 1999–2003 member Management Board Sensirion (CH); 1997–1999 Chip Design Engineer Invox (CA/USA)

External activities and interests
Since 2020 member of the BoD Kardex Holding AG[1] (CH); since 2018 member of the Industrial Advisory Board of the Department of Mechanical and Process Engineering of ETH Zurich (CH); since 2017 member of the BoD of Komax Holding AG1) (CH); since 2016 member of the Research Committee of Swissmem (CH)

Alex Housten

President Region Americas

US citizen

Education
Bachelor of Science in Industrial Engineering; Master of Business Administration (MBA), Purdue University (US)

Career
dormakaba Group[1] (CH): since 2022 President of Americas (2020–2021 COO Access Solutions AMER and member of the EC); Carrier[1] / United Technologies Corporation[1] (US): 2018–2020 Vice President and General Manager Fire & Security Products, Americas; 2017–2018 Vice President and General Manager Global Security Products, Americas; 2015–2017 Managing Director United Technologies Electronic Controls & Global Security Products Operations; 2012–2015 Managing Director United Technologies Electronic Controls; 2005–2012 various roles in operations and factory management

External activities and interests
None

1) listed company

Andy Jones

President Region Asia Pacific

British and Australian citizen

Education
Swinburne University, Melbourne (AU); Polytechnic of North London, London (UK)

Career
dormakaba Group[1] (CH): since 2022 President of Asia Pacific (2021 Senior Vice President Pacific, Japan & Korea; 2015–2021 Senior Vice President Pacific; Dorma Group (GE): 2012–2015 Regional Director Pacific; 2011–2012 Area Marketing Director; 2008–2011 Head of Regional Division Australasia; 2007–2008 National Sales Director2005–2007 General Manager of United Doormakers (AU); 1998–2005 Sales & Marketing Manager of Access Hardware (AU)

External activities and interests
None

Matthias Mörtl

Chief Operations Officer

German citizen

Education
PhD, Mechanical Engineering, Technical University Munich (GE); Master's degree in Mechanical Engineering (Dipl. Ing.), Technical University Munich (GE)

Career
dormakaba Group[1] (CH): since 2021 Chief Operations Officer; Voith Turbo (DE): 2020–2021 Executive Vice President and CTO; Member of the Executive Board; 2018–2020 Executive Vice President and COO; Member of the Executive Board; 2016–2018 Senior Vice President Manufacturing Plants Turbo & Industrial Engineering; 2015–2016 COO of the Commercial Vehicles Division; 2013–2015 Director Operations at VTC Partners GMBH (GE); 2010–2013 Director and Head of Industrial Engineering, Lean Excellence & Manufacturing Engineering at Continental AG1) Division Powertrain, Business Unit Engine Systems (GE); 2007–2010 Project Manager European Operations Practice at McKinsey & Company Inc. (GE); 2003–2007 Project Manager at ifp – Joachim Milberg Consulting for Production and Logistics (GE)

External activities and interests
None

Stefano Zocca

President Key & Wall Solutions

Italian citizen

Education
Economics Degree, Bocconi University (IT)

Career
dormakaba Group[1] (CH): since 2022 President Key & Wall Solutions (2017–2021 COO Key & Wall Solutions and member of the EC); 2015–2017 COO Key Systems and member of the EC; 2011–2015 member of the EC of Kaba Group[1] (CH); since 2013 Head of Division Key Systems and 2011–2013 Head of Division Key Systems EMEA/AP/SAM; Whirlpool EMEA (IT): 2004–2011 General Manager Middle East, Africa + Turkey, since 2010 also of Central Europe; 2000–2004 Customer Service Regional Director, South, Central + East Europe, Middle East + Africa; 1994–2000 European Procurement Manager; 1988–1994 various positions in industrial and logistics operations; 1986–1988 Procurement and Planning Assistant Imbal (IT)

External activities and interests
None

1) listed company

Shareholders' participation rights

Voting rights and proxy voting

At dormakaba Holding AG's General Meetings, each registered share entitles the owner to one vote. A shareholder may arrange for another shareholder to represent the vote with a written power of proxy or may be represented by the independent proxy.

Majorities required by the Articles of Incorporation

For resolutions covering the following, a majority of at least two-thirds of the votes represented is required:

- The conversion of registered shares into bearer shares;
- The dissolution of the company (including as a result of a merger);
- Changes to the Articles of Incorporation provisions on opting out, decision-making by the General Meeting and applicable quorum, the number and terms of office of BoD members, and the process of BoD decision-making;
- The introduction of voting right restrictions; and
- Capital increases.

Otherwise, the General Meeting of dormakaba Holding AG passes its resolutions and decides its elections by a majority of votes cast, irrespective of the number of shareholders present or votes represented. These rules are subject to overriding statutory provisions and section 35 paragraph 4 of the Articles of Incorporation.

Convocation of the General Meeting of Shareholders and agenda

General Meetings are convened as stipulated by law. The BoD of dormakaba Holding AG is obliged to include items on the agenda of the General Meeting if these items are requested by shareholders who together represent at least 0.5% of the share capital, and if the request is made in writing at least four weeks before the General Meeting. Items must be included in writing with details of the matter concerned and the proposals.

Entries in the share register/invitation to the Annual General Meeting of 11 October 2022

Only shareholders entered in the share register with voting rights by 3 October 2022 will be entitled to vote at the AGM of 11 October 2022. They will receive the invitation to the AGM together with the motions of the BoD. Once they have sent back the response form, they will receive their entry ticket and voting material. Shareholders who sell their shares before the AGM are no longer entitled to vote. If they sell some of their shares, or buy more, they should swap their entry ticket at the information desk on the day of the AGM. No entries will be made in the share register from 4 to 11 October 2022. All information about the AGM 2022 can be found online.

Changes of control and defense measures

Compulsory offer

Section 5a of the Articles of Incorporation of dormakaba Holding AG includes a formal selective opting-out. The text of the formal selective opting-out is as follows (translation of the German version):

In the following cases, Familie Mankel Industriebeteiligungs GmbH + Co. KGaA and Mankel Family Office GmbH as well as their respective direct or indirect quota holders – individually or together with shareholders of the company with whom they entered into a pool agreement (Shareholder Pool) in connection with the combination of Kaba Group with Dorma Group – are exempted from the obligation to make an offer pursuant to Article 32 paragraph 1 of the Swiss Federal Act on Stock Exchanges and Securities Trading of 24 March 1995 (Article 135 paragraph 1 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015):

(a) Combination of Kaba Group with Dorma Group pursuant to the transaction agreement dated 29 April 2015 between Familie Mankel Industriebeteiligungs GmbH + Co. KGaA and Mankel Family Office GmbH on the one hand and the company on the other hand;

(b) Transactions in shares of the company between parties of the Shareholder Pool and/or with third parties that result in changes of the majorities within the Shareholder Pool, changes in the composition of the Shareholder Pool or changes in the direct overall participation of the parties to the Shareholder Pool in the company, as long as such a direct overall participation does not exceed 33⅓% of the voting rights in the company;

(c) Dissolution of the Shareholder Pool;

(d) Consummation of the transfer agreement described in § 35 of the Articles of Incorporation.

Clauses on changes of control

The rules of the applicable long-term incentive plans state that if there is a change in the control of dormakaba Holding AG (as defined in the regulations) the share blocking period (see Compensation Report 3.2 Long-term incentive) will be lifted if this is permitted by law and the performance share units are subject to an accelerated full vesting at target performance (detailed in the regulations), provided the plan participants concerned still have an employment contract (that is not under notice) with dormakaba when the change of control occurs.

Section 35 of the Articles of Incorporation of dormakaba Holding AG states that according to the transfer agreement (called transfer agreement), which was concluded on 29 April 2015 related to the combination of Kaba Group and Dorma Group, if there is a change of control of dormakaba Holding AG, the Mankel/Brecht-Bergen Family has the right to buy back a 2.6% stake in dormakaba Holding GmbH + Co. KGaA and dormakaba Beteiligungs-GmbH in order to regain control (50.1%) of these companies. A change of control of dormakaba Holding AG happens if a third party (i) holds 33⅓% or more of the voting rights in dormakaba Holding AG in shares, (ii) holds 33⅓% or more of the voting rights in dormakaba Holding AG in purchase positions and the responsible Swiss authority has decided with legal effect that a mandatory offer has been triggered, or (iii) publishes the end result of a voluntary offer which, when completed, will give it at least 33⅓% of the voting rights of dormakaba Holding AG. The Mankel/Brecht-Bergen Family can only exercise the rights pursuant to the transfer agreement if dormakaba Holding AG receives a written statement of assurance that (i) nobody associated with the Mankel/Brecht-Bergen Family supports the change of control or has ever been involved in it, and (ii) the Mankel/Brecht-Bergen Family holds a stake of at least 47.5% of dormakaba Holding GmbH + Co. KGaA and dormakaba Beteiligungs-GmbH. The price according to the transfer agreement is based on the market price or nominal value of the shares and in the former case is calculated using a fixed formula agreed by the parties in the transfer agreement. Under certain conditions and for a specific period of time, dormakaba Holding AG has the right to buy back the said 2.6% stakes. The transfer agreement is annulled if the Mankel/Brecht-Bergen Family's stake in dormakaba falls below 25%. Approval of the transfer agreement can be cancelled by resolution of the General Meeting. Such a decision to cancel must be taken (i) following the publication of a public takeover offer to acquire all of the outstanding shares of dormakaba Holding AG and before the end of the offer period and (ii) with a majority of at least 50% of the votes represented. The transfer agreement and its performance were declared valid under takeover law by the Swiss Takeover Board on 22 April 2015.

The transfer agreement is available for shareholders to inspect at the dormakaba Holding AG's head office.

General trading blackout periods

According to dormakaba's Insider Trading Directive, members of the BoD and the EC and other employees who have access to material non-public information are designated as Insiders and are banned from trading in dormakaba Holding AG securities and any related financial instruments during general blackout periods. There were no exceptions to this rule in the financial year 2021/22.

dormakaba's general blackout periods last from June 15 until (and including) two SIX Swiss Exchange trading days after the publication of dormakaba's annual financial statements as well as from December 15 until (and including) two SIX Swiss Exchange trading days after the publication of dormakaba's semi-annual financial statements.

Letter to Shareholders
Business performance
Financial performance
Fundamental information about dormakaba
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Auditors

Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers AG, Zurich, has been the auditor for dormakaba Holding AG since 1907, and Group auditor of the dormakaba Group since 1982. The responsible lead auditor took on this function in the financial year 2016/17. In accordance with the rules on terms of office pursuant to the Swiss Code of Obligations, at latest from financial year 2023/24 a new lead auditor will be responsible for auditing the statutory and consolidated annual accounts of dormakaba Holding AG.

Auditing fees and additional fees

The fees paid to audit firm PricewaterhouseCoopers for services relating to the audit of the annual financial statements of dormakaba Holding AG and Group companies and the consolidated financial statements of dormakaba Group came to around CHF 3.1 million in the financial year 2021/22. In the financial year 2021/22, dormakaba Group also paid expenses in the amount of around CHF 0.4 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 0.19 million of this was for general advisory services, and around CHF 0.14 million was for taxation services (direct and indirect taxes). Another CHF 0.11 million was spent on support for subsidiaries relating to changes and/or implementation of new accounting practice rules or accounting questions and other projects.

Information pertaining to external auditors

Each year, the AC of the BoD assesses the performance, fees, and independence of the auditor and suggests to the BoD which external auditor should be proposed to the AGM for election. Each year, the AC also assesses the scope of external auditing, the audit plans, and the relevant processes and discusses the results of the audit with the external auditors. Please find more information about the AC here.

Information policy

This reporting on the financial year 2021/22 and the financial statements as at 30 June 2022 include the Group Management Report with the consolidated financial statements, the financial statements of dormakaba Holding AG, the Corporate Governance Report, the Compensation Report, and the Sustainability Report. All reporting is available only digitally at www.dk.world/AR2021_22. The HTML format can be printed in PDF format or ordered as a printed copy if required. The share price development, business publications, media releases, and presentations may also be downloaded from www.dormakabagroup.com. Media and analyst conferences or calls take place at least once a year, but usually twice a year. dormakaba typically holds a Capital Market Day at least every second year at which financial analysts and investors can gain a deeper insight into the Group by meeting EC members and management as well as participating in presentations of dormakaba's offering. In addition, the CEO, the CFO, and the Head of Investor Relations regularly take part in various external investor meetings. dormakaba Holding AG publishes price-sensitive information in accordance with its disclosure obligations under the rules of the SIX Swiss Exchange AG (Listing Rules, Art. 53, and rules on ad hoc publicity). dormakaba Holding AG informs its shareholders in writing about the course of its business at least every half year. The information on how the business is performing is available at www.dk.world/news and www.report.dormakaba.com. The notifications, reports, and presentations of dormakaba are not continually updated by the company; the statements and data contained therein are therefore valid as of the relevant date of publication. For those wishing to obtain current information, dormakaba Holding AG recommends that they do not refer solely to past publications. A list of the most important dates in the financial year can be found at www.dk.world/events.

Compensation Report

General introduction

The Compensation Report describes the principles underlying the compensation policy and provides information about the steering process and the compensation awarded to the Board of Directors (BoD) and Executive Committee (EC) of dormakaba Holding AG. It meets the requirements of Articles 14 to 16 of the Ordinance Against Excessive Pay at Publicly Listed Companies of 20 November 2013 (VegüV), Article 663c of the Swiss Code of Obligations, the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and economiesuisse's Swiss Code of Best Practice for Corporate Governance.

Introductory notes from the Compensation Committee

dormakaba posted strong growth despite external headwinds for financial year 2021/22. Growth was most pronounced in the Regions Asia Pacific and Americas, but also good in Europe & Africa. In Key & Wall Solutions, growth picked up in the second half-year as Movable Walls started to convert part of its Covid-related project backlog into sales. External headwinds such as shortages of electronic components, labor, and building materials in general prevented even better growth.

dormakaba increased net sales by 10.3% to CHF 2,756.9 million in 2021/22 (previous year: CHF 2,499.7 million), organic sales increased by 7.7%. Adjusted EBITDA increased by 2.8% to CHF 372.3 million (previous year: CHF 362.0 million), whereas the adjusted EBITDA margin at 13.5% was below the previous year's level of 14.5%. Net profit at CHF 122.5 million (previous year: CHF 193.3 million) was impacted by the divestment of the Mesker business (CHF 61.4 million) mainly due to the recycling of goodwill (for more information please see the Consolidated Financial Statements, chapter 4.3) in mid-June 2022 as well as expenses linked to the implementation of the new strategy Shape4Growth.

The Board of Directors has decided to exclude the effect for Mesker in the dividend payout calculation because the transaction has no material impact on the company's cash flow. Consequently, the BoD also decided to exclude the Mesker effect from the management compensation.

The Nomination and Compensation Committee (NCC) performed its regular activities throughout the financial year, such as the propositions of compensation for the members of the BoD and EC, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the AGM.

The NCC periodically reviews the BoD compensation program to ensure market competitiveness and appropriate fit for the company. During the past financial year, the NCC conducted a new benchmark analysis of BoD compensation levels based on a revised peer group. As a result of this analysis, the NCC recommended a reduction in the annual retainer for the Board Chair role. This change takes effect during the term of office starting with the AGM 2022. No other changes will be made to the BoD compensation program. More information is provided later in this report.

In addition, as announced in the 2020/21 Compensation Report, the NCC conducted a thorough review of the compensation program to ensure that it remains aligned with the strategic direction of the company in the context of the new strategy Shape4Growth for the period 2022 to 2027. Further to this analysis, the NCC decided to implement several changes to the incentive programs, which apply to EC members and will come into effect as of the financial year 2022/23:

- Short-term incentive (STI): a target-based approach will replace the current profit-share approach. A target STI amount will be determined for each EC member (corresponding to the amount to be paid if all performance objectives are met) and will be multiplied by a performance factor between 0% and 200% based on the achievement of the pre-defined performance objectives. The performance objectives will include organic sales growth, unadjusted EBITDA margin, and ROCE/NWC at Group and/or regional or business level (for EC members responsible for a Region or Key and Wall Solutions) and may include clearly measurable functional objectives (for EC members responsible for a Function);
- Long-term incentive (LTI): the LTI grant size will be determined as a monetary amount based on the organizational level of the role instead of the current set of criteria.

Further details on these changes can be found in the New Compensation Architecture section at the end of this Compensation Report.

At the upcoming AGM, our shareholders will be asked to prospectively approve the aggregate maximum amounts of compensation of the BoD for the period until the following AGM and of the EC for the financial year 2023/24. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the BoD and to the EC by way of a consultative vote on the Compensation Report 2021/22.

At the AGM 2021, binding votes were conducted on the aggregate maximum compensation amounts for the BoD and for the EC, as well as a consultative vote on the Compensation Report. The shareholders approved the maximum compensation amounts for both the BoD and the EC with approval rates of 98%, and the consultative vote on the Compensation Report received an approval rate of 87%. This positive voting outcomes show that the active dialogue engaged with investors was fruitful and that shareholders endorse the compensation system in place at dormakaba. We would like to thank investors for their trust and support.

The NCC trusts that this Compensation Report is informative and would like to thank our shareholders for their valuable feedback on our approach to executive compensation.

Compensation at a glance

To ensure their independence, BoD members only receive fixed compensation paid in cash and shares restricted for three years. The amount of compensation depends on the function on the BoD.

Summary of current compensation system of the BoD

Basic compensation

in CHF	BoD Chair	BoD member
in cash	360,000	100,000
in restricted shares	320,000	90,000
Total	680,000	190,000

+

Additional compensation

in CHF	Committee Chair	Committee member
Audit Committee	60,000	20,000
Nomination and Compensation Committee	60,000	20,000
Lead Independent Director	30,000	

Shareholding ownership guideline

The BoD members are required to own at least 500 dormakaba shares within three years of tenure.

Compensation of the BoD in financial year 2021/22

The compensation awarded to the BoD in financial year 2021/22 is within the limits approved by the shareholders at the AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2020 – AGM 2021	2,940,000	2,388,333
AGM 2021 – AGM 2022	3,200,000	To be determined*

* The compensation period is not yet completed, a definitive assessment will be provided in the 2022/23 Compensation Report.

Summary of current compensation system of the EC

The compensation system applicable to the EC is designed to engage executives to implement the company's strategy, to achieve the company's short- and long-term business objectives, and to create sustainable shareholder value. It consists of the following elements:

	Fixed compensation and benefits		Variable compensation (target of at least 50% of total compensation)	
	Annual base salary	**Benefits**	**Short-term incentive (STI)**	**Long-term incentive (LTI)**
Purpose	Reflects the function (scope, responsibilities), experience and skills of the individual	Establish a level of risk protection for the participants and their dependents	Rewards company performance	Rewards individual and company performance, aligns to shareholders' interests

Shareholding ownership guideline

The members of the EC are required to own a minimum multiple of their annual base salary in dormakaba shares within five years of tenure:

CEO	300% of annual base salary
EC member	200% of annual base salary

Compensation of the EC in financial year 2021/22

The compensation awarded to the EC in financial year 2021/22 is within the limits approved by the shareholders at the 2020 AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)
Financial year 2021/22	16,500,000	11,162,842

Performance in financial year 2021/22

dormakaba posted strong growth despite external headwinds for financial year 2021/22. Organic sales growth was at 7.7% and above the guidance range of 3% to 5%. The strong organic growth and associated higher volumes were also reflected in a higher adjusted EBITDA, which excludes items affecting comparability. Adjusted EBITDA increased by 2.8% and amounted to CHF 372.3 million (previous year: CHF 362.0 million). The adjusted EBITDA margin was below guidance at 13.5% (previous year: 14.5%), impacted by shortages of electronic components, labor, and building materials as well as by accelerated inflation which could only partly be compensated with price increases. Items affecting comparability were at CHF -88.6 million on EBIT (previous year: CHF -9.3 million) and mainly related to the Mesker divestment in June 2022 and the strategy preparation and implementation.

Net profit was CHF 122.5 million (previous year: CHF 193.3 million). Excluding the effect of the divestment of the Mesker including tax and foreign currencies (CHF 61.4 million), the underlying net profit was CHF 183.9 million (a year-on-year decrease of 4.9%).

Compensation governance

- The NCC supports the BoD with matters related to the compensation of the BoD and of the EC.
- Shareholders approve the maximum compensation amounts of the BoD and of the EC. Further, they also express their opinion on the compensation system through a consultative vote on the Compensation Report.

Basic principles of compensation

The compensation system of dormakaba reflects the commitment to attract, engage, and retain the best talent within the industry. It is designed to engage executives and employees to implement the company's strategy, to achieve the company's short-term and long-term business objectives, and to create sustainable shareholder value.

The compensation for the **BoD** members consists exclusively of a fixed payment in cash and shares. This ensures that the BoD remains independent in exercising its supervisory duties towards the EC.

The compensation system for the **EC** members is built on the following key principles:

Reward for short-term and long-term performance
An important part of compensation is paid as variable incentives linked mainly to the overall performance of dormakaba. Those incentives are well-balanced between rewarding for short-term results (short-term incentive) and sustainable success of the company (long-term incentive).

Fairness and transparency
Compensation decisions are transparent and fair. The target level of total compensation is determined based on the function. The global grading system based on Korn Ferry Hay Group methodology ensures that functions are evaluated in a consistent manner across the organization.

Alignment to shareholders' interest
The share-based compensation delivered under the long-term incentive plan encourages the sustainable commitment of executives and management members, and aligns their interests to those of the shareholders.

Competitiveness
The structure and levels of compensation take into account the market practice (benchmarks based on Korn Ferry Hay Group data).

Managing compensation

Nomination and Compensation Committee (NCC)

In accordance with the Articles of Incorporation and the Organizational Regulations of dormakaba Holding AG, the BoD is responsible for the principles underlying the compensation policy and for the compensation steering process; it is supported in this work by the NCC.

The NCC consists of three BoD members, who are elected annually and individually by the AGM for a period of one year. At the AGM 2021, the shareholders re-elected Hans Hess (Chair), Stephanie Brecht-Bergen, and John Heppner as members of the NCC.

The NCC's main compensation tasks are:

- Propose and periodically review the compensation policy and regulations for the attention of the BoD;
- Propose to the BoD the specific design of the fundamental compensation elements and the determination of the compensation-related performance objectives;
- Propose to the BoD the maximum aggregate compensation amount of the BoD and of the EC to be submitted to the shareholders' vote at the AGM;
- Propose to the BoD the compensation to be paid to its members within the limits approved by the AGM;
- Decide on the terms of appointment, significant changes in existing employment contracts, and compensation for the EC members within the limits approved by the AGM;
- Decide on the share-based compensation to be awarded to the members of the EC and the Senior Management;
- Propose the Compensation Report to the BoD.

The compensation for the EC and for the Senior Management is set as part of an annual process.

Annual process and responsibilities in the compensation matters of the BoD and EC

	Aug	Oct	Dec	Feb	June
Compensation policy review and compensation principles for next financial year				NCC BoD	
Compensation planning and share award plan design				NCC BoD	NCC BoD
Compensation Report	NCC BoD	AGM			NCC
Maximum aggregate compensation amounts of the BoD and EC for next compensation period	NCC BoD	AGM			
Compensation structure and level of BoD for next compensation period	NCC BoD				NCC BoD
Individual target compensation of EC members for next financial year*					CEO NCC
Individual short-term incentive payments of EC members for previous financial year*	CEO NCC				
Individual share awards of EC members and Senior Management*	CEO NCC				CEO NCC
Review of external stakeholder feedback on compensation disclosure and (discussion of) changes for next disclosure		NCC	NCC	NCC	
NCC meeting schedule and agenda for next period of office			NCC		

red: recommending body
blue: reviewing body
gray: approving body
* Proposals related to the CEO compensation are prepared by the NCC Chair and approved by the NCC.

The NCC meets as often as business requires but at least once a year. Number of meetings held and attendance details, incl. participation of members of executive management and external advisors, are provided in the Corporate Governance Report.

The NCC Chair reports to the BoD after each meeting on the activities of the committee. The minutes of the committee's meetings are available to the BoD members.

The NCC may decide to consult external advisors on specific compensation matters. Agnès Blust Consulting, a company specialized in executive compensation in Swiss listed companies, has been appointed to provide independent advice on specific compensation and governance matters. While Agnès Blust Consulting did not have any other mandates with dormakaba at the time of providing its services, it has become part of PricewaterhouseCoopers since April 2022. PricewaterhouseCoopers is the current auditing firm of dormakaba, and there are clear rules in place to comply with the independence requirements of auditing firms, which have been implemented with effect of the transaction.

Shareholders' involvement

The BoD values the dialogue with shareholders and wants to know and understand their views on executive compensation. In this context, the BoD has held an annual consultative vote on the Compensation Report from financial year 2012/13 onwards. This vote allows shareholders to express their opinion on the compensation policy and systems applicable to the BoD and the EC. Since the AGM 2015, the BoD also seeks an annual prospective binding approval from shareholders of the maximum aggregate amount of compensation of the BoD and the maximum aggregate amounts of fixed and variable compensation of the EC.

The Articles of Incorporation include the principles of compensation applicable to the BoD and to the EC. Those provisions can be found online and include:

- Principles of compensation of the Board of Directors (Article 23);
- Principles of compensation of the Executive Committee (Article 24);
- Binding vote at the AGM (Article 22);
- Additional amount for new members of the Executive Committee (Article 25);
- Agreements with members of the Board of Directors and the Executive Committee, notice periods for the members of the Executive Committee (Article 26);
- Credits and loans to members of the Board of Directors and Executive Committee (Article 28).

Compensation architecture for the BoD

BoD members only receive fixed compensation based on the responsibilities and time requirement of their function, without any entitlement to performance-related compensation. This ensures that the BoD remains independent while exercising its supervisory duties towards the EC. The amount of compensation for each function of the BoD is determined annually considering the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally.

In the last financial year, the BoD reviewed the composition of the peer group that is the basis for the BoD compensation benchmark and decided to revise the peer group based on the following criteria: median market capitalization, annual sales, business model, industry, and compensation practices. Companies in the previous peer group with significantly different market capitalization levels were reviewed and replaced. The revised peer group consists of the following eleven companies: Bucher Industries, Clariant, Forbo, Georg Fischer, Landis+Gyr, OC Oerlikon, SFS Group, SIG Combibloc, Stadler Rail, Sulzer, and Tecan. Subsequent to the peer group revision, a benchmarking analysis was conducted by PwC. The results of the analysis showed that the overall compensation of the BoD was mostly in line with the benchmark except for the compensation of the BoD Chair.

In consideration of the outcome of the analysis, the NCC proposed to the BoD to reduce the compensation of the BoD Chair by CHF 45,000 to CHF 635,000 (previously: CHF 680,000). Of this amount, CHF 335,000 will be paid in cash and CHF 300'000 in restricted shares (following the same ratio of cash and share compensation as other BoD members). This adjustment takes effect for the term of office starting with the AGM 2022 and brings the BoD Chair compensation within the benchmark range, aligned with the principle to position fees for board and committee chairs above the market median, considering the above average level of responsibility and workload for these particular roles at dormakaba.

Compensation for other BoD members will remain unchanged.

1. Composition of compensation

The basic compensation paid to the members of the BoD comprises a cash payment and a grant of restricted shares of dormakaba Holding AG. The BoD Chair receives basic compensation of CHF 680,000, consisting of CHF 360,000 paid in cash and CHF 320,000 in restricted shares. The other members of the BoD receive basic compensation of CHF 190,000, consisting of CHF 100,000 in cash and CHF 90,000 in restricted shares. Additional fees are paid in cash for specific functions such as committee chair and/or committee member of the BoD or for performing special additional tasks assigned by the BoD. In line with legal requirements, the BoD Chair is insured in the company's pension fund. Both the employee and employer portions of the annual contributions are borne by the BoD Chair himself, therefore no pension cost is paid by the company.

The compensation system and levels are documented in the BoD compensation directive and are summarized in the table below.

Basic compensation

in CHF	BoD Chair	BoD member
in cash	360,000	100,000
in restricted shares	320,000	90,000
Total	680,000	190,000

+

Additional compensation

in CHF	Committee Chair	Committee member
Audit Committee	60,000	20,000
Nomination and Compensation Committee	60,000	20,000
Lead Independent Director	30,000	

The members of the BoD may decide to receive part of the cash payment in the form of shares of the company. The number of shares awarded is calculated using the average closing share price for the last five trading days of the last month of the relevant compensation period. The awarded shares are restricted for a period of three years; this blocking period remains in place if a member leaves the BoD. In addition, a shareholding ownership guideline is in place, requiring Board members to hold a minimum of 500 shares of dormakaba within three years after their election to the BoD.

Compensation is paid on a pro rata basis to Board members twice a year. For the term of office from the AGM 2021 until the AGM 2022, the first compensation period ended on 30 April 2022, the second will end on 31 October 2022. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special additional tasks performed on behalf of and assigned by the BoD.

2. Assessment of actual compensation paid to the BoD in the financial year 2021/22

The actual compensation paid to the BoD for the financial year 2021/22 increased compared to the previous year (+21%) mainly because of the BoD Chair receiving compensation for the full reporting year (previous year only from April to the AGM in October).

At the AGM 2021, the shareholders approved a maximum aggregate amount of CHF 3,200,000 for the BoD for the compensation period from the AGM 2021 until the AGM 2022. The compensation effectively paid for the portion of this term of office included in this Compensation Report (October 2021 – 30 June 2022) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2022/23.

At the AGM 2020, the shareholders approved a maximum aggregate amount of CHF 2,940,000 for the BoD for the compensation period from the AGM 2020 until the AGM 2021. The compensation effectively paid was CHF 2,388,333 and is within the limit approved by the shareholders.

As of 30 June 2022, in compliance with the Articles of Incorporation, no loans or credits were granted to current or former BoD members, or parties closely related to them. Investments held by BoD members or related persons (including conversion and option rights) – if any – are listed here.

Compensation architecture for the EC

The compensation awarded to EC members is primarily driven by the success of the company. In addition to competitive fixed compensation, there is a performance-related component, which rewards for performance and allows EC members to participate in the company's long-term value creation. The overall compensation consists of the following elements:

- Annual base salary;
- Benefits (such as retirement benefits);
- Short-term incentive;
- Long-term incentive (share-based compensation).

	Fixed compensation and benefits		Variable compensation (target of at least 50% of total compensation)	
	Annual base salary	**Benefits**	**Short-term incentive (STI)**	**Long-term incentive (LTI)**
Purpose	Reflects the function (scope, responsibilities), experience and skills of the individual	Establish a level of risk protection for the participants and their dependents	Rewards company performance	Rewards individual and company performance, aligns to shareholders' interests

To ensure consistency across the organization, roles within the organization have been evaluated using the job grading methodology of Korn Ferry Hay Group. The grading system is the basis for compensation activities such as benchmarking and determination of compensation structure and levels. For comparative purposes, dormakaba refers to external compensation studies that are conducted regularly by Korn Ferry Hay Group in most countries. Overall, these studies include the compensation data of 2,500 technology and industrial companies, including listed and privately held competitors in the security sector that are comparable with dormakaba in terms of annual revenues, number of employees, and complexity in the relevant national or regional markets. Consequently, there is no predefined peer group of companies that is used globally. Rather, the benchmark companies vary from country to country based on the database of Korn Ferry Hay Group. For the CEO role, the following companies were included in the last benchmark analysis conducted in the financial year 2018/19 covering Swiss listed industrial companies of similar size in terms of market capitalization, revenue, and number of employees: Autoneum, Bucher Industries, EMS Chemie, Geberit, Georg Fischer, Landis+Gyr, Logitech, Lonza, OC Oerlikon, Sonova, and Sulzer.

As a principle, the compensation paid to the EC members must be based on the market median in the relevant national or regional market and must be within a range of –20% to +35% of this figure. The variable component of compensation (= short- and long-term incentives) is targeted to make up for at least 50% of the overall compensation.

1. Annual base salary

EC members receive an annual base salary for fulfilling their role. It is based on the following factors:

- Content, responsibilities, and complexity of the function;
- External market value of the respective role: amount paid for comparable positions in the industrial sector in the country where the member works;
- Individual profile in terms of skill set, experience, and seniority.

2. Benefits

As the EC is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits mainly consist of retirement, insurance, and healthcare plans that are designed to provide a reasonable level of protection for the participants and their dependents in respect to the events of retirement, disability, death, and illness/accident. The EC members with a Swiss employment contract participate in the occupational pension plans offered to all employees in Switzerland, which consist of a basic pension fund and a supplementary plan for management positions. The benefits offered by the pension fund of dormakaba in Switzerland are in line with benefits provided by other Swiss multinational industrial companies.

EC members under foreign employment contracts are insured commensurately with market conditions and with their position. Each plan varies in line with the local competitive and legal environment and is, as a minimum, in accordance with the legal requirements of the respective country.

Further, EC members are also provided with certain executive perquisites, such as company car or car allowance, representation allowance, and other benefits in kind according to competitive market practice in their country of employment.

3. Variable compensation

The variable compensation consists of a short-term incentive (STI) and a long-term incentive (LTI).

3.1 Short-term incentive

The short-term incentive is defined annually as a cash payment and aims to motivate the participants to meet and exceed the company's financial objectives, which are defined in line with the Group's strategy. Pursuant to the Articles of Incorporation, the short-term incentive may not exceed 150% of the individual annual base salary for the EC members (cap).

Following the "We are ONE company" principle, the individual short-term incentive paid to the EC members is strictly based on financial objectives and not on individual goals. For the financial year 2021/22, the incentive formula relates exclusively to Group results in support of the Group-wide implementation of the Shape4Growth strategy. The business results are compared to the previous year's results to drive a continuous improvement of the business achievements, year after year.

The incentive formula is built around the principle of paying a predefined share of profit individually determined for each function, which is additionally modified by sales growth and net working capital (NWC) multipliers aiming to further strengthen the accountability for the efficient use of the company's financial resources and a growth-driven value creation.

The STI formula is illustrated below:

Group (CEO, CFO, CTO, COO)

Individual share in Group net income	x	Net income growth multiplier	x	Sales growth multiplier	x	Net working capital (NWC) multiplier	=	Amount of short-term incentive to be paid out
Percentage of Group net income		Factor of up to 1.6 depending on net income growth of dormakaba compared to previous year		Factor of up to 1.5 depending on sales growth of dormakaba compared to previous year		Factor of up to 1.4 depending on NWC results of dormakaba compared to previous year		Maximum 150% of annual base salary

Regional Presidents / President KWS / CMPO[1] (former COOs)

Individual share in Group net income	x	Sales growth multiplier	x	Net working capital (NWC) multiplier	x	Sales Booster	=	Amount of short-term incentive to be paid out
Percentage of Group net income		Factor of up to 1.5 depending on sales growth of dormakaba compared to previous year		Factor of up to 1.4 depending on NWC results of dormakaba compared to previous year		Factor of up to 1.1 depending on achievement of sales growth target		Maximum 150% of annual base salary
10–30% of short-term incentive depending on the role		90–70% of short-term incentive depending on the role						

1) due to his transition, the STI of the CMPO will be evaluated based on the criteria set for the former COOs

The predefined share of profit is expressed as a percentage of Group net income. The growth multiplier is a combination of the company's net income growth (capped at 1.6 in case of substantial growth) and the Group sales growth (capped at 1.4). The net working capital (NWC) multiplier depends on the Group change of net working capital compared to previous year and is capped at 1.4 in of case of substantial reduction of net working capital. The sales booster is based on the achievement of an absolute sales growth target and is capped at 1.1.

This formula is aligned to the business strategy of profitable growth because it rewards for bottom-line (Group net income) as well as top-line results (sales growth) and efficient management of the company's financial resources.

The calculation of the short-term incentive is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system. For the relevant financial year, the Group net income was adjusted to reflect the impact of the sale of Mesker in the United States for the purpose of calculating the short-term incentive.

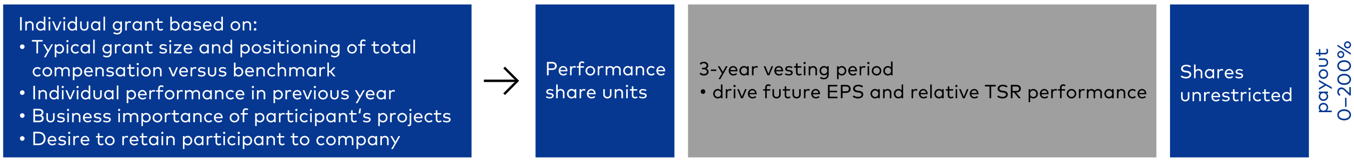
3.2 Long-term incentive

The purpose of the long-term incentive is to give the EC an ownership interest in dormakaba and a participation in the long-term performance of the company and thus to align their interests to those of the shareholders.

As of the grant of September 2021, the long-term incentive is delivered fully in performance share units. Therefore, at the beginning of the plan cycle (grant date), EC members are awarded performance share units of dormakaba based on the following criteria:

- **External benchmark:** typical grant size of long-term incentive for a similar function in the relevant market and positioning of the individual's total direct compensation compared to that benchmark. Total direct compensation includes fixed base salary plus short-term incentive plus allocation under the long-term incentive plan.
- **Individual performance:** measured against predefined priorities in the financial year prior to the grant, as documented within the performance management process. The long-term incentive is the only compensation program that takes into consideration the individual performance of the EC members. For each member, a list of individual strategic priorities is determined before the start of each financial year based on the mid-term plan of the Group, market/segment, or function. At the end of each financial year, the individual performance of the member is measured against those strategic priorities and will be considered for the determination of the grant size of the long-term incentive in the following financial year.

- **Strategic importance:** impact of the EC member's projects on the company's long-term success.
- **Retention:** desire to retain the person to the company and to its overall long-term value creation by offering restricted shares and performance share units subject to a three-year vesting period.



Based on the above criteria, the CEO formulates a proposal for long-term incentive awards of the individual EC members and other members of Senior Management, which is subject to approval by the Nomination and Compensation Committee (NCC). For the CEO, the NCC Chair formulates a proposal that is subject to the approval of the NCC. Pursuant to the Articles of Incorporation, the fair value of the long-term incentive at grant may not exceed 150% of the individual annual base salary for the EC members (cap).

The long-term incentive award is granted in the form of performance share units of dormakaba subject to a three-year performance-based vesting period. The award is designed to reward participants for the future performance of the earnings per share (EPS) and the relative TSR of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

The relative TSR is measured relative to the SPI Industrials index: this index was selected as the performance benchmark because of the insufficient number of direct competitors of dormakaba that are publicly listed, which does not allow for a suitable customized peer group. Therefore, the SPI Industrials as an index of companies of comparable size listed on the SIX Swiss Exchange was the most appropriate alternative.

The EPS growth target is to outperform weighted GDP growth by 2% points.

The vesting formula for both performance indicators is illustrated below; there is no vesting below the threshold levels of performance:

	Threshold performance (25% vesting)	Target (100% vesting)	Cap (200% vesting)
Relative TSR (50%)	25th percentile of peers	Median of peers	83.33th percentile of peers
EPS growth (50%)	70% of target	EPS growth 2% points above GDP growth	140% of target

The vesting formula has been designed in line with market practice for Swiss publicly traded companies to combine pay for performance compensation principles and reach alignment with the long-term shareholder interest. It has both challenging targets and no excessive leverage. To reach the target, the company needs to outperform half of the peers in respect of relative TSR and needs to outperform GDP growth by 2% points on the EPS condition. While there is no payout below the threshold levels of performance, a partial payout is still possible for a performance between the threshold and the target. On the other side, an extraordinary performance is required to reach the cap of 200%.

Performance share units are usually awarded annually in September. In case of voluntary termination by the participant or if a participant is terminated for cause, performance share units are forfeited without any compensation. In case of termination without cause or retirement, performance share units are subject to a pro rata vesting at the regular vesting date. In case of disability, death, or change of control, performance share units are subject to an accelerated pro rata vesting based on a performance assessment by the BoD (see also Corporate Governance Report). The conditions for the award of performance share units are governed by the stock award plans of dormakaba.

Shares awarded in reporting periods 2021/22 and 2020/21 have come from dormakaba treasury.

The long-term incentive awards have been subject to clawback and malus provisions since 2019. In certain circumstances, such as in the case of financial restatement due to material non-compliance with financial reporting requirements or of fraudulent behavior or substantial willful misconduct, the BoD may decide to suspend the vesting or forfeit any granted long-term incentive award (malus provision) or to require the reimbursement of vested shares delivered under the long-term incentive (clawback provision).

4. Employment contracts

The EC members are employed under employment contracts of unlimited duration that are subject to a notice period of up to twelve months. EC members are not contractually entitled to sign-on awards, termination payments, or any change of control provisions other than the accelerated vesting and/or unblocking of share awards mentioned above. The employment contracts of the EC members may include post-employement non-competition clauses for a duration of up to a maximum of two years. In cases where the company decides to activate the post-employement non-competition provisions, the compensation paid in connection with such non-competition provisions may not exceed the monthly base salary, or half of the total compensation, for a period of twelve months.

5. Shareholding ownership guideline

The EC members are required to own a minimum multiple of their annual base salary in dormakaba shares within five years of hire or promotion to the EC, as set out in the following table.

CEO	300% of annual base salary
EC member	200% of annual base salary

To calculate whether the minimum holding requirement is met, all vested shares are considered, regardless of whether they are restricted or not. However, unvested performance share units are excluded from the calculation. The NCC reviews compliance with the share ownership guideline on an annual basis. In the event of a substantial rise or drop in the share price, the BoD may, at its discretion, review the minimum ownership requirement.

6. Assessment of actual compensation paid to the EC in the financial year 2021/22

In comparison to the previous year, total direct compensation (TDC) of the EC decreased by 10%. There are several factors that impacted the level of actual compensation paid to the EC in the 2021/22 financial year, which are summarized below.

- **Changes in EC composition:** Jim-Heng Lee was appointed CEO on 1 January 2022, succeeding Sabrina Soussan, who stepped down from her role as of 31 December 2021. Andy Jones was appointed to the role of President Asia Pacific on 12 January 2022, succeeding Jim-Heng Lee, and became a member of the EC. Mathias Mörtl joined the EC per 1 December 2021 as COO, a position newly created under the new strategy Shape4Growth. Bernd Brinker stepped down as CFO as per 31 March 2022 and was succeeded by Kaspar Kelterborn, who took up his responsibilities as interim CFO as of 1 April 2022 and who receives no variable compensation.
- **Base salary changes:** For two EC members, the target base salaries were adjusted by overall 5% in local currency to bring them in line with market requirements.
- **STI payout:** the STI payout formula is based on performance compared to previous year (and not on the achievement of budgeted targets). The STI payout of the CEO and EC members especially reflects the development of Group net income, which is the main driver of the STI payout and which decreased in respect to the prior year by 4.9% (excluding the effect of the divestment of the Mesker business in June 2022). In the reporting year, the STI payout of EC members is 71% of the annual base salary on average (previous year: 96%). A payout of 99% of annual base salary (on average) for the EC members corresponds to the level of originally expected performance for the financial year 2021/22.
- **LTI grant in September 2021:** to determine the individual grant size (nominal value), the allocation criteria in place for several years (described under section 3.2), such as individual performance in the previous year, the strategic importance of the projects under responsibility, position against benchmark and retention need were considered. Based on those factors, the LTI grant size of five EC members, was increased and the LTI grant size for one EC member was decreased compared to the previous year. For other EC members, the LTI grant size remained unchanged compared to the previous year. For three EC members no LTI award was granted in September 2021, as they joined the EC after the relevant date. The strategic priorities of the CEO for financial year 2020/21 (considered for determining the grant size in the reporting year) are detailed below:

Strategic priorities of the CEO (financial year 2021/22)

Strategic priorities of the CEO (financial year 2021/22) [1]

Business performance	Achieve business performance in line with guidance. Implement Covid-19 initiatives (incl. „Cash Is King")
Business development	Selectively establish further acquisitions/divestments in accordance with the defined strategic priorities.
Group innovation	Drive the digitization initiatives (cloud-based solutions)
Supply chain management	Deliver the defined procurement savings
Organization	Ensure succession for key positions, strengthen leadership teams and develop/retain key talents. Sustainability: achieve the defined sustainability targets.IT: continue to strengthen IT security.

1) This information is disclosed in summarized form for confidentiality reasons.

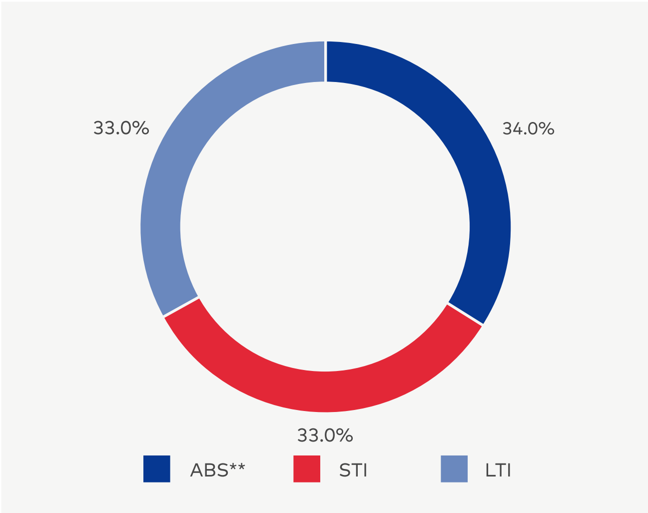
The performance share units granted under the long-term incentive in September 2018 vested in September 2021 based on the EPS growth and the rTSR ranking over the three-year vesting period at a vesting level of 79.87%. The share price at vesting amounted to CHF 660.50 compared to CHF 680.50 at grant.

Variable compensation forms a major part of total direct compensation (TDC). The percentage of overall compensation paid to the EC as variable compensation in the reporting year was 55% (excluding benefits and social security contributions) and decreased (previous year: 67%) due to a decrease predominantly in STI payout. Variable equity-based compensation (excluding new joining and leaving EC members) accounted for

27% of the TDC (previous year: 30%). This is approximately in line with the compensation strategy to award 30% or more of total compensation in equity-based compensation by applying increases primarily in the long-term incentive component rather than in the other compensation elements.

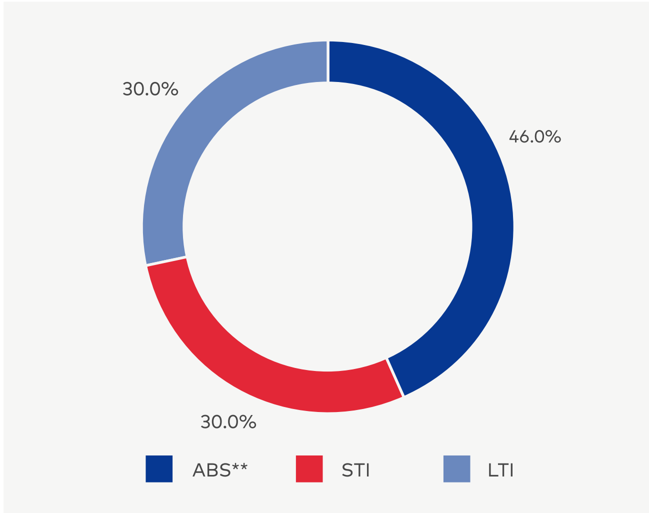
The table below represents the pay mix of the CEO and EC in relation to total direct compensation (excluding benefits and social security).

CEO*



* Based on new CEO annual target compensation mix
** Annual Base Salary

EC*



* EC excl. CEO
** Annual Base Salary

At the AGM 2020, the shareholders approved a maximum aggregate amount of CHF 16,500,000 for the EC for the financial year 2021/22. The compensation effectively awarded of CHF 11,162,842 is within the limit approved by the shareholders.

As of 30 June 2022, in compliance with the Articles of Incorporation, no loans or credits were granted by dormakaba to current or former EC members, or parties closely related to them. Investments held by EC members or related persons (including conversion and option rights) – if any – are listed here.

New Compensation Architecture

In the context of the strategic review that was initiated in 2021 for the period 2022 to 2027, the NCC has conducted a thorough review of the compensation program in financial year 2021/22 to ensure that it remains aligned with the strategic direction of the company, while continuing to drive performance, motivation, and behaviors that are aligned with the values of dormakaba. In line with the new business strategy Shape4Growth and related operating model, the current human capital context and the shareholder feedback received asking for more transparency, and a stronger pay-for-performance link, the NCC decided to implement several changes to the incentive programs, which will come into effect as of the 2022/23 financial year:

- Short-term incentive (STI): a target-based approach will replace the current profit-share approach. A target STI amount - corresponding to the amount to be paid if all performance objectives are met - will be determined for each EC member and will be multiplied by a performance factor between 0% and 200% based on the achievement of the pre-defined performance objectives. The performance objectives will include organic sales growth, unadjusted EBITDA margin, and ROCE/NWC at Group and/or regional or business level (for EC members responsible for a Region or Key & Wall Solutions) and clearly measurable functional objectives (for EC members responsible for a Function);
- Long-term incentive (LTI): the LTI grant size will be determined as a monetary amount based on the organizational level of the role instead of the current set of criteria.

Strategic review

New business strategy and operational model: increased focus on growth and customer centricity	**Shareholder feedback:** request for improved transparency and stronger pay-for-performance link	**Evolving human capital requirements:** need for reduced complexity and increased flexibility and agility

↓

Changes to the incentive programs

STI:	**LTI:**
– Grant size defined as target monetary amount – Based on pre-defined performance objectives measured at global, regional or functional levels	– Grant size defined as target monetary amount – Eligibility based on organizational level: EC and senior management

Short-term incentive (STI)

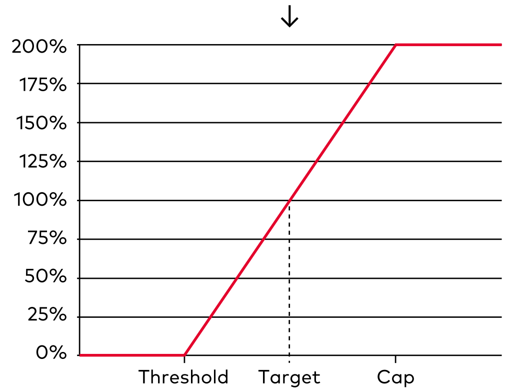
The current STI model based on a predefined share of profit will be replaced by a target-based system as of the financial year 2022/23: A target STI amount will be determined for each EC member, corresponding to the amount to be paid if all performance objectives are met (100% achievement). The CEO and CFO will be measured 100% on Group performance. The performance of Regional Presidents and KWS as well as Global Functions will be measured based on the Group performance (60%) and the performance of the own Region or Function (40%):

Group objectives	Own unit objectives	
60%	40%	
	Regional roles	Functional roles
Organic sales growth	Organic sales growth	Objectives related to the strategic priorities of the function
EBITDA margin*	EBITDA margin*	
ROCE*	NWC*	

*not adjusted for items affecting com parability

At the beginning of the financial year, the NCC sets a threshold, target, and maximum level of achievement for each performance objective. At the end of the financial year, the actual achievement is compared with the objectives that were set at the beginning of the period. The level of achievement for each objective determines a payout factor for each objective, and the respective payout factors are then summed up to determine an overall payout factor. The overall STI payout can range from 0% to 200% of the target STI amount.

STI target amount x **Payout factor** = **STI payout**



The STI is paid in cash in the following financial year.

Long-term incentive (LTI)

Effective with the annual LTI grant planned for September 2023, the determination of the individual grant amounts will no longer depend on a set of criteria including individual performance, and strategic and retention needs. The grant size will be based on a monetary amount determined based on the organizational level of the role and the market data for the respective role.

No further changes to the design of the LTI will be made. The awards will continue to be fully granted in performance share units subject to a three-year vesting period and conditional upon the achievement of two equally weighted performance criteria: relative TSR and EPS growth. The vesting level will still range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

Compensation to the BoD and EC

Financial year 2021/22

	Compensation 1)				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits 2)	Total (CHF)	of which in shares (CHF) 3)
BoD					
Aebischer Thomas (BoD member since AGM 2021) Member Audit Committee (since AGM 2021)	126,667	13,333	9,775	149,775	59,620
Birgersson Jens Member Audit Comittee	190,000	20,000	–	210,000	89,426
Brecht-Bergen Stephanie Member Nomination and Compensation Committee	190,000	20,000	–	210,000	89,426
Cadonau Riet Chair of the Board	680,000	21,111	47,087	748,198	319,651
Daeniker Daniel Chair Audit Committee	190,000	90,000	17,523	297,523	89,426
Dubs-Kuenzle Karina (BoD member until AGM 2021)	63,333	6,667	4,846	74,846	29,806
Gummert Hans Member Audit Committee	190,000	83,022	–	273,022	89,426
Heppner John Member Nomination and Compensation Commitee	190,000	20,000	–	210,000	89,426
Hess Hans Vice-Chair of the Board Lead Independent Director Chair Nomination and Compensation Committee Member Audit Committee (until AGM 2021)	190,000	96,667	20,720	307,386	89,426
Mankel Christine	190,000	–	–	190,000	89,426
Liu John	190,000	–	13,269	203,269	89,426
Total BoD	**2,390,000**	**370,800**	**113,220**	**2,874,020**	**1,124,481**

1) Compensation for the employer representative on the Swiss pension fund (Karina Dubs-Kuenzle) of CHF 10,000 p.a. and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 63,023 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and remains stable vis-à-vis the previous year, however, fluctuates in CHF due to currency exchange.

2) In line with the Swiss legal requirements under the respective law (BVG), the Chair of the Board is insured in the company pension fund. The employer cost of the pension benefits are deducted from the cash board fee disclosed above. The Chair of the Board is hence financing both the employee and employer contributions to the pension fund via a deduction on the cash board fee so that the insurance in the pension fund is cost-neutral to the company.

3) The compensation for the reporting period is paid out in three installments (November 2021, May 2022, and November 2022). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 677.40 for the shares transferred in November 2021 and CHF 446.20 for the shares transferred in May 2022).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social / pension contributions [1]	Total aggregate amount	STI [2]	LTI [3]	Social / pension contributions	Total aggregate amount	
EC members								
Jim-Heng Lee	639,979	369,716	1,009,695	526,529	349,963	98,909	975,401	1,985,096
Other EC [4]	3,288,160	781,121	4,069,281	2,135,726	2,172,357	800,382	5,108,465	9,177,746
Subtotal	**3,928,139**	**1,150,837**	**5,078,976**	**2,662,255**	**2,522,320**	**899,291**	**6,083,866**	**11,162,842**

1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances.Includes the fees for the interim CFO, who does not receive any variable compensation.

2) The short-term incentive reported will be paid after the end of the reporting year.

3) The LTI grant consists of PSUs only. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.

4) Includes the compensation of the former CFO (full year) and former CEO (until 31-Jan-22) during their contractual employment period.

Financial year 2020/21

	Compensation 1)				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits 2)	Total (CHF)	of which in shares (CHF) 3)
BoD					
Birgersson Jens Member Audit Comittee (since AGM 2020)	183,667	13,333	–	197,000	110,578
Brecht-Bergen Stephanie Member Nomination Committee (until AGM 2020) Member Nomination and Compensation Committee (since AGM 2020)	183,667	16,667	–	200,333	86,537
Cadonau Riet Chair of the Board	170,000	–	12,942	182,942	79,390
Daeniker Daniel Chair Audit Committee	183,667	60,000	17,167	260,834	86,537
Dörig Rolf (BoD member until AGM 2020) Chair Compensation Committee (until AGM 2020) Member Nomination Committee (until AGM 2020)	57,000	25,000	5,736	87,736	26,869
Dubs-Kuenzle Karina	183,667	20,000	14,305	217,972	86,537
Gummert Hans Member Audit Committee Member Compensation Committee (until AGM 2020)	183,667	88,452	–	272,119	86,537
Heppner John Member Nomination and Compensation Commitee (since AGM 2020)	183,667	26,667	–	210,333	95,305
Hess Hans Vice-Chair of the Board Lead Independent Director Chair Nomination and Compensation Committee (since AGM 2020) Chair Nomination Committee (until AGM 2020) Member Audit Committee Member Compensation Committee (until AGM 2020)	183,667	108,333	21,103	313,103	86,537
Mankel Christine	183,667	–	–	183,667	110,578
Liu John Y. (BoD member since AGM 2020)	126,667	–	8,839	135,506	59,669
Total BoD	**1,823,000**	**358,452**	**80,093**	**2,261,545**	**915,074**

1) The Chair of the Board receives compensation in his role since April 2021, covering three months of the reporting period. For as long as he was in his dual capacity as the CEO and Chair of the Board, he did not receive any compensation for his role as the Chair of the Board. Compensation for the employer representative on the Swiss pension fund (Karina Dubs-Kuenzle) of CHF 20,000 p.a. and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 65,119 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and remains stable vis-à-vis the previous year, however, fluctuates in CHF due to currency exchange.

2) In line with the Swiss legal requirements under the respective law (BVG), the Chair of the Board is insured in the company pension fund. The employer cost of the pension benefits are deducted from the cash board fee disclosed above. The Chair of the Board is hence financing both the employee and employer contributions to the pension fund via a deduction on the cash board fee so that the insurance in the pension fund is cost-neutral to the company.

3) The compensation for the reporting period is paid out in three installments (November 2020, May 2021, and November 2021). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 424.24 for the shares transferred in November 2020 and CHF 620.40 for the shares transferred in May 2021).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social / pension contributions 1)	Total aggregate amount	STI 2)	LTI 3)	Social / pension contributions	Total aggregate amount	
EC members								
Cadonau Riet 4) 5)	596,274	133,753	730,027	956,250	1,280,281	269,821	2,506,352	3,236,379
Sabrina Soussan 6)	425,004	107,869	532,873	525,000	-	95,646	620,646	1,153,519
Other EC	2,415,866	766,853	3,182,719	2,355,028	1,821,187	652,664	4,828,879	8,011,598
Subtotal	**3,437,144**	**1,008,475**	**4,445,619**	**3,836,278**	**3,101,468**	**1,018,131**	**7,955,877**	**12,401,496**

1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances for two new EC members to facilitate their relocation following their appointment to the EC role. Fringe benefits amount to CHF 61,817 for the former CEO, to CHF 30,440 for the new CEO and CHF 436,069 for the other EC members.

2) The short-term incentive reported will be paid after the end of the reporting year.

3) The total grant value of the LTI includes CHF 751,608 in restricted shares and CHF 2,012,114 in performance share units (PSU). The fair value on the grant date is CHF 584 per restricted share. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.

4) In accordance with his employment contract from 2011, the former CEO receives a guaranteed allocation of 550 shares (worth CHF 337,750) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2021 as listed in the table 'Shares held by BoD and EC' as they were not yet allocated by the end of the financial year (grant date of 1 September 2021). However, they have been included in the long-term incentive compensation figure with a share price of CHF 614.09 (average closing price of May/June 2021).

5) In line with the contractual agreement in place which foresee a partial forfeiture of PSU, CHF 527,086 of the award granted to the CEO in September 2020 forfeits.

6) The replacement award in equity relating to the forfeited compensation at the previous employer for the new CEO is not included in the compensation table. The replacement award amounts to CHF 619,583 in restricted shares and CHF 631,583 in PSU granted at the hiring date on 1 January 2021. The shares are subject to a blocking period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively. The PSU are subject to a vesting period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018, 2019 and 2020, vesting in 2021, 2022 and 2023, respectively) and broadly reflect those of the forfeited awards at the previous employer.

Shares held by BoD and EC

As at the respective call date, the individual BoD and EC members (including related parties) held the following number of shares in dormakaba Holding AG.

Number of shares	Financial year ended 30.06.2022	Financial year ended 30.06.2021
BoD		
Aebischer Thomas [1)]	100	
Birgersson Jens	2,085	1,919
Brecht-Bergen Stephanie	220,489	220,323
Cadonau Riet	8,630	7,015
Daeniker Daniel	2,020	1,854
Dubs Karina [2)]		99,913
Gummert Hans	1,095	929
Heppner John	1,283	1,117
Hess Hans	2,156	1,790
Liu John Y.	238	72
Mankel Christine	220,699	220,533
Total BoD	**458,795**	**555,465**
EC		
Berninger Alwin	371	339
Bewick Stephen	335	312
Brinker Bernd [3)]		1,964
Häberli Andreas	2,636	2,530
Housten Alex	747	617
Jones Andy [4)]	233	
Kelterborn Kaspar [5)]	48	
Lee Jim-Heng [6)]	2,865	2,725
Mörtl Mathias [7)]	-	
Soussan Sabrina [8)]		1,233
Zocca Stefano	2,464	2,368
Total EC	**9,699**	**12,088**

1) BoD Member as of 12 October 2021
2) BoD Member until 12 October 2021
3) EC Member until 31 March 2022
4) EC Member as of 12 January 2022
5) EC Member as of 1 April 2022
6) CEO as of 1 January 2022
7) EC Member as of 1 December 2021
8) CEO until 31 December 2021

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

We have audited the Compensation Report of dormakaba Holding AG for the year ended 30 June 2022. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables on pages 155 to 159 of the Compensation Report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the Compensation Report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the Compensation Report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Compensation Report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the Compensation Report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Compensation Report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remu–neration, as well as assessing the overall presentation of the Compensation Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Compensation Report of dormakaba Holding AG for the year ended 30 June 2022 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 25 August 2022

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Information for investors as at 30 June 2022

CHF million, except where indicated	2021/22	2020/21	2019/20	2018/19	2017/18
Net sales	**2,756.9**	**2,499.7**	**2,539.8**	**2,818.3**	**2,841.0**
Organic growth in %	7.7	1.3	–6.9	1.3	2.6
EBITDA (Operating profit before depreciation and amortization)	342.0	353.1	325.0	448.0	431.0
Adjusted EBITDA (Operating profit before depreciation and amortization) [2]	**372.3**	**362.0**	**–**	**–**	**–**
Adjusted EBITDA in % of net sales [2]	13.5	14.5	–	–	–
EBIT (Operating profit)	204.8	274.3	253.2	375.0	364.3
Adjusted EBIT (Operating profit) [2]	**293.4**	**283.6**	**–**	**–**	**–**
Adjusted EBIT in % of net sales [2]	10.6	11.3	–	–	–
Net profit	**122.5**	**193.3**	**164.1**	**252.5**	**238.7**
Net profit in % of net sales	4.4	7.7	6.5	9.0	8.4
Net profit after minorities	**63.2**	**100.8**	**84.6**	**131.8**	**123.8**
Basic earnings per share (in CHF)	15.1	24.2	20.4	31.6	29.6
Diluted earnings per share (in CHF)	15.1	24.1	20.3	31.5	29.5
Dividend per share (in CHF) [1]	11.50	12.50	10.50	16.00	15.00
Payout ratio in %	50.4	51.7	51.6	50.5	50.2
Cash generated from operations	188.4	384.5	407.9	372.8	367.2
Net cash from operating activities	**127.3**	**313.5**	**328.1**	**280.7**	**268.9**
Operating cash flow margin in %	4.6	12.5	12.9	10.0	9.5
Net cash used in investing activities	–158.9	–95.5	–232.4	–67.8	–231.8
Free cash flow (net) before dividend	–31.6	218.0	95.7	212.9	37.1
Net cash flows from financing activities	–0.4	–231.9	–65.8	–223.9	–129.8
Of which dividends paid	–52.2	–43.7	–66.5	–62.2	–58.6
Personnel expenses	1,093.9	1,022.3	1,027.7	1,055.1	1,045.6
Average number of full-time equivalent employees	15,495	14,989	15,676	15,811	16,433
Total assets	**1,907.2**	**1,869.8**	**1,808.6**	**1,909.0**	**1,982.3**
Total assets in % of net sales	69.2	74.8	71.2	67.7	69.8
Property, plant, and equipment in % of net sales	14.9	17.4	17.4	16.5	16.1
Inventories in % of net sales	19.5	18.0	17.5	16.1	15.2
Receivables in % of net sales	17.5	17.0	15.3	17.7	17.7
Net working capital [3]	**751.3**	**641.6**	**631.9**	**753.2**	**705.7**
Net working capital in % of net sales	27.3	25.7	24.9	26.7	24.8
Net debt	**708.1**	**508.8**	**667.7**	**651.4**	**701.2**
Net debt/Adjusted EBITDA [2] - rolling 12 months	1.9	1.4	–	–	–
Interest coverage (Adjusted EBITDA / interest expense, net) [2]	18.7	19.5	–	–	–
Shareholders' equity	**195.9**	**264.9**	**141.3**	**258.5**	**187.0**
Return on equity (ROE) in %	62.5	73.0	116.1	97.7	127.6
Shareholders' equity per share (in CHF)	46.7	63.4	34.0	61.8	44.6

1) In 2021/22: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.
2) As from 2020/21, adjusted EBIT and adjusted EBITDA were introduced. Details of the alternative performance measures are disclosed in note 5.1.
3) As from 2018/19, the definition of the net working capital was aligned with the internal and the segment reporting. In order to enable a fair comparison with the current-year data, all previous year information has been adjusted. dormakaba defines net working capital as trade receivables plus inventories, minus the sum of trade payables, advances from customers, and deferred income.

Letter to Shareholders
Business performance
Financial performance
Fundamental information about dormakaba
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Financial statements dormakaba Holding AG
Corporate Governance
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Five-year performance overview

Information for investors per share data

		2021/22	2020/21	2019/20	2018/19	2017/18
Capital stock						
Registered shares at CHF 0.10 par value	No	4,200,026	4,200,026	4,200,026	4,200,026	4,200,026
Outstanding shares at end of financial year	No	4,178,402	4,168,767	4,157,216	4,145,317	4,187,243
Weighted average number of shares outstanding (diluted)	No	4,193,859	4,178,883	4,159,736	4,179,989	4,195,507
Par value of average outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Par value of year-end outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Shareholders as at 30 June (registered)	No	9,033	9,413	9,389	9,195	8,874
Figures per share (fully diluted)						
Adjusted EBITDA per share (Group) [2]	CHF	88.8	84.5	–	–	–
Earnings per share (Group)	CHF	15.1	24.1	20.3	31.5	29.5
Shareholders' equity per share (Group)	CHF	46.7	63.4	34.0	61.8	44.6
Price per share						
– high	CHF	728.0	657.0	737.0	781.5	1,001.0
– low	CHF	393.0	416.0	396.4	579.0	674.0
– 31 December	CHF	630.5	502.5	692.5	593.0	907.5
– 30 June	CHF	416.5	630.5	516.5	707.5	694.5
Market capitalization						
– high	CHF m	3,041.9	2,738.9	3,063.9	3,239.6	4,191.4
– low	CHF m	1,642.1	1,734.2	1,647.9	2,400.1	2,822.2
– 30 June	CHF m	1,740.3	2,628.4	2,147.2	2,932.8	2,908.0
Dividend yield						
– low [1]	%	1.6	1.9	1.4	2.0	1.5
– high [1]	%	2.9	3.0	2.6	2.8	2.2

1) In 2021/22: under the precondition that the shareholder approves the dividend proposed at the Annual General Meeting.
2) As from 2020/21, adjusted EBITDA is introduced. Details of the alternative performance measures are disclosed in note 5.1.

Disclaimer

This communication contains certain forward-looking statements including, but not limited to, those using the words "believes", "assumes", "expects" or formulations of a similar kind. Such forward-looking statements reflect the current judgement of the company, involve risks and uncertainties and are made on the basis of assumptions and expectations that the company believes to be reasonable at this time but may prove to be erroneous. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks, uncertainties and other factors outside of the company's and the Group's control which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the company or the Group and those either expressed or implied by such statements. Except as required by applicable law or regulation, the company accepts no obligation to continue to report, update or otherwise review such forward-looking statements or adjust them to new information, or future events or developments.

For definition of alternative performance measures, please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2021/22 of dormakaba.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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