dormakaba Holding AG

Annual Report

Financial statements, governance and compensation

Financial Year

2016/2017

dormakaba

Agenda

17 October 2017, Tuesday
- Annual General Meeting

6 December 2017, Wednesday
- Capital Market Day

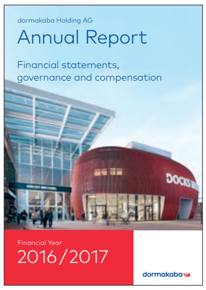
6 March 2018, Tuesday
- Half-year results: presentation for media and financial community
- Publication of Interim Report

11 September 2018, Tuesday
- Full-year results: presentation for media and financial community
- Publication of Annual Report

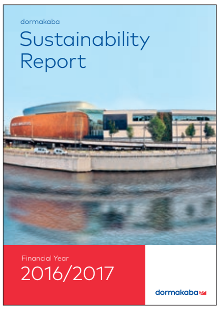
23 October 2018, Tuesday
- Annual General Meeting

Communication devices

Executive Report



Financial statements, governance and compensation



Sustainability Report

My Access, customer magazine

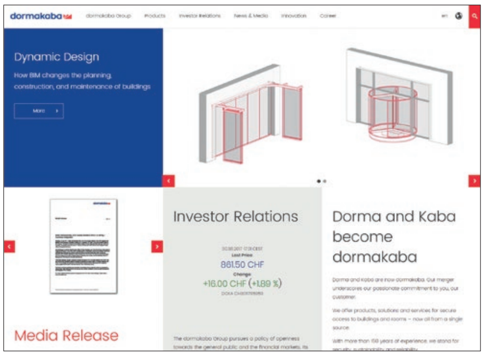


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Table of Content

Sales and profitability targets achieved

Sales
The Group generated net sales of CHF 2,520.1 million in the financial year 2016/17, an increase of 9.4%. There was a small negative impact of foreign currencies on growth in 2016/17 (–0.2%), while acquisitions contributed to growth by 5.4%. Organic sales growth was 4.3% compared to the same period of the previous year.

Profitability
EBITDA for the reporting period increased by CHF 54.6 million and came to CHF 387.3 million (+16.4%). The impact of acquisitions on EBITDA was CHF 28.4 million and organic growth contributed CHF 26.4 million, while the impact of foreign currencies on EBITDA was CHF –0.2 million.

In these consolidated full-year financial statements, we provide two different sets of figures for the previous year period 2015/16 as a result of the business combination of former Dorma and former Kaba, which became effective on 1 September 2015. As a result, the former Dorma Group's entities were consolidated from 1 September 2015 (for ten months) in line with Swiss GAAP FER. The published previous year figures (2015/16) relate to the business activities of the former Kaba Group for the entire period, while the former Dorma Group was only included for ten months ("as reported"). However, to increase interpretability, in addition separate pro forma figures for the previous year period 2015/16 are shown as if the Dorma Group would have been consolidated since 1 July 2015 already. Commentaries in the texts about the income statement refer to these pro forma figures.

The EBITDA margin improved to 15.4%, compared to 14.4% in the same period of the previous year. The higher EBITDA margin for the Group was mainly driven by a very positive business development of AS APAC and AS AMER, a positive effect from acquisitions and divestments as well as by significant cost savings from the merger which overcompensated the additional integration-related IT and branding costs. EBIT during the period under review increased by 17.5% compared to previous year and reached CHF 327.0 million, and the EBIT margin increased to 13.0% from 12.1% in the same period of the previous year.

Financial result, ordinary result and income taxes
dormakaba reported a net financial result of CHF –31.8 million compared to CHF –16.2 million in the same period of the previous year. The increase was driven by financial expenses of CHF 37.6 million due to financing costs related to the acquisitions of Mesker (Mesker Openings Group) and Best Access Solutions (Mechanical Security businesses of Stanley Black & Decker) as well as increased hedging costs and foreign exchange losses.

The ordinary result came to CHF 295.2 million compared to CHF 262.0 million in the previous year (+12.7%). In line with guidance provided at the time of the merger, a disclosure of an extraordinary result (CHF –89.4 million) was limited to the financial year 2015/16, where the business combination of Dorma and Kaba took place. This previous year figure covered exclusively integration costs relating to the merger of dormakaba Group.

The income tax rate for 2016/17 (23.9%) was substantially below the previous year (32.1%). While in the previous year the tax rate was negatively impacted by merger-related integration projects, in 2016/17 it was positively impacted by the utilization of tax loss carry forwards, which had not been recognized as deferred tax assets, and because of tax benefits from the acquisitions of Mesker and Best Access Solutions. The latter effect will be recurring for the next years.

Net profit
dormakaba generated a net profit of CHF 224.6 million compared to CHF 117.2 million in the previous year (+91.6%). The increase was driven by an improved profitability and the lower

tax rate in 2016/17. Additionally, the previous year's figure was impacted by the merger-related integration costs of CHF 89.4 million (extraordinary result). Net profit after minorities was CHF 116.4 million compared to CHF 60.4 million in the same period of the previous year (+92.7%).

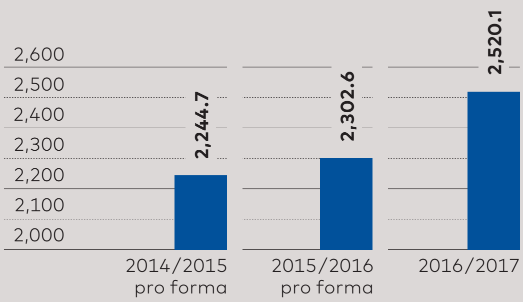
Cash flow and balance sheet
The acquisitions of US-based Mesker (closed on 12 December 2016) and of Best Access Solutions (closed on 22 February 2017) had a significant impact on the cash flow profile and the balance sheet structure. In addition, cash flow was influenced by progress on post-merger integration, especially expenditures for restructuring projects and production footprint changes. Cash generated from operations was CHF 354.7 million compared to CHF 327.6 million of the previous year. Free cash flow, driven by the acquisitions, was CHF –699.2 million compared to CHF 268.8 million in the same period of the previous year. dormakaba reported total assets of CHF 1,909.0 million as at the balance sheet date of 30 June 2017. Within current assets, cash and cash equivalents amounted to CHF 188.3 million and inventories to CHF 411.4 million, while trade receivables amounted to CHF 461.4 million. Non-current assets consisted mainly of property, plant and equipment worth CHF 412.8 million. Liabilities totaled CHF 1,725.9 million, with total financial debt coming to CHF 815.9 million. As at 30 June 2017, the net debt position was CHF 627.6 million (prior year as at 30 June 2016: net debt of CHF –159.1 million). Equity of the Group was at CHF 183.1 million, with an equity ratio of 9.6%. Equity and equity ratio (previous year as at 30 June 2016: 43.2%) declined significantly as acquisition-related goodwill of the Mesker and the Best Access Solutions acquisitions of in total CHF 650.0 million was offset against equity.

Currency effects
The Euro against the Swiss Franc compared to the previous year weakened by 0.6% from CHF 1.087 to CHF 1.080, while the British Pound dropped by 13.5% from CHF 1.454 to CHF 1.257. At the same time the US Dollar strengthened by 1.1% from CHF 0.980 to CHF 0.991 (all exchange rates being average rates).

4.3

Organic sales growth
2016/2017 in %

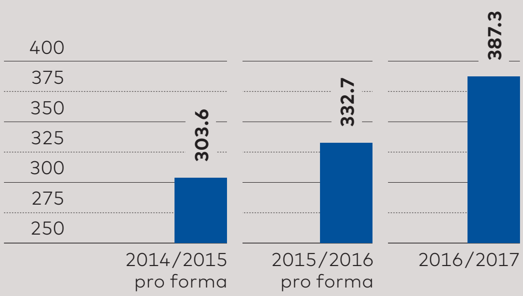
Sales
in CHF million



EBITDA margin
in %

13.5	14.4	15.4
2014/2015 pro forma	2015/2016 pro forma	2016/2017

EBITDA
in CHF million



Information for investors
as at 30 June

	dormakaba Group		Kaba Group	
in CHF million, except where indicated	**2016/2017**	**2015/2016**	**2014/2015**	**2013/2014**
Net sales	**2,520.1**	**2,302.6** *	**1,085.2**	**1,003.5**
Organic growth in %	4.3 *	2.3 *	5.4	5.1
Earnings before depreciation and amortization (EBITDA)	**387.3**	**332.7** *	**170.2**	**154.5**
EBITDA in % of net sales	15.4	14.4 *	15.7	15.4
Earnings before interest and tax (EBIT)	**327.0**	**278.2** *	**145.0**	**130.6**
EBIT in % of net sales	13.0	12.1 *	13.3	13.0
Net profit 1)	**224.6**	**117.2** *	**98.9**	**91.3**
Net profit in % of net sales	8.9	5.1 *	9.1	9.1
Net profit after minorities	**116.4**	**60.4** *	**98.4**	**91.2**
Basic earnings per share (in CHF)	27.8	14.4 *	25.6	24.0
Diluted earnings per share (in CHF)	27.7	14.4 *	25.6	24.0
Dividend per share (in CHF)	14.0 2)	12.0	12.0	11.0
Payout ratio in % 3)	50	55 *	51	46
Cash generated from operations	354.7	327.6	149.1	149.3
Net cash from operating activities	265.3	255.3	104.3	105.0
Net cash from operating activities in % of net sales	10.5	12.1	9.6	10.5
Net cash used in investing activities	–964.5	13.5	–142.5	–69.0
Free cash flow (net) before dividend	**–699.2**	**268.8**	**–38.2**	**36.0**
Net cash flows from financing activities	654.1	–213.2	111.4	–93.4
Of which dividends paid	–50.4	–240.7	–41.8	–41.9
Personnel expenses	933.3	792.6	406.0	390.2
Average number of full-time equivalent employees	16,250	15,779	8,948	7,738
Personnel expenses per employee (in CHF)	57,434	50,230	45,373	50,426
Total assets	**1,909.0**	**1,579.3**	**734.3**	**650.9**
Net operating assets	570.3	441.2	331.9	294.1
Return on net operating assets (RONOA) in %	57.3	63.1 *	43.7	44.4
Asset structure				
Total assets in % of net sales	75.8	68.6 *	67.7	64.9
Property, plant and equipment in % of net sales	16.4	14.3 *	14.3	15.6
Inventories in % of net sales	16.3	15.8 *	16.2	16.5
Receivables in % of net sales	18.3	17.5 *	17.1	17.8
Net working capital				
(Current assets less cash and cash equivalents and current income tax assets, less trade payables, accrued and other current liabilities, provisions)	398.2	316.2	177.9	152.7
Net working capital in % of net sales	15.8	13.7 *	16.4	15.2
Net debt	627.6	–159.1	–121.2	–35.4
Net debt/EBITDA	1.6	–0.5 *	–0.7	–0.2
Net debt in % of equity	342.8	–23.4	–27.4	–11.0
Interest coverage	25.0	40.6 *	29.9	37.7
Shareholders' equity	183.1	680.5	442.1	323.3
Shareholders' equity in % of total assets	9.6	43.2	60.2	49.7
Return on equity (ROE) in %	122.7	17.2 *	22.4	28.2
Shareholders' equity per share (in CHF)	43.5	162.0	114.9	85.0

1) Only in 2015/2016: includes merger-related extraordinary expenses CHF 89.4 million.
2) In 2016/2017: proposal to the Annual General Meeting; in the form of a distribution of capital reserves.
3) Only in 2015/2016: payout ratio excludes extraordinary expenses CHF 89.4 million and the related tax impact.
* Pro-forma-based (other items as reported)

Information for investors
per share data

		dormakaba Group		Kaba Group	
		2016/2017	2015/2016	2014/2015	2013/2014
Capital stock					
Registered shares at CHF 0.10 par value	No	4,200,026	4,195,026	4,195,026	3,815,026
Outstanding shares at end of financial year	No	4,177,588	4,190,963	4,184,261	3,798,121
Weighted average number of shares outstanding (diluted)	No	4,208,743	4,200,816	3,848,787	3,803,998
Par value of average outstanding shares	CHF m	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
Shareholders as at 30 June	No	7,525	7,181	6,683	6,750
Figures per share (fully diluted)					
EBITDA per share (Group)	CHF	92.0	79.2 *	44.2	40.6
Earnings per share (Group)	CHF	27.7	14.4 *	25.6	24.0
Dividend (gross) per share	CHF	14.0 [1)]	12.0	12.0	11.0
Payout ratio [2)]	%	50	55 *	51	46
Shareholders' equity per share (Group)	CHF	43.5	162.0	114.9	85.0
Price per share					
– high	CHF	888.0	693.5	630.0	446.8
– low	CHF	659.0	543.0	413.8	356.0
– 31 December	CHF	757.0	683.5	502.5	433.5
– 30 June	CHF	833.0	679.5	556.5	438.5
Market capitalization					
– high	CHF m	3,709.7	2,906	2,636	1,697
– low	CHF m	2,753.0	2,276	1,731	1,352
– 30 June	CHF m	3,479.9	2,848	2,329	1,665
Dividend yield					
– low	%	1.6	1.7	1.9	2.5
– high	%	2.1	2.2	2.9	3.1

1) In 2016/2017: proposal to the Annual General Meeting; in the form of a distribution of capital reserves.
2) Only in 2015/2016: payout ratio excludes extraordinary expenses CHF 89.4 million and the related tax impact.
* Pro-forma-based (other items as reported or market rates)

Financial statements Group

Consolidated income statement

in CHF million except per share amounts	Note	Financial year ended 30.06.2017	in %	Financial year ended 30.06.2016	in %
Net sales	**5**	**2,520.1**	**100.0**	**2,115.9**	**100.0**
Cost of goods sold		–1,445.0	–57.3	–1,222.7	–57.8
Gross margin		**1,075.1**	**42.7**	**893.2**	**42.2**
Other operating income, net	6	11.5	0.5	14.8	0.7
Sales and marketing		–402.6	–16.0	–360.9	–17.1
General administration		–259.4	–10.3	–204.4	–9.7
Research and development		–97.6	–3.9	–81.1	–3.8
Operating profit (EBIT)		**327.0**	**13.0**	**261.6**	**12.3**
Result from associates	16	2.7	0.1	2.5	0.1
Financial expenses	8	–37.6	–1.5	–19.1	–0.9
Financial income	9	3.1	0.1	3.9	0.2
Ordinary result		**295.2**	**11.7**	**248.9**	**11.7**
Extraordinary result	20	0.0	0.0	–89.4	–4.2
Profit before taxes		**295.2**	**11.7**	**159.5**	**7.5**
Income taxes	10	–70.6	–2.8	–54.8	–2.6
Net profit		**224.6**	**8.9**	**104.7**	**4.9**
Net profit attributable to minority interests		108.2		50.8	
Net profit attributable to the owners of the parent		116.4		53.9	
Basic earnings per share (in CHF)	3	27.8		12.9	
Diluted earnings per share (in CHF)	3	27.7		12.8	
Operating profit before depreciation and amortization (EBITDA)	**27**	**387.3**	**15.4**	**311.4**	**14.7**

Consolidated balance sheet
Assets

in CHF million	Note	Financial year ended 30.06.2017	in %	Financial year ended 30.06.2016	in %
Current assets					
Cash and cash equivalents		188.3	9.9	213.2	13.5
Trade receivables	11	461.4	24.2	403.7	25.6
Inventories	12	411.4	21.5	364.0	23.0
Current income tax assets		36.1	1.9	41.4	2.6
Other current assets	13	82.5	4.3	47.4	3.0
Total current assets		**1,179.7**	**61.8**	**1,069.7**	**67.7**
Non-current assets					
Property, plant and equipment	14	412.8	21.6	330.0	20.9
Intangible assets	14	38.4	2.0	37.7	2.4
Investments in associates	16	36.0	1.9	33.9	2.1
Non-current financial assets	17	37.9	2.0	36.5	2.4
Deferred income tax assets	23	204.2	10.7	71.5	4.5
Total non-current assets		**729.3**	**38.2**	**509.6**	**32.3**
Total assets		**1,909.0**	**100.0**	**1,579.3**	**100.0**

Consolidated balance sheet
Liabilities and equity

in CHF million	Note	Financial year ended 30.06.2017	in %	Financial year ended 30.06.2016	in %
Current liabilities					
Current borrowings	18	814.6	42.7	52.6	3.3
Trade payables		151.8	8.0	120.1	7.6
Current income tax liabilities		38.7	2.0	47.9	3.0
Accrued and other current liabilities	19	328.4	17.2	290.2	18.4
Provisions	20	76.9	4.0	88.6	5.6
Total current liabilities		**1,410.4**	**73.9**	**599.4**	**37.9**
Non-current liabilities					
Non-current borrowings	18	1.3	0.1	1.5	0.1
Accrued pension costs and benefits	21	285.1	14.9	275.0	17.4
Deferred income tax liabilities	23	29.1	1.5	22.9	1.4
Total non-current liabilities		**315.5**	**16.5**	**299.4**	**18.9**
Total liabilities		**1,725.9**	**90.4**	**898.8**	**56.8**
Equity					
Share capital	3	0.4	0.0	0.4	0.0
Additional paid-in capital		811.3	42.5	807.6	51.1
Retained earnings		–619.1	–32.4	–347.8	–22.0
Treasury stock		–17.9	–0.9	–1.6	–0.1
Translation exchange differences		–1.1	–0.1	–15.8	–0.9
Total equity owners of the parent		**173.6**	**9.1**	**442.8**	**28.1**
Minority interests		9.5	0.5	237.7	15.1
Total equity	**2.10, 15**	**183.1**	**9.6**	**680.5**	**43.2**
Total liabilities and equity		**1,909.0**	**100.0**	**1,579.3**	**100.0**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

in CHF million	Note	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Net profit		**224.6**	**104.7**
Depreciation and amortization	14	60.3	49.8
Income tax expenses	10	70.6	54.8
Interest expenses	8	17.3	9.7
Interest income	9	–1.8	–1.5
(Gain) Loss on disposal of fixed assets, net		–2.3	0.0
Adjustment for non-cash items[1]		16.5	13.8
Change in trade receivables		–28.9	–7.9
Change in inventories		–13.9	8.7
Change in other current assets		–16.4	15.3
Change in trade payables		13.5	0.5
Change in accrued pension cost		0.6	–0.7
Change in accrued and other current liabilities		14.6	80.4
Cash generated from operations		**354.7**	**327.6**
Income taxes paid		–74.5	–70.2
Interest paid		–16.7	–3.5
Interest received		1.8	1.4
Net cash from operating activities		**265.3**	**255.3**
Cash flows from investing activities			
Additions of property, plant and equipment	14	–73.3	–47.1
Proceeds from sale of property, plant and equipment	14	8.1	4.9
Acquisition of subsidiaries, net of cash acquired	4	–884.9	64.4
Acquisition of associates and joint ventures		–1.0	0.0
Sale of subsidiaries, net of cash sold		–0.3	0.0
Additions of intangible assets	14	–11.4	–14.7
Change in other non-current financial assets and prepaid transaction costs		–1.7	6.0
Net cash used in investing activities		**–964.5**	**13.5**
Cash flows from financing activities			
Other proceeds from (repayment of) current borrowings, net	18	756.7	29.0
Proceeds from (repayment of) non-current borrowings	18	–8.4	–1.6
Change in other non-current liabilities		0.8	0.1
Dividends paid to minority shareholders		–27.5	0.0
(Purchase) sale of treasury stock		–20.8	0.0
New shares issued		3.7	0.0
Dividends paid to company's shareholders		–50.4	–240.7
Net cash flows from financing activities		**654.1**	**–213.2**
Translation exchange differences		20.2	15.1
Net increase (decrease) in cash and cash equivalents		**–24.9**	**70.7**
Cash and cash equivalents at beginning of period		213.2	142.5
Cash and cash equivalents at end of period		188.3	213.2
Net increase (decrease) in cash and cash equivalents		**–24.9**	**70.7**

1) Only in 2015/2016: adjustments for non-cash items include impairments of intangible assets CHF 8.1 million and impairment of property, plant and equipment CHF 0.6 million.

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

in CHF millon	Share capital	Additional paid-in capital	Retained earnings	Treasury stock	Cumul. translation adjustm.	Minority interests	Total equity
Financial year ended 30.06.2016							
Balance at 30.06.2015	**0.4**	**807.6**	**–330.6**	**–4.3**	**–33.7**	**2.7**	**442.1**
Net profit for the reporting period			53.9			50.8	104.7
Goodwill on acquisitions (see note 15)			–982.2				–982.2
Fair value of Kaba business transferred			1,158.8				1,158.8
Currency translation adjustments					17.9	8.4	26.3
Dividend paid			–240.7				–240.7
Minority interest on acquisition of subsidiary			–9.3			175.8	166.5
Shares awarded			2.3	2.7			5.0
Balance at 30.06.2016	**0.4**	**807.6**	**–347.8**	**–1.6**	**–15.8**	**237.7**	**680.5**
Financial year ended 30.06.2017							
Balance at 30.06.2016	**0.4**	**807.6**	**–347.8**	**–1.6**	**–15.8**	**237.7**	**680.5**
Net profit for the reporting period			116.4			108.2	224.6
Goodwill on acquisitions (see note 15)			–346.1			–313.2	–659.3
Currency translation adjustments					14.7	12.4	27.1
Dividend paid			–50.4			–27.5	–77.9
New shares issued		3.7					3.7
Shares awarded			0.7	5.1			5.8
Treasury stock (purchased) re-issued			8.1	–21.4		–8.1	–21.4
Balance at 30.06.2017	**0.4**	**811.3**	**–619.1**	**–17.9**	**–1.1**	**9.5**	**183.1**

The notes on pages 11 to 38 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for financial year 2016/2017

1. General information

Description of business

Strategy

dormakaba Group is one of the leading companies in the global security and access solutions market. With its excellent product and solutions portfolio along the entire value chain, the Group provides its customers with products, solutions and services for anything related to access to buildings and rooms from a single source. dormakaba has distribution channels and production facilities in all of the industries' key markets and will accelerate global expansion through the strengthened presence in Europe, the Americas and Asia Pacific. dormakaba is a growth-oriented company with a strong anchor shareholder group that will ensure the long-term oriented strategy of dormakaba Group. In order to grow profitably and to maximize the creation of value for all its stakeholders, dormakaba focuses on a clearly defined strategy with the following elements:

- Superior offering for needs along life cycle;
- Expanded presence in markets and verticals;
- Drive enterprise excellence along the value chain;
- Leadership in innovation for superior customer value;
- Optimized management of the business portfolio and disciplined M & A activities;
- Have the right people at the right place.

These strategic pillars are based on the two foundations of sustainability and enhancing the global brand power.

Operating model

dormakaba has divided the areas of business in which the company is globally active into six segments. Access Solutions (AS), which comprises four segments, is structured by region: AS AMER (North and South America), AS APAC (Asia-Pacific), AS DACH (Germany, Austria, and Switzerland) and AS EMEA (Europe, Middle East, and Africa). The two other globally focused segments are Key Systems and Movable Walls.

In order to meet customers' needs in the most effective way, dormakaba's operating model is based on a matrix structure and therefore all four Access Solutions segments have a dual responsibility. The global Access Solutions product portfolio is arranged into eight global Product Clusters, and is assigned to specific segments along with the relevant production facilities, regardless of the geographic location (intercompany sales): Services, Lodging Systems, Safe Locks, Door Hardware, Interior Glass Systems, Entrance Systems, Mechanical Key Systems, and Electronic Access & Data. These global Product Clusters are complemented by local products in all Access Solutions segments. dormakaba operates in the following businesses on a worldwide basis:

- **Access Solutions AMER (AS AMER):** The AS AMER segment includes dormakaba Group's business activities for access solutions in North and South America. AS AMER also has overall responsibility across all segments for the global Product Clusters Services, Lodging Systems and Safe Locks.
- **Access Solutions APAC (AS APAC):** This segment includes dormakaba Group's business activities for access solutions in the Asia-Pacific region.
- **Access Solutions DACH (AS DACH):** The AS DACH segment includes the dormakaba Group's business activities for access solutions in Germany, Austria, and Switzerland. AS DACH also has cross-segment responsibility for the following global Product Clusters: Door Hardware, Interior Glass Systems and Entrance Systems, including the associated production facilities and competence centers, in particular in Singapore, Suzhou (China), Melaka (Malaysia), and Sofia (Bulgaria).
- **Access Solutions EMEA (AS EMEA):** This segment includes the dormakaba Group's business activities for access solutions in Europe (excluding DACH), the Middle East, and Africa. AS EMEA also has cross-segment responsibility for the global Product Clusters Mechanical Key Systems and Electronic Access & Data, including the associated production facilities and competence centers, in particular in Wetzikon and Rümlang (Switzerland), Herzogenburg and Eggenburg (Austria), and Villingen-Schwenningen (Germany).
- **Key Systems:** As a globally active segment Key Systems includes its established product categories Keys, Key Cutting Machines, and Automotive Solutions.
- **Movable Walls:** The Movable Walls segment has global activities in the space-dividing systems sector. Movable Walls specializes in partitioning systems with its two product groups Acoustic Movable Partitions and Glass Horizontal Sliding Walls. It has production facilities in Germany, the U.S., and Malaysia.
- **Other:** Operations involving contactless identification systems and trusted services that do not fit into the basic segment structure are included in this segment. These systems are based on Legic SmartCard and Connect technologies.

Offering

dormakaba stands for security, sustainability, and reliability and aims to develop products, solutions, and services that make life for its customers more simple and secure. dormakaba offers an expanded, comprehensive portfolio of products, solutions, and services for access to buildings and rooms from a single source – in hotels, shops, sporting venues, airports, hospitals, in the home or at the office. The product offering includes:

- **For the Access Solutions segments:** The four AS segments AMER, APAC, DACH and EMEA include all hardware- and software-based components, products, and solutions for access solutions as well as relevant services. The offering includes the global Product Clusters Door Hardware, Entrance Systems, Electronic Access & Data, Interior Glass Systems, Lodging Systems, Mechanical Key Systems, Safe Locks and Services, as well as local products. The multifaceted portfolio ranges from door technology solutions, automatic door systems, a wide variety of fittings, door closers and stoppers, and locking systems – from cylinders, keys, and locks all the way up to fully networked electronic access solutions for companies, public facilities, hotels, and many other applications. The range also includes physical access systems, high-security locks, glass fittings, solutions for workforce management, as well as services for all these applications.
- **For the Key Systems segment:** This global segment features a high-performance range of key blanks and mechanical, electronic and (semi-)industrial key-cutting and origination machines. In addition, the portfolio also covers solutions for the automotive industry, such as vehicle keys, transponders as well as key programming devices and duplication equipment.
- **For the Movable Walls segment:** This global segment specializes in partitioning systems with its two product groups Acoustic Movable Partitions and Glass Horizontal Sliding Walls. Partitions are available from a manual application to fully automatic/electronic walls.

Parent company of the Group

The parent company of the Group is dormakaba Holding AG, which is a company limited by shares, 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 (SIX).

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of dormakaba Group comply with Swiss law and have been prepared using the historical cost convention, except as disclosed in the accounting policies below, and in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles FER/FER = Fachempfehlung zur Rechnungslegung). Furthermore, the accounting complies with the provisions of the listing rules of the SIX and the Swiss company law. The financial statements are presented in Swiss Francs (CHF).

dormakaba analyzed the new recommendations of the Swiss GAAP FER Framework concerning revenue recognition as well as those in Swiss GAAP FER 3 and 6.

The revised principles concerning revenue recognition had no impact on the disclosures in the consolidated balance sheet and income statement, as the accounting policies which have been applied by dormakaba in the past already comply with the new regulations of revenue recognition in Swiss GAAP FER in all material aspects.

The most important revenue sources are disclosed in note 1 by segment and the corresponding revenue recognition policy in note 2.13.

The accounting policies have been applied consistently by Group companies. A summary of the significant accounting policies is provided below.

2.2 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 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 uniform measurement and reporting practices prescribed by the Group. 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 on which 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 from the date on which control ceases. All intercompany balances, transactions and intercompany profits are eliminated on consolidation. Investments in associates and joint ventures where dormakaba Group exercises significant influence, but does not have control, normally with 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 investee after the date of acquisition. Profit or loss are attributed to the owners of the parent and to the minority interests. Profit and loss are attributed to the owners of the parent and to the minority interests even if this results in a deficit balance. Investments in which dormakaba does not have significant influence (usually in which dormakaba Group's interest is less than 20%) are recorded at cost.

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

2.3 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, disclosure of contingent assets and liabilities at the date of the financial statements, and on the reported value of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions dormakaba Group may undertake in the future, actual results may ultimately differ from those estimates. Such estimates are applied to the following balance sheet positions, among others:

- Deferred tax assets are created for temporary differences provided that their utilization appears probable. The recoverable amount is therefore based on past performance and forecasts of the corresponding taxable entity over a period of several years. Deviations between actual and projected results can cause impairment losses. For information on carrying amounts see note 23.
- dormakaba operates pension plans in various countries. The calculation of pension provisions from plans without own assets is based on actuarial assumptions that may differ from actual results. For information on carrying amounts see note 21.
- When testing assets for impairment, the recoverable amount is determined on the basis of expected future cash flows. The main assumptions on which these cash flows are based include growth rates and expected useful life. The cash flows actually generated can differ considerably from the 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. For information on carrying amounts see note 20.
- A restructuring is a program that is planned and controlled by the Management and materially changes the manner in which that business is conducted. Restructuring provisions are created when detailed formal plans are established and decided. Significant judgment is required to determine the costs of restructuring plans.

2.4 Foreign currency translation

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 translated into the functional currency using the exchange rates prevailing 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.

Assets and liabilities of subsidiaries reporting in currencies other than CHF are translated at the rates of exchange prevailing 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. On 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 sale.

Significant exchange rates are in the table below: rates in CHF for 1 foreign currency unit

	Exchange rate at 30.06.2017	Exchange rate at 30.06.2016	Average rate 2016/2017	Average rate 2015/2016
AED	0.260	0.267	0.270	0.267
AUD	0.735	0.729	0.748	0.713
BRL	0.289	0.303	0.308	0.266
CAD	0.735	0.756	0.747	0.739
CNY	0.141	0.148	0.146	0.152
EUR	1.094	1.089	1.080	1.087
GBP	1.243	1.317	1.257	1.454
HKD	0.122	0.126	0.128	0.126
INR	0.015	0.015	0.015	0.015
NOK	0.114	0.117	0.118	0.117
SEK	0.113	0.116	0.112	0.116
SGD	0.693	0.727	0.712	0.705
USD	0.956	0.981	0.991	0.980

2.5 Cash and cash equivalents

Cash includes petty cash, cash at banks, and cash on deposit. Cash equivalents include term deposits with banks and short-term money market investments carried at market value, both with original maturity dates of three months or less.

2.6 Financial assets
Long-term held securities are recorded at fair value. All realized and unrealized gains and losses are recognized in the income statements.

Other non-current financial assets are stated at amortized cost less valuation adjustments.

2.7 Trade receivables
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 maturity structure and identifiable solvency risks.

2.8 Inventories
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.

2.9 Property, plant and equipment
Property, plant and equipment are recorded at cost less accumulated depreciation. 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.

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Buildings	20–50 years
Machinery, equipment, installations and tools	4–15 years
Other tangible fixed assets	3–15 years

Land is not depreciated. Where an asset comprises various components having different useful lives, each component is depreciated separately.

Items of minor value are charged directly to the income statement.

All gains and losses on disposal of property, plant and equipment are recognized in the income statement.

2.10 Intangible assets
Intangible assets embodying future economic benefits, such as acquired licenses, patents and similar rights as well as qualifying development costs are capitalized at cost and amortized using the straight-line method over a period of 2–5 years. Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date book value of any previous equity interest in the acquiree 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 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 note 15.

On the disposal of an entity, the goodwill previously offset in equity is transferred to the income statement.

All research costs are recognized in the income statement as incurred. 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.

2.11 Impairment of assets
Property, plant and equipment, goodwill offset against equity, intangible assets and other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of testing impairment, goodwill, and other 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.

As goodwill is fully offset against equity at the date of acquisition, an impairment of goodwill will not affect income, but only be disclosed in the notes to the consolidated financial statements.

2.12 Leases
Assets acquired under leasing agreements which effectively transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee are classified as finance leases. Assets held under finance leases are recorded at the lower of the estimated net present value of the future minimum lease payments and their fair value at the inception of the lease. The estimated net present value of the future minimum lease payments is recorded correspondingly as a finance lease obligation. Assets under finance leases are amortized over their estimated useful lives. Operating lease payments are charged to income on a straight-line basis over the lease term.

2.13 Net sales and revenue recognition
Net sales include all sales of goods and related services, after deduction of any sales reductions including rebates, discounts, value-added taxes, and commissions.

Sales from supplied goods and services are recognized upon performance. Sales of goods are recognized when dormakaba Group has delivered the products to the customer, the customer has accepted the products, and it is probable that future economic benefits will flow to the entity.

Sales from long-term construction contracts are recognized using the percentage-of-completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total costs for the contract. Revenue from individual and separate definable performance obligations are assessed and recognized separately.

2.14 Retirement benefits
There are various pension plans in existence within the Group which are individually aligned with local conditions in their respective countries. They 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 economical obligation or a benefit from Swiss pension schemes 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.

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

Costs relating to restructuring plans or agreements, including the reduction of excess staffing, the discontinuation of certain activities or the streamlining of facilities and operations and other restructuring measures, are recorded in the period in which the Group commits itself to a plan.

2.16 Financial liabilities
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 borrowings using the effective interest method.

2.17 Income taxes
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 substantially enacted income tax rates applied on a comprehensive basis to eligible temporary differences. Deferred income tax assets 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 available deferred tax liabilities.

2.18 Earnings per share
Basic earnings per share are calculated by dividing net profit attributable to owners of the parent by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share also include all potentially dilutive effects.

2.19 Derivative financial instruments
Derivative financial instruments for hedging purposes of balance sheet items are valued at the same valuation principles as the underlying hedged positions.

The fair value of derivative financial instruments for cash flow hedging purposes is disclosed in the notes.

2.20 Risk assessment and risk management

The tasks of the Board of Directors include identifying risks, determining suitable measures, and implementing these measures or having them implemented. The Board of Directors of dormakaba Holding AG conducted a Group-wide risk assessment in the year under review and also determined the risks to be managed at particular management levels. The Board of Directors is closely involved in assessing strategic risks and through dialogue with the Executive Committee ensures that operating risks are given due attention and reported accordingly. This approach gives the Board a comprehensive overview of the key risks and measures. With this overview, the Group is able to prioritize and allocate the necessary resources.

Financial risk policy

The dormakaba Group is exposed to various risks in connection with financial instruments, in particular to market risks of fluctuations in foreign exchange rates and interest rates. The Management monitors these risks on a regular basis. In managing the exposure resulting from such fluctuations, the dormakaba Group uses derivative financial instruments wherever the Management deems it appropriate to do so given the prevailing circumstances. The counterparties involved are high-ranking financial institutions.

The dormakaba Group enters only into financial transactions to hedge an associated risk out of balance sheet or highly probable future business transactions. No uncovered short transactions are entered.

In addition, the dormakaba Group is exposed to liquidity risk and credit risk. Risk management also involves securing comprehensive and efficient insurance protection.

Foreign exchange risk

The dormakaba Group is active all over the world and is therefore exposed to fluctuations in foreign exchange rates. Foreign exchange risks arise when future commercial transactions, recognized financial assets and liabilities, and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

A lot of Group companies are exposed to foreign exchange risks. The intercompany invoicing concentrates the FX-risks to the manufacturing companies. The use of a group netting system with IC-payment terms of up to 60 days reduces the intercompany exposure and FX risk. The significant third party and intercompany cross-currency exposures are reduced through natural hedges or hedged with financial instruments. The FX exposures are derived from a 12 month rolling liquidity planning.

Foreign exchange risks on intercompany loans are covered to a large extent by forward exchange contracts.

The dormakaba Group does not actively manage the translation risk arising from net investment in foreign currencies.

Interest rate risk

The dormakaba Group's interest rate risk arises from its short-term borrowings. This interest rate risk is only hedged in limited cases. The Management strives for a well-balanced mix of long- and short-term interest rates considering the planned financing requirements. Financing and related interest are managed centrally. Cash and cash equivalents are invested on a short-term basis.

Liquidity risk

The liquidity risk is the risk that the dormakaba Group will be unable to meet its obligations when they fall due. The Group Treasury function ensures that optimal liquidity and credit lines are available to the Group's operations at any time to meet its obligations and to finance its projects. Procurement of bank loans is managed centrally.

Credit risk

Credit risks arise from the possibility that the counterparty to a transaction is unable or unwilling to fulfill its obligations and that the dormakaba Group suffers financial damage as a result.

Trade receivables are monitored on an ongoing basis locally and via Group management reporting procedures. The danger of cluster risks on trade accounts receivable 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. Assessment of this risk involves a review of the customer's creditworthiness based on its financial situation and past experience.

Cash and cash equivalents are mainly held in the form of current accounts and current fixed-term deposits. Counterparty risks are monitored continuously and minimized by strictly limiting the associations to high-ranking banks.

2.21 Segment reporting

In accordance with the management organization and the reporting to the Group management level, the reporting segments consist of the businesses as described in note 1. This reporting forms the basis for assessing performance and allocating resources.

Segment accounting is prepared up to the level of EBITDA/EBIT because these are the key figures used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are reported in the respective segments. With the exception of central costs, which are not allocated to the individual segments for internal reporting purposes, 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.

2.22 Share-based payments

Stock award plans

The fair value of the employee services received in exchange for shares is measured at fair value of the shares 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.

2.23 Extraordinary result

In the financial year 2015/16, the extraordinary result includes only cost related to the business combination between Dorma and Kaba, namely restructuring cost, impairment losses, and the cost of combining the brands into the dormakaba master brand. Restructuring cost are those necessarily entailed by the restructuring, and not associated with the ongoing activities of the entity, such as severance cost, early termination cost, and restructuring-related advisory cost. Business combination-related projects have been approved by the Board.

3. Shares

	Financial year ended 30.06.2017	Financial year ended 30.06.2016
For basic number of shares	**Par value CHF 0.10**	**Par value CHF 0.10**
Number of shares outstanding at beginning of financial year	4,190,963	4,184,261
New shares issued	5,000	–
Own shares (acquired) re-issued	–18,375	6,702
Number of shares outstanding at end of financial year	4,177,588	4,190,963
Weighted average number of shares outstanding (basic)	4,194,106	4,188,772
Profit applicable for calculation of earnings per share (basic and diluted) (in CHF million)	116.4	53.9
Basic earnings per share (in CHF)	**27.8**	**12.9**
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,194,106	4,188,772
Eligible shares under stock award plans and shares awarded in acquisitions	14,637	12,044
Weighted average number of shares outstanding (diluted)	4,208,743	4,200,816
Profit applicable for calculation of earnings per share (basic and diluted) (in CHF million)	116.4	53.9
Diluted earnings per share (in CHF)	**27.7**	**12.8**
Dividend (in the form of a distribution of capital reserves) per share (in CHF)	**14.0**	**12.0**
Conditional shares at beginning of financial year	429,384	429,384
New conditional shares created	–	–
New conditional shares issued	–5,000	–
Conditional shares at end of financial year	424,384	429,384
Authorized shares	419,000	419,000
Number of shares authorized but not yet issued	419,000	419,000
Number of own shares held	22,438	4,063

Earnings per share is calculated based on profit attributable to the owners of the parent only. Net profit attributable to minority interests is not taken into account. Minority shareholders hold 47.5% of the shares of dormakaba Holding GmbH + Co. KGaA, which is a direct subsidiary of the Group parent dormakaba Holding AG, which holds the remaining 52.5%.

4. Business combinations

Best Access Solutions

On 22 February 2017, dormakaba acquired certain Mechanical Security businesses from Stanley Black & Decker in North America, Taiwan, and China.

With this acquisition, dormakaba gains substantial scale in line with its stated strategy and can offer the full portfolio of door hardware and access control solutions to customers in the important North American market, which dormakaba considers to be the most attractive market in its industry.

The following table summarizes the consideration paid for these businesses and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 22 February 2017	
Cash paid	750.1
Acquisition-related costs	9.9
Total cash outflow	**760.0**
Total consideration	**760.0**
Identifiable assets and liabilities	
Cash and cash equivalents	25.2
Trade receivables	28.3
Inventories	30.2
Current income tax assets	0.4
Other current assets	2.2
Property, plant and equipment	57.7
Intangible assets	0.1
Non-current financial assets	0.3
Deferred income tax assets	116.9
Trade payables	–19.8
Current income tax liabilities	–1.3
Accrued and other current liabilities	–13.0
Provisions	–5.8
Non-current borrowings	–7.9
Accrued pension costs and benefits	–5.1
Deferred income tax liabilities	–2.2
Total identifiable net assets	**206.2**
Goodwill	553.8
Total consideration	**760.0**

Mesker Openings Group

On 12 December 2016, dormakaba acquired Mesker Openings Group, based in Huntsville (Alabama/USA). Mesker is a provider of commercial door hardware. With this acquisition, dormakaba strengthens its breadth of its product offering in North America.

The following table summarizes the consideration paid for Mesker and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date.

in CHF million	As at the acquisition date
Consideration at 12 December 2016	
Cash paid	142.7
Acquisition-related costs	0.9
Total cash outflow	**143.6**
Total consideration	**143.6**
Identifiable assets and liabilities	
Cash and cash equivalents	1.9
Trade receivables	10.3
Inventories	10.4
Other current assets	0.3
Property, plant and equipment	11.6
Deferred income tax assets	18.2
Trade payables	–2.7
Accrued and other current liabilities	–2.5
Provisions	–0.1
Total identifiable net assets	**47.4**
Goodwill	96.2
Total consideration	**143.6**

Other acquisitions/divestments in the reporting period

Acquisition of ATM Türautomatik GmbH, Austria

On 1 July 2016, dormakaba acquired ATM Türautomatik GmbH (Gleisdorf/AT). ATM is a distributor of automatic doors in southern Austria and a major local player in entrance systems and service solutions.

The acquired net assets amounted to CHF 0.9 million.

Acquisition of Seca Solutions A/S, Norway

On 28 February 2017, dormakaba acquired Seca Solutions AS, an expert in physical access control and airport solutions in Norway.

The acquired net assets amounted to CHF 0.8 million.

Divestment Ascot Doors Ltd, United Kingdom

Ascot Doors Ltd (Bolton/UK) was divested on 31 October 2016 as part of the post-merger process of the dormakaba business combination. Ascot is a manufacturer and installer of steel doors and shutters.

The divested net assets amounted to CHF 3.6 million.

Divestment of the sanitary business of Provitris GmbH, Germany

The sanitary business of Provitris was divested on 20 February 2017 as part of the post-merger process of the dormakaba business combination.

The divested net assets amounted to CHF 0.9 million.

Prior-year acquisitions

Business combination with Dorma

On 1 September 2015, Dorma and Kaba completed the business combination announced on 30 April 2015. Excluding retained net assets of CHF 179.7 million, the transaction involved the transfer of all other assets and liabilities of the former Kaba Group to the joint sub-holding company, dormakaba Holding GmbH + Co. KGaA, which originally held all assets and liabilities of the former Dorma Group. In exchange, dormakaba Holding AG received 52.5 % of the ownership rights of this entity. Retained net assets mainly consisted of an intercompany loan.

The following table summarizes the transaction. The identifiable assets and liabilities reflect the fair value at the date of the business combination.

The value of the Kaba businesses was calculated based on the weighted average share price of Kaba on the SIX Swiss Stock Exchange during the last five trading days before closing the transaction, reduced by the value of retained net assets.

in CHF million	As at the acquisition date
Consideration at 1 September 2015	
Cash paid	0.6
Acquisition-related costs	6.9
Total cash outflow	**7.5**
Fair value of Kaba business transferred	1,158.8
Total consideration	**1,166.3**
Identifiable assets and liabilities	
Cash and cash equivalents	73.0
Trade receivables	205.1
Inventories	191.5
Current income tax assets	40.0
Other current assets	44.4
Property, plant and equipment	168.4
Intangible assets	12.4
Investments in associates	32.3
Non-current financial assets	21.8
Deferred income tax assets	49.5
Current borrowings	–3.3
Trade payables	–60.3
Current income tax liabilities	–42.9
Accrued and other current liabilities	–124.3
Provisions	–25.0
Non-current borrowings	–1.0
Accrued pension costs and benefits	–226.1
Deferred income tax liabilities	–4.6
Other non-interest bearing liabilities	–0.3
Total identifiable net assets	**350.6**
Minority interests on net assets	–166.5
Goodwill	982.2
Total consideration	**1,166.3**

As per 1 September 2015, goodwill was increased by a net CHF 1.1 million due to the revaluation of accrued pension costs and benefits (CHF –4.2 million, CHF –2.5 million net of tax) and property, plant and equipment (CHF 3.6 million).

5. Net sales

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Total net sales	**2,520.1**	**2,115.9**
Additional information for long-term contracts applying the percentage-of-completion method		
Amounts included in net sales based on the percentage-of-completion method	70.4	73.3
Cumulative progress invoices on contracts in progress	20.4	21.8
Construction contracts in progress (assets)	10.4	9.9
Billings in excess of cost of construction contracts (liabilities see note 19)	–1.3	–0.6
Accumulated contract costs including recognized profits (losses)	**29.5**	**31.1**
Advances for construction contracts (liabilities)	–5.4	–4.0
Retentions on construction contracts in progress (assets)	0.0	0.1

6. Other operating income, net

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Rent	0.8	0.7
Gain from the sale of fixed assets/business units	3.9	5.3
Re-invoiced cost	0.5	0.8
Licence income	0.1	0.7
Insurance reclaim	0.1	0.6
Other revenues	6.4	7.0
Other operating expense	–0.3	–0.3
Total other operating income (net)	**11.5**	**14.8**

7. Personnel expenses

in CHF million	Financial year ended 30.06.2017	in %	Financial year ended 30.06.2016	in %
Salaries and wages	758.4		639.1	
Social security expenses	145.7		120.8	
Share-based payments	6.7		4.9	
Pension cost (see note 21)	20.4		20.6	
Employment termination expenses	1.2		6.3	
Other benefits	0.9		0.9	
Total personnel expenses	**933.3**		**792.6**	
Employees at balance sheet date	**16,965**		**15,786**	
Average number of full-time equivalent employees	**16,250**		**15,779**	
Average number of employees per geographic region				
Switzerland	793	5	799	5
Germany	3,400	21	3,523	22
Rest of EMEA	3,366	21	3,457	22
Americas	3,292	20	2,813	18
Asia Pacific	5,399	33	5,187	33
Total	**16,250**	**100**	**15,779**	**100**

8. Financial expenses

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Interest expenses	17.3	9.7
Foreign exchange losses/(gains)	15.9	6.6
Other financial expenses	4.4	2.8
Total financial expenses	**37.6**	**19.1**

9. Financial income

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Interest income	1.8	1.5
Other financial income	1.3	2.4
Total financial income	**3.1**	**3.9**

10. Income taxes

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Profit before taxes	**295.2**	**159.5**
Weighted applicable tax rate	28.3%	28.0%
Tax calculated at applicable tax rate	**83.5**	**44.7**
Current income taxes	70.0	67.3
Deferred income taxes	0.6	–12.5
Income taxes	**70.6**	**54.8**
Difference between applicable and effective income taxes	**–12.9**	**10.1**
Impact of losses and tax loss carryforwards	–9.3	5.3
Tax-exempt income	–5.2	–4.8
Non-deductible expenses	7.2	7.1
Non-recoverable withholding tax expenses	2.3	0.2
Tax charges (credits) relating to prior periods, net	–2.2	0.8
Other	–5.7	1.5
Difference between expected and effective income taxes	**–12.9**	**10.1**
Income taxes charged to equity	0.5	–1.5

The weighted applicable tax rate is calculated using the expected income tax rates of the individual Group companies in each jurisdiction. These rates vary significantly. The change in the weighted applicable tax rate from prior year is mainly due to the different contributions of individual Group companies to the total Group profit.

The main difference between applicable and effective taxes in the period lies in the fact that dormakaba does not recognize deferred tax assets on tax loss carry-forwards regardless of the likelihood that such tax loss carry-forwards can be utilized in the future.

11. Trade receivables

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Accounts receivable from third parties	477.1	421.7
Accounts receivable from associates	0.3	0.1
Construction contracts in progress	10.4	9.9
Total trade receivables, gross	**487.8**	**431.7**
Allowance for doubtful accounts	–26.4	–28.0
Total trade receivables, net	**461.4**	**403.7**

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Maturity analysis of trade receivables	**Gross**	**Gross**
Not yet due	350.1	303.4
1–30 day(s) overdue	59.2	52.7
31–60 days overdue	20.2	18.0
61–90 days overdue	12.7	9.3
91–120 days overdue	6.1	6.1
121–150 days overdue	5.0	3.9
More than 150 days overdue	34.5	38.3
Total trade receivables, gross	**487.8**	**431.7**

The creditworthiness of not yet due and not impaired accounts receivable is considered good, based on the low losses in the past.

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Details of allowance for doubtful accounts		
Allowance at beginning of financial year	–28.0	–5.6
Additions	–11.0	–3.8
Releases	8.5	2.0
Usage	5.0	2.7
Acquisition of businesses	–1.5	–23.0
Translation exchange differences	0.6	–0.3
Allowance at end of financial year	**–26.4**	**–28.0**

Accounts receivable are individually impaired in case of clear evidence of insolvency or other indications that collectability is severely endangered. In addition, allowances are made systematically based on overdue ageing and past experience.

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

12. Inventories

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Raw materials and supplies	168.4	160.8
Semi-finished goods and work in progress	79.6	76.4
Finished goods	216.0	175.6
Prepayments to suppliers	3.6	2.3
Total inventories, gross	**467.6**	**415.1**
Allowance for obsolete and slow-moving items	–56.2	–51.1
Total inventories, net	**411.4**	**364.0**
Details allowance for obsolete and slow-moving items		
Allowance beginning of year	–51.1	–29.4
Additions	–10.9	–9.2
Acquisition of businesses	–5.4	–19.5
Releases	4.9	1.9
Usage	5.3	5.9
Translation exchange differences	1.0	–0.8
Allowance end of year	**–56.2**	**–51.1**

Allowances for inventories are made in cases of incongruity between inventory levels and expected consumption on an item-by-item basis. These allowances are released if and as soon as the requested consumption is reached.

13. Other current assets

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Prepaid expenses	18.8	15.0
Retentions	2.1	1.3
Sales, withholding and other recoverable taxes	36.0	26.3
Fair value of forward contracts (see note 26)	23.4	2.6
Other receivables and miscellaneous	2.2	2.2
Total other current assets	**82.5**	**47.4**

14. Property, plant and equipment/Intangible assets

in CHF million	Land and buildings	Plant, machinery and equipment	Furniture and fixtures	Prepayments	Total property, plant and equipment	Intangible assets
Cost						
30 June 2015	154.6	192.0	77.8	7.6	432.0	54.1
Additions	3.5	14.5	15.7	13.4	47.1	14.7
Disposals	–2.5	–14.2	–11.9	–0.5	–29.1	–6.5
Reclassifications	2.0	9.8	1.7	–13.5	0.0	0.0
Acquisition of businesses	97.0	33.4	30.1	7.9	168.4	12.4
Translation exchange differences	5.7	5.8	2.6	0.3	14.4	1.8
30 June 2016	**260.3**	**241.3**	**116.0**	**15.2**	**632.8**	**76.5**
Accumulated depreciation						
30 June 2015	75.2	143.1	58.8	0.0	277.0	28.1
Additions[1]	6.8	21.1	14.6	0.0	42.5	15.9
Disposals	–1.2	–13.6	–9.4	0.0	–24.2	–6.5
Reclassifications	0.4	0.2	–0.6	0.0	0.0	0.0
Translation exchange differences	1.2	4.2	2.1	0.0	7.5	1.3
30 June 2016	**82.4**	**155.0**	**65.5**	**0.0**	**302.8**	**38.8**
Net book value as of						
30 June 2015 net	79.4	48.9	19.0	7.6	155.0	26.0
30 June 2016 net	177.9	86.3	50.5	15.2	330.0	37.7
Net carrying amount of assets under finance leases as of						
30 June 2015 net			0.3		0.3	
30 June 2016 net			1.3		1.3	
Cost						
30 June 2016	260.3	241.3	116.0	15.2	632.8	76.5
Additions	14.3	14.1	18.1	26.9	73.3	11.4
Disposals	–4.2	–9.2	–8.2	–0.5	–22.3	–1.6
Reclassifications	11.6	4.8	–2.8	–13.8	0.0	0.0
Acquisition of businesses	36.2	25.8	9.1	2.3	73.4	0.1
Translation exchange differences	–4.1	–5.6	–1.4	–0.7	–11.7	–0.8
30 June 2017	**314.1**	**271.2**	**130.8**	**29.4**	**745.5**	**85.6**
Accumulated depreciation						
30 June 2016	82.4	155.0	65.5	0.0	302.8	38.8
Additions	8.5	22.9	18.2	0.0	49.7	10.7
Disposals	–0.9	–8.5	–6.4	0.0	–15.3	–2.1
Reclassifications	–0.1	0.8	–0.2	0.0	0.0	0.0
Translation exchange differences	–0.6	–3.2	–0.7	0.0	–4.5	–0.2
30 June 2017	**89.3**	**167.0**	**76.4**	**0.0**	**332.7**	**47.2**
Net book value as of						
30 June 2016 net	177.9	86.3	50.5	15.2	330.0	37.7
30 June 2017 net	224.8	104.2	54.4	29.4	412.8	38.4
Net carrying amount of assets under finance leases as of						
30 June 2016 net			1.3		1.3	
30 June 2017 net		0.2	1.8		2.0	

1) Additions include impairments of intangible assets CHF 8.1 million and impairment of property, plant and equipment CHF 0.6 million.

Intangible assets: additions to cost include CHF 1.4 million (2015/16 CHF 7.7 million) invested in research and development projects.

15. Theoretical movement of goodwill

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Cost		
Opening	1,153.2	175.0
Additions from acquisitions	657.0	982.2
Adjustments (earn-out, others)	−2.2	0.0
Translation exchange differences	−37.7	−4.0
Closing	**1,770.3**	**1,153.2**
Accumulated amortization		
Opening	255.2	59.8
Additions	270.6	196.3
Translation exchange differences	−4.9	−0.9
Closing	**520.9**	**255.2**
Theoretical book values, net		
Opening	898.0	115.2
Closing	1,249.4	898.0

Effect on the income statement

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Operating profit (EBIT)	327.0	261.6
EBIT in % of net sales	13.0	12.3
Amortization goodwill	−270.6	−196.3
Theoretical operating profit (EBIT) incl. amortization goodwill	56.4	65.3
Theoretical EBIT in % of net sales	2.2	3.1
Net profit	224.6	104.7
Amortization goodwill	−270.6	−196.3
Theoretical net loss/profit incl. amortization goodwill	−46.0	−91.6

Effect on the balance sheet

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Equity according to balance sheet	183.1	680.5
Theoretical capitalization net book value goodwill	1,249.4	898.0
Theoretical equity incl. net book value goodwill	1,432.5	1,578.5
Equity in % of balance sheet total	9.6	43.2
Theoretical equity incl. net book value goodwill in % of balance sheet total	45.4	63.7

As described in note 2.10, goodwill resulting from acquisitions is offset in equity at the date of acquisition against retained earnings. These tables show the impact on equity and net profit based on the assumption that this goodwill had been capitalized and amortized over a period of five years.

16. Investments in associates and joint ventures

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Associates		
Beginning of year	**33.9**	**0.0**
Acquisition of Dorma associate ISEO Serrature S.p.A.	0.0	32.3
Acquisition of investments in associates	1.0	0.0
Dividends received	–1.8	–1.1
Share of profit/(loss)	2.7	2.5
Translation exchange differences	0.2	0.3
Total investments in associates	**36.0**	**33.9**
Details of material investments in associates		
Entity name		
ISEO Serrature S.p.A., Pisogne/IT		
Assets	183.7	171.4
Liabilities	114.8	111.9
Revenues	158.2	142.7
Profit/(Loss)	6.6	6.1
Interest held in %	40.0	40.0
Goodwill included in investments in associates	11.0	11.0

17. Non-current financial assets

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Non-current financial assets		
Loans	4.0	0.1
Pension-related assets	22.8	22.7
Long-term prepaid expenses	7.6	8.6
Prepaid financing cost	0.0	0.0
Long-term held securities	3.5	5.1
Total non-current financial assets	**37.9**	**36.5**

18. Borrowings

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Current borrowings		
Bank overdrafts	10.6	9.1
Short-term bank loans	797.3	6.6
Current portion of debt	6.7	36.9
Total current borrowings	**814.6**	**52.6**

Bank overdrafts and short-term bank loans are repayable within one year and are subject to financial debt covenants. The short-term borrowings are fixed for a period of one to three months and the interest rates are based on LIBOR/EURIBOR. The carrying amounts of short-term financial borrowings approximate their fair value.

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Non-current borrowings		
Bank loans	0.2	0.1
Other long-term liabilities	0.0	0.2
Finance lease obligation	1.1	1.2
Total non-current borrowings	**1.3**	**1.5**

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
At year-end, maturities of debt were as follows:		
Within 1 year	6.7	36.9
Within 2 to 5 years	1.3	1.5
After 5 years	0.0	0.0
Total debt	**8.0**	**38.4**
Current portion of debt	6.7	36.9
Total long-term debt	**1.3**	**1.5**

19. Accrued and other current liabilities

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Advances from customers	27.9	23.7
Billings in excess of cost of construction contracts	1.3	0.6
Deferred income	44.1	40.1
Sales, withholding and other tax payable	49.1	36.5
Social security payable	10.2	9.1
Payable to pension fund	0.9	0.8
Accruals for vacation, overtime and other employee benefits	102.5	93.6
Accrued interest	0.6	0.1
Fair value of forward contracts (see note 26)	0.8	5.4
Other accruals and current non-interest-bearing liabilities	91.0	80.3
Total accrued and other current liabilities	**328.4**	**290.2**

20. Provisions

in CHF million	Warranty and customer returns	Restructuring	Other	Total
Financial year ended 30.06.2016				
Opening balance as at 01.07.2015	**6.5**	**0.5**	**2.6**	**9.6**
Additions	7.8	81.3	0.6	89.7
Releases	–0.5	–0.4	–1.7	–2.6
Usage	–6.3	–25.3	–2.1	–33.7
Acquisition of businesses	7.1	1.4	16.5	25.0
Translation exchange differences	0.3	0.1	0.2	0.6
Balance at 30.06.2016	**14.9**	**57.6**	**16.1**	**88.6**
Thereof due within 1 year	14.9	57.6	16.1	88.6
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	**14.9**	**57.6**	**16.1**	**88.6**
Financial year ended 30.06.2017				
Opening balance as at 01.07.2016	**14.9**	**57.6**	**16.1**	**88.6**
Additions	7.6	–0.2	10.5	17.9
Releases	–0.2	0.0	–0.4	–0.6
Usage	–8.2	–19.5	–6.4	–34.1
Acquisition of businesses	5.2	0.0	0.6	5.8
Translation exchange differences	–0.3	–0.2	–0.2	–0.7
Balance at 30.06.2017	**19.0**	**37.7**	**20.2**	**76.9**
Thereof due within 1 year	19.0	37.7	20.2	76.9
Thereof due 2 to 5 years	0.0	0.0	0.0	0.0
Total	**19.0**	**37.7**	**20.2**	**76.9**

Warranty and customer return provisions

In certain markets there are lock models installed for which dormakaba developed upgrades. dormakaba committed to offer the upgrades at no cost to its customers and as a result a provision amounting to CHF 15.1 million was recognized as per 30 June 2011. Due to customers making use of dormakaba's offer, the provision has been reduced to CHF 1.5 million as per 30 June 2017, representing expected cash outflows in 2017/18 related to this initiative.

Restructuring provisions

Restructuring provisions include expected future cash outflows related to restructuring plans that the Group has started to implement or announced. Restructuring plans mainly focus on optimizing administrative and manufacturing processes.

The major part of these restructuring provisions is due to post-merger integration projects following the merger between Kaba and Dorma as per 1 September 2015 which have been approved by the Board. These provisions mainly include severance cost, early termination cost, and restructuring-related advisory cost (as per accounting policy 2.23).

Other provisions

Other provisions include mainly environmental risks, litigation and sales agents' indemnities.

21. Employee benefit liabilities

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016					Financial year ended 30.06.2017	Financial year ended 30.06.2016
	Economic part of the Corporation	Economic part of the Corporation	Acquisition of Businesses Economical part of the Corporation	Translation differences	Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Pension institutions with surplus						7.5	7.5	7.5
Pension institutions with deficit								
Pension institutions w/o surplus/deficit						9.9	9.9	9.1
Pension institutions without own assets	264.9	256.8	9.3	0.6	–1.8	4.8	3.0	4.0
Other long-term employee benefits	20.2	18.2						
Total	**285.1**	**275.0**	**9.3**	**0.6**	**–1.8**	**22.2**	**20.4**	**20.6**

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Contributions to pension institutions from Group entities	17.4	16.6
Contributions to pension institutions from employer contribution reserves (ECR)	0.0	0.0
Total contributions	17.4	16.6
+/- Changes ECR from asset development, value adjustments, etc.	0.0	0.0
Contributions and changes employer contribution reserves	**17.4**	**16.6**
Increase/decrease economical benefit group from surplus	0.0	0.0
Decrease/increase economical obligation group from deficit	0.0	0.0
Decrease/increase economical obligation group from pension institutions without own assets	3.0	4.0
Total changes economical effects from surplus/deficit	3.0	4.0
Pension benefit expenses within personnel expenses in the period under review	**20.4**	**20.6**

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

22. Lease commitments

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Operating leases		
Expenses for operating leases amounted to	36.3	33.4
Future minimum lease payments resulting from non-cancellable operating lease contracts are due as follows:		
Liabilities under leases up to 1 year	33.8	36.6
Liabilities under leases 2 to 5 years	64.9	43.6
Liabilities under leases over 5 years	22.1	17.2
Total future payment commitments for operating leases	**120.8**	**97.4**

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

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Finance leases		
Expenses for finance leases amounted to	2.0	1.3
Future minimum lease payments resulting from non-cancellable finance lease contracts are due as follows:		
Liabilities under leases up to 1 year	0.9	0.5
Liabilities under leases 2 to 5 years	1.1	0.7
Liabilities under leases over 5 years	0.0	0.0
Total finance lease obligation including current portion (net present value)	2.0	1.3
Less current portion	0.9	0.5
Long-term finance lease obligation	**1.1**	**0.8**

23. Deferred income taxes

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Expiration of tax loss carry-forwards not recognized as deferred tax assets		
Expiry in 1 year	3.4	5.9
Expiry in 2 to 5 years	16.1	10.4
Expiry after 5 years	3.3	2.7
No expiry	154.9	170.0
Balance of tax loss carry-forwards at end of financial year	**177.7**	**188.9**

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Balance sheet presentation of deferred income taxes		
Deferred income tax assets	204.2	71.5
Deferred income tax liabilities	29.1	22.9
Total deferred income taxes, net	**175.1**	**48.6**

Deferred tax assets are only recognized to the extent that it is probable that future taxable profit will be available against which the asset can be utilized.

The increase in deferred tax assets is related to the acquisitions of Best Access Solutions and Mesker Openings Group described in note 4. It reflects future tax benefits from the amortization of goodwill.

24. Capital management

Management of capital is governed by the following objectives:

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

Continuous monitoring and reporting of key financial figures and key performance indicators to the management ensure that appropriate action is taken as soon as required.

The syndicated credit facility of CHF 500 million, established in March 2016 for a five-year period was temporarily increased to CHF 1,150 million until 31 December 2017. The options for prolongation of two additional years and increase of up to CHF 200 million are suspended as a result of the temporary increase. The options will be reactivated after the refinancing through different financial instruments.

The only financial covenant is the net debt ratio (calculated as the ratio of net debt to EBITDA). As of 30 June 2017 dormakaba complied with this financial covenant.

The corresponding key figures as at 30 June 2017 and 30 June 2016 respectively are shown below:

in CHF million, except where indicated	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Gearing		
Earnings before interest, taxes, depreciation and amortization (EBITDA)	387.3	311.4
Net debt	627.6	–159.1
Net debt/EBITDA (Gearing)	1.6	–0.5

A portion of profits generated is paid out to the owners as dividends, taking into account the current financing needs and compliance with legal requirements.

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

The Group is not subject to externally imposed capital restrictions.

25. Commitments and contingencies

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Current endorsement liabilities	3.0	2.7
Investments committed to purchase from third parties:		
Property, plant and equipment	27.9	9.8
Intangible assets	0.5	0.0

26. Derivative financial instruments

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
The following forward contracts existed for hedging purposes on the balance sheet date:		
Currencies		
– Contract value	1,195.3	515.1
– Fair value – held-for-trading, net	22.6	–2.8

The increase in forward contract value mainly relates to hedges of exposures from intercompany loans, which were established to finance acquisitions disclosed in note 4.

27. Segment reporting

in CHF million	Access Solutions AMER Financial year ended 30.06.2017	Access Solutions AMER Financial year ended 30.06.2016 1)	Access Solutions APAC Financial year ended 30.06.2017	Access Solutions APAC Financial year ended 30.06.2016 1)	Access Solutions DACH Financial year ended 30.06.2017	Access Solutions DACH Financial year ended 30.06.2016 1)
Net sales third parties	656.2	446.8	412.7	320.1	496.4	467.4
Intercompany sales	28.8	31.2	22.4	18.0	304.6	245.1
Total sales	**685.0**	**478.0**	**435.1**	**338.1**	**801.0**	**712.4**
Operating profit (EBIT)	**134.4**	**98.8**	**47.0**	**26.1**	**132.7**	**113.0**
in % of sales	19.6%	20.7%	10.8%	7.7%	16.6%	15.8%
Depreciation and amortization	9.6	5.7	6.8	4.0	16.9	13.7
Operating profit before depreciation and amortization (EBITDA)	**144.0**	**104.6**	**53.8**	**30.1**	**149.5**	**126.6**
in % of sales	21.0%	21.9%	12.4%	8.9%	18.7%	17.8%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Operating assets	341.6	274.2	227.0	180.4	312.4	299.4
Operating liabilities	–119.6	–80.0	–92.5	–60.5	–362.6	–355.8
Net operating assets	221.9	194.2	134.6	119.9	–50.1	–56.4
Capital expenditure	11.7	7.6	10.8	6.4	27.8	14.8

in CHF million	Key Systems Financial year ended 30.06.2017	Key Systems Financial year ended 30.06.2016 1)	Movable Walls Financial year ended 30.06.2017	Movable Walls Financial year ended 30.06.2016 1)	Other Financial year ended 30.06.2017	Other Financial year ended 30.06.2016 1)
Net sales third parties	214.4	205.3	107.0	87.1	13.6	13.1
Intercompany sales	2.8	3.2	7.6	8.5	3.2	1.7
Total sales	**217.2**	**208.5**	**114.6**	**95.6**	**16.8**	**14.8**
Operating profit (EBIT)	**31.9**	**30.1**	**8.0**	**9.9**	**0.1**	**–1.0**
in % of sales	14.7%	14.4%	7.0%	10.4%	0.4%	–6.8%
Depreciation and amortization	5.8	5.2	1.8	1.1	0.2	0.2
Operating profit before depreciation and amortization (EBITDA)	**37.6**	**35.3**	**9.8**	**11.0**	**0.3**	**–0.8**
in % of sales	17.3%	16.9%	8.6%	11.5%	1.5%	–5.8%
Result from associates						
Financial expenses						
Financial income						
Ordinary result						
Extraordinary result						
Profit before taxes						
Operating assets	131.7	129.1	41.3	40.5	14.9	17.5
Operating liabilities	–47.6	–43.8	–26.5	–25.1	–3.1	–2.6
Net operating assets	84.1	85.3	14.7	15.3	11.8	14.9
Capital expenditure	7.9	8.3	0.7	1.2	0.3	6.4

1) In order to enable a fair comparison with current-year data, certain expenses and intercompany transactions have been reclassified within the segments.

Access Solutions EMEA		Eliminations		Access Solutions TOTAL		
Financial year ended 30.06.2017	Financial year ended 30.06.2016[1]	Financial year ended 30.06.2017	Financial year ended 30.06.2016[1]	Financial year ended 30.06.2017	Financial year ended 30.06.2016[1]	in CHF million
619.8	576.2	0.0	0.0	2,185.1	1,810.5	Net sales third parties
113.1	110.1	–460.1	–399.6	8.8	4.7	Intercompany sales
732.9	**686.3**	**–460.1**	**–399.6**	**2,193.9**	**1,815.2**	**Total sales**
35.9	**32.9**	**0.7**	**0.0**	**350.7**	**270.7**	**Operating profit (EBIT)**
4.9%	4.8%	–0.2%	0.0%	16.0%	14.8%	in % of sales
13.6	15.5	0.0	0.0	46.8	39.0	Depreciation and amortization
49.4	**48.4**	**0.7**	**0.0**	**397.5**	**309.6**	**Operating profit before depreciation and amortization (EBITDA)**
6.7%	7.1%	–0.2%	0.0%	18.1%	17.1%	in % of sales
						Result from associates
						Financial expenses
						Financial income
						Ordinary result
						Extraordinary result
						Profit before taxes
315.0	346.9	–15.4	–14.5	1,180.7	1,086.3	Operating assets
–137.1	–140.8	0.1	0.5	–711.7	–636.6	Operating liabilities
177.9	206.0	–15.3	–14.0	469.0	449.7	Net operating assets
10.5	14.2	0.0	0.0	60.7	43.0	Capital expenditure

Corporate		Eliminations		Group		
Financial year ended 30.06.2017	Financial year ended 30.06.2016[1]	Financial year ended 30.06.2017	Financial year ended 30.06.2016	Financial year ended 30.06.2017	Financial year ended 30.06.2016	in CHF million
0.0	0.0	0.0	–0.1	2,520.1	2,115.9	Net sales third parties
0.0	0.0	–22.4	–18.1	0.0	0.0	Intercompany sales
0.0	**0.0**	**–22.4**	**–18.2**	**2,520.1**	**2,115.9**	**Total sales**
–63.7	**–48.1**	**0.0**	**0.0**	**327.0**	**261.6**	**Operating profit (EBIT)**
0.0%	0.0%	0.0%	0.0%	13.0%	12.3%	in % of sales
5.8	4.3	0.0	0.0	60.3	49.8	Depreciation and amortization
–57.9	**–43.7**	**0.0**	**0.0**	**387.3**	**311.4**	**Operating profit before depreciation and amortization (EBITDA)**
0.0%	0.0%	0.0%	0.0%	15.4%	14.7%	in % of sales
				2.7	2.5	Result from associates
				–37.6	–19.1	Financial expenses
				3.1	3.9	Financial income
				295.2	**248.9**	**Ordinary result**
				-	–89.4	Extraordinary result
				295.2	**159.5**	**Profit before taxes**
42.8	–64.0	0.0	0.0	1,411.2	1,209.4	Operating assets
–52.0	–59.9	0.0	0.0	–840.9	–768.1	Operating liabilities
–9.3	–123.8	0.0	0.0	570.4	441.4	Net operating assets
15.1	2.9	0.0	0.0	84.7	61.8	Capital expenditure

Reconciliation of assets and liabilities

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Segment operating assets	**1,411.2**	**1,209.4**
Cash and cash equivalents	188.3	213.2
Current income tax assets	36.1	41.4
Other current assets	25.6	4.9
Investments in associates	36.0	33.9
Non-current financial assets	7.6	5.0
Deferred income tax assets	204.2	71.5
Total assets	**1,909.0**	**1,579.3**
Segment operating liabilities	**–840.9**	**–768.2**
Current borrowings	–814.6	–52.6
Current income tax liabilities	–38.7	–47.9
Accrued and other current liabilities	–1.3	–5.7
Non-current borrowings	–1.3	–1.5
Deferred income tax liabilities	–29.1	–22.9
Total liabilities	**–1,725.9**	**–898.8**

28. Segment reporting – key figures by region

in CHF million	Net sales to third parties	in %	Non-current assets	in %	Capital expenditure	in %
Prior financial year ended 30.06.2016						
Switzerland	155.8	7	64.7	12	11.4	18
Germany	300.1	14	210.0	42	11.5	19
Rest of EMEA	728.4	35	72.6	14	15.7	25
Americas	583.0	28	99.4	20	11.7	19
Asia Pacific	348.6	16	62.8	12	11.5	19
Total	**2,115.9**	**100**	**509.6**	**100**	**61.8**	**100**
Financial year ended 30.06.2017						
Switzerland	167.2	7	209.8	28	17.0	20
Germany	324.0	13	210.5	30	15.7	18
Rest of EMEA	775.7	30	66.4	9	8.9	11
Americas	830.0	33	137.5	19	16.1	19
Asia Pacific	423.2	17	105.1	14	27.0	32
Total	**2,520.1**	**100**	**729.3**	**100**	**84.7**	**100**

29. Stock award plans

In 2012 the Executive Stock Award Plan "ESAP Plus" was introduced. Under the plan, participants were nominated each year by the Compensation Committee for an allocation of shares free of charge. ("Award Share[s]") that are automatically subject to a three-year blocking period ("Blocking Period"). Provided that at the expiry of the Blocking Period (i) the participant is still under a contract of employment with a dormakaba Group company and (ii) no notice of termination has been given by either the employer or employee, the participant shall receive free of charge additional shares ("Matching Shares") in the proportion of one additional share for every two Award Shares. The value of the Award Share corresponds to the closing price of the dormakaba Holding AG share at the SIX Swiss Exchange on the business day before the date of the allocation.

In 2013, the Executive Stock Award Plan "ESAP Plus 3" was introduced for new participants. ESAP Plus 3 has the same design as ESAP Plus except that under ESAP Plus, existing ESAP 1 participants were entitled to choose between an allocation under ESAP 1 or under ESAP Plus.

Under ESAP Plus 3, this choice is no longer available. ESAP 1 and ESAP Plus were discontinued from 2014/15 financial year onwards.

In 2015, the Executive Stock Award Plan "ESAP 5" was introduced. Under ESAP 5, participants, nominated each year by the Compensation Committee, are granted Award Shares and Performance Share Units that are subject to a three-year vesting period ("Vesting Period") conditional upon (i) the continuous employment of the participant with a dormakaba Group company at the end of the Vesting Period and (ii) the fulfilment of the Earnings per Share ("EPS") performance condition during the Vesting Period, as determined in the ESAP 5 plan rules.

At the vesting date, Performance Share Units are converted into shares ("Matching Shares") based on a payout percentage of between 0% and 200% (0 to 2 Matching Shares for each Performance Share Unit based on the achieved EPS performance).

On 22 September 2014, a total of 3,285 shares were allocated under ESAP Plus 3 (out of treasury shares) with an award value of CHF 440.50 each.

On 21 September 2015, a total of 4,088 Award Shares were allocated under ESAP 5 (out of treasury shares) with an award value of CHF 653.00 each.

On 21 November 2015, a total of 840 Matching Shares were allocated under ESAP Plus with an award value of CHF 664.00 each.

On 21 September 2016, a total of 5,224 Award Shares under ESAP 5 and a total of 1,426 Matching Shares (of which 1,120 under ESAP Plus and 306 under ESAP Plus 3) were allocated (1,650 out of treasury shares and 5,000 out of conditional capital) with an award value of CHF 738.00 each.

The impact on dormakaba's 2016/17 income statement amounts to CHF 3,855,312 for the Award Shares and CHF 989,530 for the Matching Shares (2015/16: CHF 2,669,464 for Award Shares and CHF 557,760 for the Matching Shares).

CHF 6,438.40 (divided into 64,384 registered shares with a par value of CHF 0.10) of conditional capital is reserved for stock award plans.

30. Related parties

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Transactions with associates		
Sales of goods and services		
Associates	0.6	0.6
Purchase of goods and services		
Associates	2.2	1.9
Accounts receivable		
Associates	0.3	0.1
Accounts payable		
Associates	0.3	0.1

31. Events after the reporting period

On 14 July 2017 dormakaba has acquired Canadian Skyfold Investment Inc. The company, which is based in Montreal, is a provider of automated vertical folding wall systems with a strong presence in the North American market.

dormakaba has also acquired the Australian company Kilargo Pty Ltd as per 17 July 2017. Kilargo, which is based in Brisbane, complements dormakaba's integrated portfolio of products, solutions and services for access to buildings and rooms from a single source in the Pacific region.

With effect as of 10 July 2017 the business of DORMA Beschlagtechnik GmbH was sold to Flacks Group, Miami (Florida/USA).

32. Release of consolidated financial statements for publication

These consolidated financial statements have been approved for issue by the Board of Directors on 6 September 2017 and will be presented for approval by the General Meeting of Shareholders of 17 October 2017.

Legal structure of the dormakaba Group as at 30 June 2017

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
dormakaba Holding AG, Rümlang/CH	CHF	420,002.60		Public Quoted Company
dormakaba Holding GmbH + Co. KGaA, Ennepetal/DE	EUR	27,642,105.00	52.5	dormakaba Holding AG
			47.5	Familie Mankel Industriebeteiligung GmbH + Co. KGaA
dormakaba Beteiligungs GmbH, Ennepetal/DE	EUR	1,000,000.00	52.5	dormakaba Holding AG

All of the following companies are directly or indirectly held by dormakaba Holding GmbH + Co. KGaA. Voting rights listed for these companies are the voting rights of this subholding. dormakaba Shareholders ultimately benefit with 52.5% from the cash flows generated by these entities.

dormakaba International Holding AG, Rümlang/CH	CHF	101,000.00	100	dormakaba Holding GmbH + Co. KGaA

ADUK Products Ltd., Haslemere/UK	GBP	53.73	100	Kaba Holding (UK) Ltd.
Advanced Diagnostics Ltd., Haslemere/UK	GBP	100.00	100	ADUK Products Ltd.
Aluminium Services Inc., Scituate/US	USD	30,000.00	100	DORMA USA Inc.
ATM-Türautomatik GmbH, Gleisdorf/AT	EUR	35,000.00	100	dormakaba Austria GmbH
Bellwether Capital Ptv. Ltd., Singapore/SGP	USD	85,828,000.00	100	dormakaba Singapore Pte. Ltd.
Best Access Solutions Inc., Delaware/US	USD	10.00	100	Kaba U.S. Holding Ltd.
Computerized Security Systems Inc., Madison Heights/US	USD	50,000.00	100	Kaba Corporation
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXP	202,059,403.00	100	Kaba Ilco Inc.
Design Hardware, LLC, Delaware/US		N/A	100	MDDH Holdings, LLC
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Arabia Automatic Doors Company Ltd., Dammam/SA	SAR	4,000,000.00	95	DORMA Vertrieb-International GmbH
			5	DORMA Produktion International GmbH
DORMA Beschlagtechnik GmbH, Velbert/DE	EUR	5,120,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Colombia S.A.S., Bogota/CO	COP	950,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Door Controls Ltd., Mississauga/CA	CAD	10.00	100	dormakaba International Holding AG
DORMA Door Controls Pty. Ltd., Hallam/AU	AUD	910,700.00	100	DORMA Vertrieb-International GmbH
DORMA Door Systems d.o.o. Beograd, Beograd/RS	RSD	4,474,250.00	100	DORMA Vertrieb-International GmbH
DORMA Finance B.V., Dodewaard/NL	EUR	100,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Ghana Limited, Accra/GH	GHS	1,850,000.00	100	DORMA Vertrieb-International GmbH
DORMA Gulf Door Controls FZE, Dubai/AE	USD	9,524,934.10	100	DORMA Vertrieb-International GmbH
DORMA HUEPPE Pty. Ltd., Canberra/AU	AUD	374,406.72	100	DORMA Door Controls Pty. Ltd.
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Raumtrennsysteme GmbH + Co. KG, Westerstede-Ocholt/DE	EUR	48,300,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Hüppe S.A., Marquain-lez-Tournai/BE	EUR	3,300,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA Hüppe Schweiz AG, St. Gallen/CH	CHF	100,000.00	100	DORMA Hüppe Raumtrennsysteme GmbH + Co. KG
DORMA India Private Ltd., Chennai/IN	INR	808,197,260.00	100	DORMA Vertrieb-International GmbH
DORMA Ireland Ltd., Dublin/IE	EUR	1,500,002.54	100	DORMA Vertrieb-International GmbH
DORMA Kuwait for Ready Doors and Windows WLL, Kuwait/KW	KWD	10,000.00	100	DORMA Vertrieb-International GmbH
DORMA Middle East (LLC), Dubai/AE	AED	7,700,000.00	100	DORMA Vertrieb-International GmbH
DORMA Movable Wall Verwaltungs-GmbH, Hagen/DE	EUR	25,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA NZ Ltd., Auckland/NZ	NZD	384,000.00	100	dormakaba Nederland B.V.
DORMA Philippines Corp., Makati City/PH	PHP	18,000,000.00	100	DORMA Vertrieb-International GmbH
DORMA Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SGP	EUR	2,560,000.00	100	dormakaba Deutschland GmbH
DORMA Production GmbH, Ennepetal/DE	EUR	50,000.00	100	dormakaba Deutschland GmbH
DORMA Produktion International GmbH, Ennepetal/DE	EUR	60,000.00	100	dormakaba Deutschland GmbH
DORMA Sistemas de Controles Para Portas LTDA., Sao Paulo/BR	BRL	35,160,684.00	100	dormakaba International Holding AG
DORMA Time + Access GmbH, Bonn/DE	EUR	500,000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA UK Ltd., Hitchin/GB	GBP	250,000.00	100	dormakaba Nederland B.V.
DORMA Ukraine LLC, Kiev/UA	EUR	100,000.00	99	DORMA Vertrieb International GmbH
			1	dormakaba Deutschland GmbH

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
DORMA Uruguay S.A, Montevideo/UY	**UYU**	10,800.00	100	DORMA Vertrieb-International GmbH
DORMA USA Inc., Delaware/US	**USD**	1,000.00	100	Kaba U.S. Holding Ltd.
DORMA Vertrieb-International Gesellschaft mit beschränkter Haftung, Ennepetal/DE	**EUR**	110,000.00	100	dormakaba Deutschland GmbH
DORMA-Glas GmbH, Bad Salzuflen/DE	**EUR**	520,000.00	100	DORMA Beschlagtechnik GmbH
dormakaba (Thailand) Ltd., Bangkok/TH	**THB**	13,490,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Access Indonesia, PT, Jakarta/IN	**IDR**	1,136,300,000.00	90	DORMA Vertrieb-International GmbH
			10	DORMA Produktion International GmbH
dormakaba Access Solutions LLC, Doha/QA	**QAR**	200,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Australia Pty. Ltd., Hallam/AU	**AUD**	10,702.00	100	DORMA Door Controls Pty. Ltd.
dormakaba Austria GmbH, Herzogenburg/AT	**EUR**	1,460,000.00	100	dormakaba International Holding AG
dormakaba Belgium N.V., Bruges/BE	**EUR**	2,416,273.79	100	dormakaba International Holding AG
dormakaba Bulgaria Ltd., Sofia/BG	**EUR**	1,314,147.96	100	DORMA Vertrieb-International GmbH
dormakaba Cesko s.r.o., Praha/CZ	**CZK**	100,000.00	100	DORMA Vertrieb-International GmbH
dormakaba China Ltd, Suzhou/CN	**CNY**	127,759,074.00	100	DORMA Vertrieb-International GmbH
dormakaba Danmark A/S, Rodovre/DK	**DKK**	696,000.00	100	dormakaba International Holding AG
dormakaba Deutschland GmbH, Ennepetal/DE	**EUR**	126,780,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba EAD GmbH, Heiligenhaus/DE	**EUR**	819,100.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba España S.A.U., Madrid/ES	**EUR**	600,000.00	100	dormakaba International Holding AG
dormakaba Eurasia LLC, Moscow/RU	**RUB**	213,000,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Finance AG, Rümlang/CH	**CHF**	100,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Finance GmbH, Ennepetal/DE	**EUR**	25,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba France S.A.S., Certeil/FR	**EUR**	5,617,200.00	100	dormakaba International Holding AG
dormakaba Hong Kong Limited, Hong Kong/CN	**HKD**	100,000.00	100	dormakaba Nederland B.V.
dormakaba Hrvatska d.o.o., Zagreb/HR	**HRK**	5,650,000.00	100	DORMA Vertrieb-International GmbH
dormakaba International Holding GmbH, Ennepetal/DE	**EUR**	1,000,000.00	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Italia Srl., Milano/IT	**EUR**	260,000.00	100	dormakaba Schweiz AG
dormakaba Japan Co. Ltd., Yokohama/JP	**JPY**	120,000,000.00	100	dormakaba Schweiz AG
dormakaba Kapi Ve Güvenlik Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	**TRY**	3,750,000.00	99	DORMA Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Kenya Limited, Nairobi/KE	**KES**	40,000,000.00	99	DORMA Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Korea Inc., Seongnam Ciy/KR	**KRW**	150,000,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Luxembourg S.A., Wecker/LU	**EUR**	15,191,560.72	100	dormakaba International Holding AG
dormakaba Magyarorszàg Zrt., Budapest/HU	**HUF**	251,000,000.00	100	dormakaba Luxembourg S.A.
dormakaba Malaysia SDN BHD, Kuala Lumpur/MY	**MYR**	200,000.00	100	dormakaba Nederland B.V.
dormakaba Management AG, Rümlang/CH	**CHF**	50,000.00	100	dormakaba International Holding AG
dormakaba México, S. de R.L. de C.V., Mexico City/MX	**MXN**	3,000.00	97	DORMA Vertrieb-International GmbH
			3	dormakaba Deutschland GmbH
dormakaba Morocco S.A.R.L., Casablanca/MA	**MAD**	2,000,000.00	100	DORMA Vertrieb-International GmbH
				dormakaba Deutschland GmbH
dormakaba Nederland B.V., Dodewaard/NL	**EUR**	11,662.00	100	DORMA Vertrieb-International GmbH
dormakaba Norge A/S, Oslo/NO	**NOK**	1,754,500.00	100	dormakaba International Holding AG
dormakaba Polska sp.z.o.o., Konstancin-Jeziorna/PL	**PLN**	14,255,500.00	100	dormakaba International Holding AG
dormakaba Portugal, Unipessoal Lda., Lisbon/PT	**EUR**	50,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Production Malaysia SDN. BHD., Melaka/MY	**MYR**	5,000,000.00	100	DORMA Vertrieb-International GmbH
dormakaba Romania S.R.L., Bucharest/RO	**RON**	4,705,845.65	100	DORMA Vertrieb-International GmbH
dormakaba Schweiz AG, Wetzikon/CH	**CHF**	6,800,000.00	100	dormakaba International Holding AG
dormakaba Singapore Pte, Singapore/SGP	**SGD**	500,000.00	100	DORMA Production GmbH + Co. KG
dormakaba Slovensko s.r.o, Bratislava/SK	**EUR**	6,639.00	100	DORMA Vertrieb-International GmbH
dormakaba South Africa (Pty.) Ltd., Southdale/ZA	**ZAR**	950.00	100	DORMA Vertrieb-International GmbH
dormakaba Suomi Oy, Vantaa/FI	**EUR**	67,275.17	100	DORMA Vertrieb-International GmbH
dormakaba Sverige AB, Västra Frölunda/SE	**SEK**	500,000.00	100	dormakaba Nederland B.V.
Dorset Kaba Security Systems Pvt. Ltd., New Delhi/IN	**INR**	59,630,770.00	74	dormakaba International Holding AG
DOR-TECH Automation Ltd., Burlington/CA	**CAD**	100.00	100	DORMA Door Controls Ltd.
Farpointe Data Inc., Sunnyvale/US	**USD**	1,701,734.88	100	DORMA USA Inc.

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
Fermetures GROOM S.A.S., Fougères/FR	**EUR**	1,500,000.00	100	dormakaba France S.A.S.
Forponto Informática S.A., São Paulo/BR	**BRL**	10,000.00	100	Task Sistemas de Computação S.A.
H. Cillekens & ZN BV, Roermond/NL	**EUR**	15,882.31	100	dormakaba Nederland B.V.
HMX, LLC, Phoenix/US		N/A	100	MDDH Holdings, LLC
ISEO Serrature S.p.A., Pisogne/IT	**EUR**	23,969,040.00	40	DORMA Vertrieb International GmbH
Jiangsu Tongfeng Hardware Co. Ltd., Shanghai/CN	**USD**	3,180,000.00	100	Bellwether Capital Ptv. Ltd.
Joint Prosperity Investment Private Ltd., Singapore/SGP	**USD**	1,050,000.00	100	Bellwether Capital Ptv. Ltd.
Kaba (China) Technologies Ltd., Shenzhen/CN	**CNY**	69,500,000.00	100	Kaba Ltd. (HK)
Kaba Corporation, Rocky Mount/US	**USD**	201,731,000.00	100	Kaba Finance Corp.
Kaba Delaware, LLC, Wilmington/US		N/A	100	dormakaba Schweiz AG
Kaba do Brasil Ltda., São Paulo/BR	**BRL**	22,514,978.00	100	dormakaba International Holding AG
Kaba Finance Corp., Wilmington/US	**USD**	1,400.00	100	Kaba U.S. Holding Ltd.
Kaba Gallenschütz GmbH, Bühl/DE	**EUR**	2,560,000.00	100	dormakaba Holding GmbH + Co. KGaA
Kaba Holding (UK) Ltd., London/GB	**GBP**	173,000.00	100	dormakaba International Holding AG
Kaba Holding AG, Rümlang/CH	**CHF**	100,000.00	100	dormakaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	**USD**	56,897,640.00	100	Kaba Corporation
Kaba Ilco Inc., Montreal/CA	**CAD**	1,000.00	100	dormakaba International Holding AG
Kaba Immobilien GmbH, Villingen-Schwenningen/DE	**EUR**	50,000.00	100	dormakaba Holding GmbH + Co. KGaA
Kaba Jaya Security Sdn. Bhd., Kuala Lumpur/MY	**MYR**	350,000.00	70	dormakaba Schweiz AG
			30	dormakaba International Holding AG
Kaba Ltd., Hong Kong/HK	**HKD**	560,250,000.00	100	dormakaba Schweiz AG
Kaba Ltd., Tiverton/GB	**GBP**	6,300,000.00	100	Kaba Holding (UK) Ltd.
Kaba Mas LLC, Lexington/US	**USD**	880,679.00	100	Kaba Corporation
Kaba New Zealand Ltd., Auckland/NZ	**NZD**	3,365,000.00	100	DORMA NZ Ltd.
Kaba U.S. Holding Ltd., Wilmington/US	**USD**	93,000,000.00	97	Kaba Delaware, LLC
			3	dormakaba Schweiz AG
Kaba Workforce Solutions, LLC, Wilmington/US	**USD**	19,712.76	100	Kaba U.S. Holding Ltd.
Keyscan Inc., Whitby/CA	**CAD**	533.00	100	Kaba Ilco Inc.
Lasservice Midt-Norge A/S, Drammen/NO	**NOK**	100,000.00	100	dormakaba Norge A/S
Legic Identsystems AG, Wetzikon/CH	**CHF**	500,000.00	100	dormakaba Schweiz AG
Mauer Thüringen GmbH, Bad Berka/DE	**EUR**	255,700.00	100	dormakaba EAD GmbH
MDDH Holdings, LLC, Delaware/US		N/A	100	Mesker Holdings, LLC
Mesker Door, LLC, Delaware/US		N/A	100	MDDH Holdings, LLC
Mesker Holdings, LLC, Delaware/US		N/A	85.66	DORMA USA Inc.
			14.34	PRT Blocker LLC
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	**INR**	107,510,000.00	65	dormakaba International Holding AG
			35	Minda Group
Modernfold Inc., Greenfield Indiana/US	**USD**	1.00	100	DORMA USA Inc.
Modernfold of Nevada LLC., Las Vegas/US	**USD**	1.00	100	Modernfold Inc.
Path Line (China) Ltd., Hong Kong/HK	**HKD**	113,900,000.00	100	Kaba Ltd. (HK)
provitris GmbH, Rietberg/DE	**EUR**	52,000.00	100	dormakaba Holding GmbH + Co. KGaA
PRT Blocker LLC, Pennsylvania/US		N/A	100	DORMA USA Inc.
Rafi Shapira & Sons Ltd., Rishon LeZion/IL	**ILS**	143.00	70	Rafi Shapira
			30	DORMA Vertrieb International GmbH
Rutherford Controls Int'l Corp., Virginia Beach/US	**USD**	54,300.00	100	DORMA USA Inc.
Rutherford Controls Int'l Inc., Cambridge/CA	**CAD**	1.00	100	dormakaba International Holding AG
Seca Solutions A/S, Stavanger/NO	**NOK**	3,000,000.00	100	dormakaba Norge A/S
Shanghai East Iron Hardware Co. Ltd., Shanghai/CN	**USD**	5,500,000.00	100	Bellwether Capital Ptv. Ltd.
Silca GmbH, Velbert/DE	**EUR**	358,000.00	100	dormakaba Holding GmbH + Co. KGaA
Silca Key Systems S.A., Barcelona/ES	**EUR**	162,296.90	100	dormakaba Luxembourg S.A.
Silca Ltd., Crawley/GB	**GBP**	411,050.00	100	Kaba Holding (UK) Ltd.
Silca S.A.S., Porcheville/FR	**EUR**	797,670.00	100	dormakaba France S.A.S.
Silca S.p.A., Vittorio Veneto/IT	**EUR**	10,000,000.00	97	dormakaba Luxembourg S.A.
			3	dormakaba Schweiz AG
Silca South America S.A., Tocancipa/CO	**COP**	4,973,013,775.00	64.42	dormakaba International Holding AG
			32.52	dormakaba Schweiz AG

List of substantial Group and associated companies		Share capital in local currency	Voting rights in %	Participation of...
Task Sistemas de Computação S.A., Rio de Janeiro/BR	**BRL**	26,438,731.00	100	dormakaba International Holding AG
Tung Lung Hardware Manufacturing Co. Ltd., Taiwan/TWN	**TWD**	665,000,000.00	100	dormakaba International Holding AG
Wah Mei (Toishan) Hardware Co., Ltd., Taishan/CN	**USD**	15,000,000.00	100	Path Line (China) Ltd.
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	**USD**	13,289,000.00	100	Kaba Ltd. (HK)
Wah Yuet Industrial Co. Ltd., Hong Kong/HK	**HKD**	1,000,000.00	100	Kaba Ltd. (HK)
Yantai DORMA Tri-Circle Lock Co. Ltd, Yantai City/Shandong/CN	**CNY**	10,000,000.00	60	DORMA Vertrieb-International GmbH
			40	Yantai Tri-Circle Intelligent Lock Co. Ltd.

Apart from dormakaba Holding AG in Rümlang, there are no companies in the dormakaba Group's scope of consolidation whose securities are listed on a stock exchange. The registered shares of dormakaba Holding AG are traded on the Swiss Reporting Standard board of the SIX Swiss Exchange (security no./ISIN: 1179595/CH 001179595 9; ISIN: 28214814/CH 028214814 4). As at 30 June 2017, the company's market capitalization was CHF 3,479.9 million.

Report of the statutory auditor to the General Meeting
of dormakaba Holding AG, Rümlang

Report on the audit of the consolidated financial statements

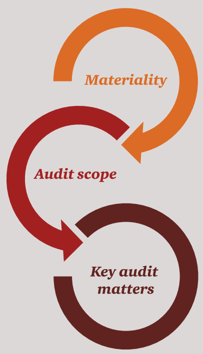
Opinion
We have audited the consolidated financial statements of dormakaba Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 30 June 2017 and the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity 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 7 to 43) give a true and fair view of the consolidated financial position of the Group as at 30 June 2017 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 14.75 million

We concluded full scope audit work at 55 reporting units in 21 countries. Our audit scope addressed over 66% of the Group's revenue and 71% of the Groups' assets.

In addition, specified procedures were performed for 3 reporting units in 2 countries addressing a further 9% of the Group's revenue and 5% of the Group's assets. Limited reviews were performed for 51 reporting units in 24 countries addressing a further 14% of the Group's revenue and 18% of the Group's assets.

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

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 divided into six business segments: Access Solutions AMER, Access Solutions APAC, Access Solutions DACH, Access Solutions EMEA, Key Systems and Movable Walls. 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 different PwC network firms operating under our instructions. The Group consolidation, financial statement disclosures, acquisition 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 included conference calls with component auditors, site visits to review their working papers and discuss their audit findings as well as to participate in meetings with the component's management.

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 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 14.75 million
How we determined it	5% of profit before tax
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 625,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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.

Acquisition accounting

Key audit matter

During the financial year, the Group made a number of acquisitions with the following two being the main acquisitions:

- on 22 February 2017, the Mechanical Security businesses from Stanley Black & Decker and
- on 12 December 2016 the Mesker Openings Group.

Accounting for business combinations and the allocation of the purchase price to assets and goodwill involves significant judgements and estimates, and has a significant impact on the current and future year financial statements.

Management determined that the fair value of the net identifiable assets acquired is CHF 253.6 million which includes an amount of CHF 135.1 million relating to deferred tax assets. In doing so, Management engaged external experts for the appraisal of property and plants and for the assessment of deferred tax assets. The Goodwill arising from the acquisitions amounts to CHF 650 million. In line with the dormakaba accounting policy the goodwill is fully offset against equity. The consequences of a theoretical recognition and subsequent amortization is disclosed in the notes to the consolidated financial statements.

Refer to page 19 – note 4 Business combinations and page 26 – note 15 Theoretical movement of goodwill.

How our audit addressed the key audit matter

To assess the appropriateness of the identifiable assets acquired and liabilities assumed at the acquisition date we assessed the procedures performed by management to identify the assets and liabilities and considered the clauses laid out in the Purchase Agreements. In particular, we performed the following audit procedures on the purchase price allocation prepared by management:

- We evaluated the professional competence and objectivity of Management's experts.
- We assessed the completeness of identifiable assets and liabilities against our expectations formed from discussions with Management, the review of the due diligence reports prepared during the acquisition and industry knowledge.
- We compared the valuation of land and buildings to appraisals prepared by management's experts in order to assess the appropriate valuation of these assets.
- We challenged management's assessment on the recognition of the deferred tax asset and management's assumptions in the business plan used for the valuation of deferred tax assets by comparing them to the past performance of the Group.
- We verified the accuracy of the calculations performed including mathematical correctness.
- We assessed whether the transaction was accounted for and disclosed in the consolidated financial statements in accordance with the provisions of Swiss GAAP FER 30.

Based on the procedures performed, the valuation of opening balance of the acquired business is supportable and the related disclosures are appropriate.

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 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, related safeguards.

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
Zurich, 6 September 2017

Beat Inauen
Audit expert
Auditor in charge

Reto Tognina
Audit expert

Financial statements Holding

Holding Company balance sheet

Assets

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Current assets		
Cash and cash equivalents	0.1	0.1
Receivables: third parties	0.0	0.0
Receivables: Group companies	0.0	0.0
Accruals	0.0	0.0
Total current assets	**0.1**	**0.1**
Non-current assets		
Investments	704.9	704.9
Loans to Group companies	170.1	184.2
Prepaid expenses	0.0	0.0
Total non-current assets	**875.0**	**889.1**
Total assets	**875.2**	**889.2**

Liabilities and equity

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Current liabilities		
Other current liabilities: third parties	0.6	1.0
Total current liabilities	**0.6**	**1.0**
Long-term provisions	**14.0**	**13.9**
Equity		
Share capital	0.4	0.4
Legal capital reserves		
– reserve from capital contribution	280.7	327.5
Legal reserves	261.0	261.0
Reserves for own shares	17.6	0.0
Treasury shares	–1.0	–2.8
Statutory-retained earnings		
– available earnings carried forward	270.6	288.7
Net profit/loss for the year	31.3	–0.5
Total equity	**860.6**	**874.3**
Total liabilities and equity	**875.2**	**889.2**

Holding Company income statement

in CHF million	Financial year ended 30.06.2017	Financial year ended 30.06.2016
Operating revenues		
Income from investments		
– Dividend income	32.8	0.0
– Other income from investments	0.0	0.0
– Income from services provided	0.0	0.3
Interest from Group loans	1.8	2.2
Other financial income	0.3	1.1
Total operating revenues	**35.0**	**3.6**
Operating expenses		
Financial expenses	–0.0	–0.2
Cost of services provided by Group companies	–0.0	–0.0
Personnel expenses	–2.2	–1.9
Other operating expenses	–1.1	–1.5
Direct taxes	–0.4	–0.4
Total operating expenses	**–3.7**	**–4.1**
Net profit/loss for the period	**31.3**	**–0.5**

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). 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 additional information in the notes, a cash flow statement or an annual report, referring 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 actual closing date. The valuation is at nominal values, taking into consideration any impairment required.

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

1.4 Dividend income
Dividend income is booked when payment is received.

2. Information on balance sheet positions

2.1 Investments: company, domicile

		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 30.06.2017	Financial year ended 30.06.2016
dormakaba International Holding AG, Rümlang/CH	CHF	1%	170.1	184.2
Total loans to Group companies			**170.1**	**184.2**

2.3 Long-term provisions
This provision relates to general risks.

2.4 Share capital

As of 30 June 2017, 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 of 30 June 2017 amounted to CHF 42,438.

In accordance with the resolution of the Annual General Meeting of 20 October 2015, the Board of Directors is authorized to increase the share capital, until no later than 20 October 2017, by a maximum amount of CHF 41,900 by issuing a maximum of 419,000 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 year under review.

2.5 Principal shareholders

	As at 30.06.2017 No of shares at CHF 0.10 par value	in %	As at 30.06.2016 No of shares at CHF 0.10 par value	in %
Pool shareholders[1]	**1,153,191**	**27.5**	**1,152,885**	**27.5**
Public shareholders				
Other public shareholders	3,021,712	71.9	3,017,962	71.9
Total public shareholders	**3,021,712**	**71.9**	**3,017,962**	**71.9**
Members of the Board of Directors and Members of the Executive Committee				
Members of the Board of Directors (non-executive)	477,192	11.4	431,452	10.3
Members of the Executive Committee	12,528	0.3	9,024	0.2
Total members of the Board of Directors and Members of the Executive Committee	**489,720**	**11.7**	**440,476**	**10.5**
Less double-counting in respect of Pool shareholders who are members of the Board of Directors[2]	–464,597	–11.1	–416,297	–9.9
Total shares	**4,200,026**	**100.0**	**4,195,026**	**100.0**

1) The following persons are party to the pool agreement dated 29 April 2015: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA/Ennepetal, Mankel Family Office GmbH/Ennepetal, KRM Beteiligungs GmbH/Ennepetal, Christine Mankel-Madaus/Ennepetal, Stephanie Brecht-Bergen/Hamburg, Karl-Rudolf Mankel/Ennepetal as well as Martina Bössow/Dubai (UAE), Anja Bremi/Zollikon, Ulrich Bremi/Zollikon, Balz Dubs/Zurich, Karina Dubs-Kuenzle/Zurich, Kevin Dubs/Zurich, Linus Dubs/Zurich, Anja Flückiger/Forch, Christian Forrer/Bern, Karin Forrer/Muri, Anna Katharina Kuenzle/Thalwil, Clive Kuenzle/Zurich, heirs of Creed Kuenzle, Michael Kuenzle/Meilen, Alexandra Sallai/Worb, Christoph Sallai/Worb, Andrea Ullmann/Zollikon, Sascha Ullmann/Zollikon, Adrian Weibel/Meilen and Tonia Weibel/Meilen.

2) The shareholdings of Pool shareholders who are also members of the Board of Directors are included under Pool Shareholders and Members of the Board of Directors.

2.6 Treasury shares

	30.06.2017 in CHF million	30.06.2017 Number	30.06.2016 in CHF million	30.06.2016 Number
Treasury shares at the beginning of the period	2.8	4,063	6.0	10,765
Purchased/revalued/sold	–1.7	–2,803	–3.2	–6,702
Treasury shares at the end of the period	1.0	1,260	2.8	4,063
Treasury shares held in other Group entities	17.6	21,178	0.0	0
Total Treasury shares at the end of the period	18.7	22,438	0.0	0

3. Information on the income statement

3.1 Dividend income
The dividend income for the year was CHF 32.8 million (previous year: CHF 0 million).

3.2 Financial income
The financial income came primarily from interest income on the loans granted to Group companies.

3.3 Financial expenses
The financial expenses primarily are related to bank fees.

3.4 Other operating expenses
The main expense items related to external consulting services and marketing expenses.

3.5 Direct taxes
Direct taxes are comprised of capital taxes and for the prior year also 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 Swiss Stock Exchange (SIX).

4.2 Full-time equivalents
As of 30 June 2017, dormakaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

in CHF million	30.06.2017	30.06.2016
Guarantees	0.0	0.0
Of which used	0.0	0.0

The dormakaba companies in Switzerland are treated for VAT purposes as one single entity (Group taxation article 15 Swiss VAT law). 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

	30.06.2017 CHF 0.10 par value	30.06.2017 Number	30.06.2016 CHF 0.10 par value	30.06.2016 Number
Conditional capital at the end of the period	42,438	424,384	42,938	429,384
Authorized capital at the end of the period	41,900	419,000	41,900	419,000

Conditional capital of CHF 36,000 (CHF 36,000 in the prior year) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,438.40 (CHF 6,938.40 in the prior year) for shares or share options to associates and members of the Board of Directors of which CHF 0 (CHF 0 in the prior year) were exercised in financial year 2016/17.

The authorized capital at year-end amounts to CHF 41,900 (CHF 41,900 in the prior year).

6. Shareholdings of members of the Board of Directors and the Executive Committee

As at the respective reporting date, the individual members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares in dormakaba Holding AG. None of the members of the Board of Directors and the Executive Committee held any options.

	Financial year ended 30.06.2017	Financial year ended 30.06.2016
	Number of shares	Number of shares
Board of Directors		
Brecht-Bergen Stephanie	189,868	189,768
Chiu Elton SK	683	583
Daeniker Daniel	1,305	1,160
Dörig Rolf	2,153	4,553
Dubs-Kuenzle Karina	84,861	36,761
Graf Ulrich	6,476	7,276
Gummert Hans Ludwig	198	76
Hess Hans	1,270	1,133
Heppner John	510	374
Mankel-Madaus Christine	189,868	189,768
Total Board of Directors	**477,192**	**431,452**
Executive Committee		
Brinker Bernd	250	0
Cadonau Riet	3,930	3,050
Gaspari Roberto	2,238	1,900
Häberli Andreas	1,185	885
Jacob Christoph	72	0
Kincaid Michael	714	655
Lee Jim-Heng	1,146	498
Lichtenberg Jörg	167	0
Malacarne Beat	1,425	1,025
Sichelschmidt Dieter	150	0
Zocca Stefano	1,251	1,011
Total Executive Committee	**12,528**	**9,024**

7. Events after the balance sheet date

None.

dormakaba Holding AG: Appropriation of balance sheet profits

Proposal for appropriation of available retained earnings as at 30 June 2017

in CHF million	2017	2016
Unappropriated retained earnings at the beginning of the period	288.2	288.7
Allocation to reserves for own shares	–17.6	0.0
Unappropriated retained earnings at the beginning of the period	**270.6**	**288.7**
Net profit/loss for the period	31.3	–0.5
Unappropriated retained earnings at the end of the period	**301.9**	**288.2**
Allocation from reserve from capital contribution [1]	58.8	50.4
Total at the Annual General Meeting's disposal	**360.7**	**338.6**

1) Reserve from capital contribution will only be released in the amount of the resolution of the Annual General Meeting.

The Board of Directors will propose the following appropriation of balance sheet profits to the shareholders at the Annual General Meeting of 17 October 2017: distribution from reserve from capital contribution of CHF 58,800,364 (CHF 50,377,836 in the prior year) on the share capital of CHF 420,002 (CHF 419,503 in the prior year), no contribution to other reserves (CHF 0 in the prior year).

Proposal for the distribution to the shareholders

in CHF million	Proposal to the Annual General Meeting 2017	Proposal to the Annual General Meeting 2016
Proposed distribution from reserve from capital contribution [2]	58.8	50.4
To be carried forward	301.9	288.2
Total at the Annual General Meeting's disposal	**360.7**	**338.6**

2) After approval of the Annual General Meeting the amount will be paid out free of Swiss withholding tax from capital contribution reserve.

After approval of this proposal by the Annual General Meeting the distribution from reserve of capital contribution will be paid out on 23 October 2017 as follows according to instructions received: CHF 14.00 (CHF 12.00 in the prior year) gross per listed registered share at CHF 0.10 par value.

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 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 49 to 55) as at 30 June 2017 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
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.

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 Group materiality	CHF 4,376,000
How we determined it	0.5% of 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.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
We have determined that there are no key audit matters to communicate in our report.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

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
Zurich, 6 September 2017

Beat Inauen Audit expert Auditor in charge	Reto Tognina Audit expert

Corporate Governance

General framework

This report on corporate governance sets out the principles of management and control at the highest level of the dormakaba Group 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 2016/17 financial year is as of 30 June 2017. dormakaba Group'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 and 2014. dormakaba Group has made some adjustments and simplifications to suit its management and shareholder structure and medium size.

dormakaba Group's principles and rules regarding corporate governance are set out in its Articles of Incorporation[1)], its Organizational Regulations and in the regulations of its Board committees.

1) The Articles of Incorporation are published on the dormakaba website at www.dormakaba.com/corporate-governance.

Group structure and shareholders

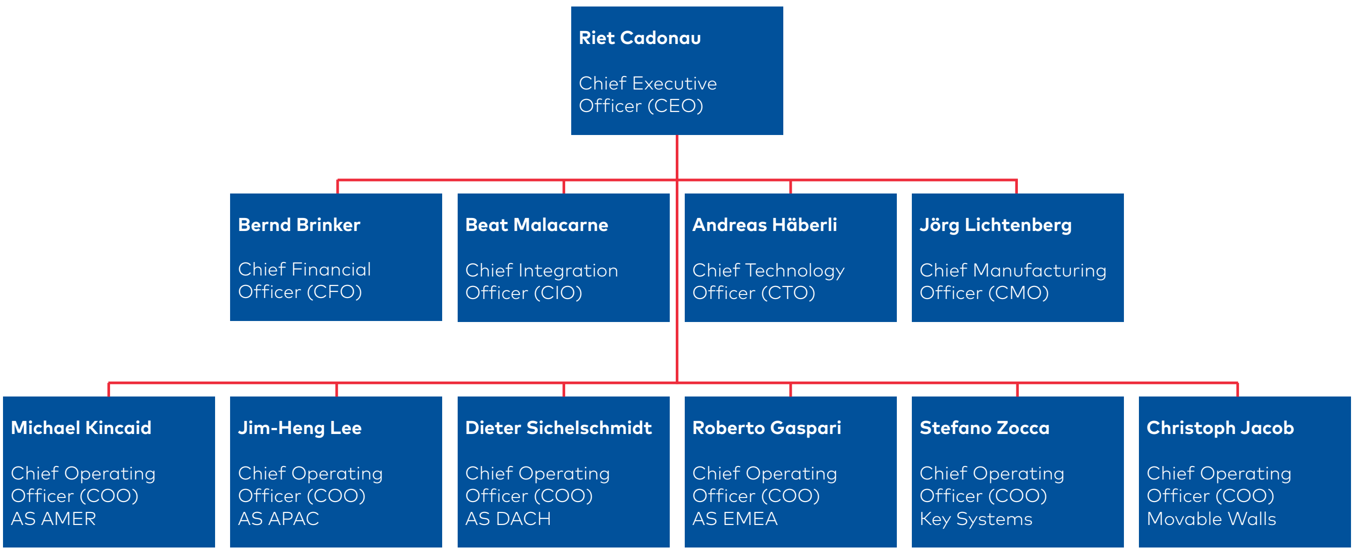
Group structure

dormakaba Group's organizational structure consists of the following six 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 Systems and
- Movable Walls

The companies that lie within the Group's scope of consolidation are listed from page 40 of the Financial statements.

Executive Committee dormakaba Group as of 30 June 2017



Shareholders

	As at 30.06.2017 No of shares at CHF 0.10 par value	in %	As at 30.06.2016 No of shares at CHF 0.10 par value	in %
Pool shareholders [1]	**1,153,191**	**27.5**	**1,152,885**	**27.5**
Public shareholders				
Other public shareholders	3,021,712	71.9	3,017,962	71.9
Total public shareholders	**3,021,712**	**71.9**	**3,017,962**	**71.9**
Members of the Board of Directors and members of the Executive Committee				
Members of the Board of Directors (non-executive)	477,192	11.4	431,452	10.3
Members of the Executive Committee	12,528	0.3	9,024	0.2
Total members of the Board of Directors and members of the Executive Committee	**489,720**	**11.7**	**440,476**	**10.5**
Less double-counting in respect of Pool shareholders who are members of the Board of Directors [2]	–464,597	–11.1	–416,297	–9.9
Total shares	**4,200,026**	**100.0**	**4,195,026**	**100.0**

1) The following persons are party to the pool agreement dated 29 April 2015: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA/Ennepetal, Mankel Family Office GmbH/Ennepetal, KRM Beteiligungs GmbH/Ennepetal, Christine Mankel-Madaus/Ennepetal, Stephanie Brecht-Bergen/Hamburg, Karl-Rudolf Mankel/Ennepetal as well as Martina Bössow/Dubai (UAE), Anja Bremi/Zollikon, Ulrich Bremi/Zollikon, Balz Dubs/Zurich, Karina Dubs-Kuenzle/Zurich, Kevin Dubs/Zurich, Linus Dubs/Zurich, Anja Flückiger/Forch, Christian Forrer/Bern, Karin Forrer/Muri, Anna Katharina Kuenzle/Thalwil, Clive Kuenzle/Zurich, heirs of Creed Kuenzle, Michael Kuenzle/Meilen, Alexandra Sallai/Worb, Christoph Sallai/Worb, Andrea Ullmann/Zollikon, Sascha Ullmann/Zollikon, Adrian Weibel/Meilen and Tonia Weibel/Meilen.
2) The shareholdings of Pool Shareholders who are also members of the Board of Directors are included under Pool Shareholders and members of the Board of Directors.

Major shareholders

The above table sets out dormakaba Holding AG's shareholder structure on the balance sheet date and lists the names of shareholders who have reported holding a stake of 3% or more of voting rights in dormakaba Holding AG. With regard to the stock exchange reporting obligations that apply on reaching, exceeding or falling below certain thresholds, in financial year 2016/17 the following shareholder made disclosure notifications to dormakaba Holding AG and the SIX Swiss Exchange (more details are available via the search feature provided by the Disclosure Office of the SIX Swiss Exchange at www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html):

- Norges Bank (the Central Bank of Norway), Oslo, Norway: 26 April 2017 3.11%
- Norges Bank (the Central Bank of Norway), Oslo, Norway: 9 May 2017 2.66%
- UBS Fund Management (Switzerland) AG, Basel, Switzerland: 20 May 2017 3.02%
- UBS Fund Management (Switzerland) AG, Basel, Switzerland: 25 May 2017 below 3%

The Mankel/Brecht-Bergen Family and the Kaba Family Shareholders (collectively referred to as the Anchor Shareholder Group) have concluded a pool agreement that governs the mutual rights and obligations of the Kaba Family Shareholders and the Mankel/Brecht-Bergen Family. The pool agreement states that the Anchor Shareholder Group can propose a maximum of five representatives to the General Meeting for election to the Board of Directors. This Anchor Shareholder Group undertakes to exercise its voting rights in concert when voting on significant Annual General Meeting resolutions. The members of the Anchor 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 Anchor 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 Anchor 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 shareholder agreements or other agreements between the major shareholders mentioned that involve the dormakaba Holding AG shares they own or the exercise of the shareholder rights these shares confer.

Cross-shareholdings

dormakaba Group 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 2017 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 2017, dormakaba Holding AG has authorized capital of CHF 41,900 (corresponding to 9.98% of the share capital), divided into 419,000 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).

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 Board of Directors 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 members of the Board of Directors 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 members of the Board of Directors subject to one or more sets of regulations to be defined by the Board of Directors and taking into account performance, function and level of responsibility. The group of beneficiaries and the principles of allocation are disclosed in the Compensation Report (see page 74). Said registered shares or option rights may be issued to employees or members of the Board of Directors at a price below the market price. In connection with the issue of option rights to employees and members of the Board of Directors, the pre-emptive subscription rights of existing shareholders are excluded. The purchase of shares within the context of employee share ownership schemes, as well as 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 20 October 2015 created authorized capital and authorized the Board of Directors of dormakaba Holding AG to increase the share capital of the company by no more than CHF 41,900 through the issue of a maximum of 419,000 fully paid-up registered shares with a nominal value of CHF 0.10 each by 20 October 2017 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 Board of Directors 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 Board of Directors can issue new shares by having a bank or third party underwrite them all and then making an offer to existing shareholders. The Board of Directors is authorized to set the issue price of new shares as close as possible to the market value of the shares. The Board of Directors is authorized in this case to restrict or exclude trading with subscription rights. The Board of Directors 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 Board of Directors 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.

The Board of Directors will propose to the General Meeting on 17 October 2017 to slightly increase and renew the existing authorized capital, which will expire on 20 October 2017, if not renewed. If the Annual General Meeting agrees to this proposal, the Board of Directors will be authorized until no later than 17 October 2019 to increase the share capital of the company by a maximum of CHF 42,000 through the issuance of not more than 420,000 fully paid-up registered shares with a nominal value of CHF 0.10 each.

Changes in capital in the last four financial years

As a result of an increase from authorized capital, which was renewed by the Annual General Meeting of 28 October 2014, the share capital of dormakaba Holding AG increased as at 28 May 2015 by CHF 38,000 from CHF 381,502.60 to CHF 419,502.60; the authorized capital (divided into 380,000 registered shares with a nominal value of CHF 0.10 each) was cancelled accordingly. This capital increase was carried out in connection with the merger between Kaba Group and Dorma Group and was not dependent on completion of the merger. The 380,000 shares issued from authorized capital were subscribed by Familie Mankel Industriebeteiligungs GmbH + Co. KGaA. Due to the allocation and issue of shares under the (i) Directive regarding the compensation for the members of the Board of Directors of dormakaba Holding AG and (ii) Executive Stock Award Plan, the share capital of dormakaba Holding AG increased as at 30 June 2017 by CHF 500 from CHF 419,502.60 to CHF 420,002.60 through the issue of 5,000 registered shares with a nominal value of CHF 0.10 each; conditional capital declined by CHF 500 from CHF 42,938.40 to CHF 42,438.40 (represented by 424,384 registered shares with a nominal value of CHF 0.10 each) accordingly.

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 dormakaba Holding AG's share register. 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 company's Board of Directors. 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 Board of Directors 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 Board of Directors 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 year under review the Board of Directors 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 on page 81.

Board of Directors

The duties and responsibilities of the Board of Directors of dormakaba Holding AG are defined by the Swiss Code of Obligations, the Articles of Incorporation and the Organizational Regulations.

Members of the Board of Directors

The Board of Directors of dormakaba Holding AG has ten non-executive members. No members of the Board of Directors have sat on the Executive Committee of dormakaba Holding AG, Kaba Group or Dorma Group at any time in the last five financial years.

No members of the Board of Directors have significant business relations with dormakaba Holding AG. The maximum number of mandates that members of the Board of Directors are allowed to take on the governing bodies of legal entities outside the dormakaba Group is regulated in section 27 of the Articles of Incorporation (www.dormakaba.com/corporate-governance). The following table lists the name, year of birth and date of joining of the individual members of the Board of Directors.

Members of the Board of Directors as of 30 June 2017

Name/Position	Year of birth	Entry
Ulrich Graf (Chairman)	1945	1989
Rolf Dörig (Vice-Chairman)	1957	2004
Stephanie Brecht-Bergen	1985	2015
Elton SK Chiu	1957	2010
Daniel Daeniker	1963	2010
Karina Dubs-Kuenzle	1963	2001
Hans Gummert	1961	2015
John Heppner	1952	2013
Hans Hess	1955	2012
Christine Mankel-Madaus	1982	2015

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

in CHF million	30.06.2017	30.06.2016	30.06.2015	30.06.2014
Equity				
Share capital	0.4	0.4	0.4	0.4
Reserve from capital contribution	280.7	327.5	568.2	433.5
Legal reserves	261.0	261.0	261.0	261.0
Reserves for own shares	17.6	0.0	0.0	0.0
Treasury shares	–1.0	–2.8	–6.0	–7.4
Unappropriated retained earnings	301.9	288.2	288.7	223.7
Total equity	**860.6**	**874.3**	**1,112.3**	**911.2**

Members of the Board of Directors as of 30 June 2017

Ulrich Graf, Chairman
Chair Nomination Committee

Swiss citizen

Education: Degree in electrical engineering from the Swiss Federal Institute of Technology (ETH) (CH)

Career: 1989–2006 CEO Kaba Group[1] (CH) and President Kaba Holding AG; 1976–1989 various executive positions at Kaba Group[1] (CH)

External activities and interests: Chairman of the Board of Directors of Dätwyler Holding AG[1] (until March 2017); Chairman of the Board of Directors of Griesser Group (CH); member of the Board of Directors Feller AG (CH); Chairman of the Board of Trustees of Rega (Swiss Air Rescue) (CH); member of the Supervisory Board Dekra e.V. (until April 2017)

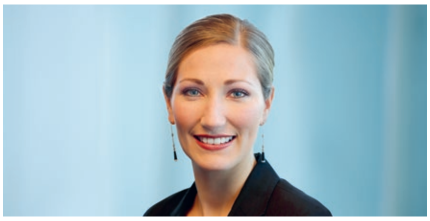
Rolf Dörig, Vice-Chairman
Chair Compensation Committee, Member Nomination Committee

Swiss citizen

Education: Dr. iur., attorney-at-law (CH), Advanced Management Program Harvard Business School (USA)

Career: 2002–2008 CEO, 2008 Delegate and since 2009 Chairman of the Board of Directors Swiss Life[1] (CH); 1986–2002 various executive positions at Credit Suisse[1] (CH); 2000–2002 member of the Executive Board and responsible for Swiss corporate and retail banking

External activities and interests: Since 2009 Chairman of the Board of Directors Swiss Life[1] (CH) and Adecco Group[1] (CH); member of the Supervisory Board of Danzer Holding AG (AT), member of the board of Emil Frey Holding AG (CH) and Chairman Swiss Insurance Association (CH)



Stephanie Brecht-Bergen

German citizen

Education: Dr. rer. pol., EBS University (DE); M. Sc. in General Management, EBS University (DE); MBA, Pepperdine University (CA/USA)

Career: Since 2014 Management Board Member of Mankel Family Office GmbH (DE); since 2009 shareholder of dormakaba Holding GmbH + Co. KGaA (DE); 2010–2013 research assistant, EBS University (DE)

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

Elton SK Chiu

Chinese citizen, residing in Hong Kong

Education: Higher diploma in accountancy at Hong Kong Polytechnic (HK); Corporate Financial Management Program at the University of Michigan (USA)

Career: Since 2003 President ELP Business Advisory Ltd. (founded by Chiu) and Vice-Chairman Centurylink International Investment Ltd. as well as member of the Board of Advisors of CW, Certified Public Accountants (HK/CN); 1989–2003 various management positions JT International (China) Ltd. (HK/CN) and its predecessor companies, most recently as General Manager; 2006–2017 non-executive member of the Board of the dormakaba affiliate Wah Yuet Group (HK/CN)

External activities and interests: Fellow member of the Hong Kong Institute of Certified Public Accountants (FCPA, practicing), the Association of Chartered Certified Accountants of United Kingdom (FCCA) and the Institute of Chartered Accountants, England and Wales (FCA)

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 2013 Managing Partner at Homburger AG (CH), where he became Partner in 2000 and which he joined in 1991; lecturer in law at the University of Zurich (CH)

External activities and interests: Member of the Supervisory Board Rothschild & Co SCA[1] (FR)

Karina Dubs-Kuenzle

Swiss citizen

Education: Swiss federal certificate of higher vocational education and training in advertising (incl. International Advertising Association's Advertising Diploma)

Career: Since 2009 partner Fehba Import Export AG (CH); 1997–2016 partner of Dubs Konzepte AG (CH); advertising assistant at Wirz Werbeberatung AG (CH) and at Heiri Scherer Creative Direction (CH)

External activities and interests: Member of the Board of Directors of Fehba Import Export AG (CH)

1) listed company

Hans Gummert
Member Audit, Nomination and Compensation Committees

German citizen

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

Career: Partner since 1991 and Managing Partner since 2008 of the law and tax consultancy firm Heuking Kühn Lüer Wojtek (DE/BE/CH)

External activities and interests: Member of the Board ISEO Serrature S.p.A. (IT); Member of the shareholders committee Hoberg & Driesch GmbH (DE); Member of the Board of Directors Chiron-Werke SE (DE); Member of the advisory board Coroplast Fritz Müller GmbH & Co. KG (DE); 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); Board member of Zaplox AB (SE); member of the Supervisory Board of ara AG (DE); Board member of Schüco Middle East Windows & Façade Systems LLC (UAE)

John Heppner

American 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)

Hans Hess
Member Audit, Nomination and Compensation Committees

Swiss citizen

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

Career: Since 2006 owner of Hanesco AG (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 Board of Directors Comet Holding AG[1] (CH) and Reichle & De-Massari Holding AG (CH); member of the Board of Directors Burckhardt Compression Holdings AG[1] (CH); Chairman of Swissmem (CH); Vice-Chairman of Economiesuisse (CH)

Christine Mankel-Madaus

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)

1) listed company

Elections and terms of office

The Board of Directors of dormakaba Holding AG is elected by the Annual General Meeting, with each member standing for election individually. The Articles of Incorporation state that the Board of Directors 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 Annual General Meeting. Members of the Board of Directors can be re-elected. When they reach 70 years of age, members of the Board of Directors normally resign at the next General Meeting. The Board of Directors has decided not to apply the age limit it voluntarily included in the Organizational Regulations to the Board of Directors member Ulrich Graf because it wants to continue to use his experience (especially his significant integration knowledge with regard to the Unican takeover) and support during the implementation and integration work associated with the merger of Kaba Group with Dorma Group. The Board of Directors is proposing to the Annual General Meeting on 17 October 2017 that all serving members of the Board of Directors be re-elected and that Ulrich Graf be re-elected as Chairman of the Board.

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 Board of Directors 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 Executive Committee;
- Overall supervision of business activities;
- Preparation of the Annual Report, preparation of the General Meeting and implementation of its resolutions;
- Approving the signing authority of dormakaba Holding AG employees;
- 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 5 million.

The relevant decisions are taken by the whole Board of Directors. The CEO and CFO regularly participate in meetings of the Board of Directors in an advisory capacity. Other members of the Executive Committee are brought in to advise on individual items of the agenda. The Board of Directors held eight meetings during the 2016/17 financial year; these lasted between one hour and a whole working day. All members of the Board of Directors attended each meeting except one Director who was excused for one meeting. In addition, the Board's committees met 13 times in total. The agendas for Board meetings are defined by the Chairman at the CEO's request. Each member of the Board of Directors may propose agenda items. Members of the Board of Directors always receive documentation prior to Board meetings so they can prepare for discussion of each item on the agenda. The Board of Directors holds discussions with the company's managers and visits one or more dormakaba Group locations, usually on an annual basis.

Committees

The Board of Directors has formed an Audit Committee, a Compensation Committee and a Nomination Committee. Members of the Compensation Committee are elected at each Annual General Meeting. Each committee has written terms of reference that define its tasks and responsibilities. The chairs of these committees are chosen by the Board of Directors. The committees meet regularly and are obliged to produce minutes as well as recommendations to the regular Board 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

The Audit Committee is composed of three non-executive members of the Board of Directors, who have professional or other experience of financing and accounting:

Daniel Daeniker (Chair)
Hans Gummert
Hans Hess

The Board of Directors has specified that members of the Audit Committee must meet certain requirements with regard to independence and skills and that they must not be members of the Executive Committee. The term of office is one year or until the conclusion of the next Annual General Meeting; members may be re-elected. The Audit Committee meets at least twice a year, but will be convened by the chair as often as business requires. During the 2016/17 financial year the Audit Committee met five times, with each meeting lasting at least one hour. All members of the Audit Committee attended each meeting. The CFO takes part in the meetings in an advisory capacity, as do, where necessary, the CEO, representatives of the audit firm, representatives of Internal Audit and of the Accounting Department, and the General Counsel. In the 2016/17 financial year, representatives of the audit firm participated in three meetings, the General Counsel, representatives of Internal Audit and Accounting in five and external consultants in four. The Audit Committee minutes the deliberations and decisions taken during meetings. The principal responsibilities of the Audit Committee are to evaluate risk management and accounting processes, monitor financial reporting and internal auditing, and assess external audits. With regard to external audits, the Audit Committee 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 (individual and consolidated financial statements) to the whole Board of Directors for approval;
- Proposing to the whole Board of Directors which external auditor should be recommended to the General Meeting;
- Assessing the external auditor's performance, pay and independence, and checking that audit activities do not clash with any consultancy mandates.

The Audit Committee's tasks relating to internal audits include:

- Approving the rules on 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 (MIS) 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 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 Audit Committee regularly reports to the Board of Directors as a whole about its activities, and it notifies the Board of Directors immediately about important matters.

Nomination Committee

The Nomination Committee consists of four members, the majority of Committee members must be non-executive members of the Board of Directors:

Ulrich Graf (Chair)
Rolf Dörig
Hans Gummert
Hans Hess

The term of office for each member is one year or until the conclusion of the next Annual General Meeting; members may be re-elected. The Nomination Committee meets at least once a year. During the 2016/17 financial year the Nomination Committee met three times, with each meeting lasting at least two hours. All members of the Nomination Committee attended each meeting. The CEO also usually takes part in the meetings in an advisory capacity, the only member of the Executive Committee to do so. The Nomination Committee sets out the principles for appointing and re-electing members of the Board of Directors and submits proposals to the Board of Directors about its composition. The Nomination Committee also recommends the appointment and de-selection of members of the Executive Committee; the final decisions on appointments and de-selections are taken by the Board of Directors as a whole. The Nomination Committee minutes its deliberations and decisions and regularly reports to the whole Board of Directors.

Compensation Committee

The organization and members of the Compensation Committee as well as the details of dormakaba Group's compensation policy are set out on pages 76 et seq. of the Compensation Report. All members of the Compensation Committee attended each meeting. In the financial year 2016/17, the Compensation Committee held four meetings and one telephone conference of approximately one to two hours each.

Powers and responsibilities

Management organization

The Board of Directors has the highest responsibility for business strategy and supervises management of the dormakaba Group. It has the highest decision-making authority and sets the strategic, organizational, financial planning and accounting rules that dormakaba Group must follow. The Board of Directors has delegated management of ongoing business to the Executive Committee under the leadership of the CEO. Therefore, the CEO is responsible for overall management of the dormakaba Group. The powers and functions of the Executive Committee are set out in the Organizational Regulations of dormakaba Holding AG. The CFO, the CIO (Chief Integration Officer), the COOs, the CTO (Chief Technology Officer) and the CMO (Chief Manufacturing Officer) report to the CEO, who is responsible for overall management and for cooperation across segments and functions. These roles have a seat on the Executive Committee.

Chief Executive Officer (CEO)

The CEO manages dormakaba Group. 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 Executive Committee, the CEO submits the strategy, the long- and medium-term objectives and the management guidelines for the dormakaba Group to the Board of Directors for approval. In response to a proposal by the CEO, the whole Board of Directors decides on the annual budget (consolidated), individual projects, the consolidated financial statements and the financial statements of dormakaba Holding AG. The CEO submits recommendations to the Nomination Committee about personnel issues at the Executive Committee level. The CEO also makes proposals to the Compensation Committee regarding the remuneration of members of the Executive Committee (including allocation of shares from the share allocation plans). The CEO regularly reports to the whole Board of Directors about business performance, anticipated important business issues and risks, as well as about changes in management at the operating segment level. Members of the Board of Directors may request and examine further information. The CEO must inform the Chairman of the Board of Directors immediately about any important unexpected developments.

Information from and control over the Executive Committee

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

Executive Committee

Management philosophy

The dormakaba Group delegates entrepreneurial responsibility for operational business to segment level. The corresponding management organization is based on decentralized responsibility where appropriate and therefore rapid decision-making structures situated close to local markets. This helps to keep activities focused on the customer. Group functions like Accounting, Communications, Controlling, Human Resources, IT and Legal define and monitor Group-wide standards and are responsible for functional, Group-wide projects. The CFO is responsible for the Group's financial affairs. All the integration tasks associated with the merger to dormakaba are controlled by the CIO (Chief Integration Officer). The COOs are responsible for the business activities of their respective segments, including development, production, sales and services. The Group Innovation Management area focuses on digitization as well as Intellectual Property Management and Quality Management and is strategically managed at Executive Committee level by the CTO (Chief Technology Officer). The CMO (Chief Manufacturing Officer) is responsible for the global purchasing as well as the supplier control and advises and supports the operating segments optimize the production and supply chain.

Members of the Executive Committee as of 30 June 2017

Name/Position	Year of birth	Entry Executive Committee
Riet Cadonau CEO	1961	2011
Bernd Brinker CFO	1965	2015
Beat Malacarne Chief Integration Officer	1962	2011
Michael Kincaid COO Access Solutions AMER	1961	2013
Jim-Heng Lee COO Access Solutions APAC	1962	2014
Dieter Sichelschmidt COO Access Solutions DACH	1951	2015
Roberto Gaspari COO Access Solutions EMEA	1959	2006
Stefano Zocca COO Key Systems	1963	2011
Christoph Jacob COO Movable Walls	1962	2015
Andreas Häberli Chief Technology Officer	1968	2011
Jörg Lichtenberg Chief Manufacturing Officer	1964	2015

Members of the Executive Committee

The table above gives the name, year of birth, position and date of joining of each Executive Committee member. The maximum number of mandates that members of the Executive Committee are allowed to take on the governing bodies of legal entities outside the dormakaba Group is regulated in section 27 of the Articles of Incorporation.

Members of the Executive Committee as of 30 June 2017

Riet Cadonau
Chief Executive Officer

Swiss citizen

Education: Master of Arts in economics and business administration from the University of Zurich (CH); Advanced Management Program at INSEAD (FR)

Career: Since 2015 CEO and member of the Executive Committee of dormakaba Group[1] (CH); 2011–2015 CEO and member of the Executive Committee Kaba Group[1] (CH); 2007–2011 CEO Ascom Group[1] (CH); until 2007 Managing Director ACS Europe + Transport Revenue (today a Xerox company); 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 at the end of 2005; 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 2016 member of the Board of Directors of Georg Fischer AG[1] (CH) and since 2013 member of the Board of Directors of Zehnder Group[1] (CH); 2006–2011 member of the Board of Directors Kaba Group and Griesser Group (CH); 2004–2009 President of the Swiss Management Association (www.smg.ch)

Bernd Brinker
Chief Financial Officer

German citizen

Education: Degree in Business Administration (Diplom-Kaufmann) from the University Cologne (DE)

Career: Since 2015 CFO and member of the Executive Committee of dormakaba Group[1] (CH); 2014–2015 Chief Financial Officer of Dorma Group (DE); 2006–2014 Evonik Industries[1] (DE): 2009–2014 Head of Corporate Portfolio Management and M&A, 2006–2008 Head of Investor Relations; 2001–2006 Head of Finance and Investor Relations Degussa AG[1] (DE); 1991–2001 various management positions at VIAG AG[1] (today E.ON, DE) and its subsidiary SKW Trostberg AG[1] (DE), lastly as Head of Finance

Beat Malacarne
Chief Integration Officer

Swiss citizen

Education: Swiss certified accountant

Career:
Since 2015 Chief Integration Officer and member of the Executive Committee of dormakaba Group[1] (CH); 2011–2015 Chief Financial Officer and member of the Executive Committee of Kaba Group[1] (CH); 2009–2011 Chief Financial Officer, member of the Executive Board SBB Cargo AG (CH); 2006–2009 Project Manager Internal Control System (ICS) and Deputy Manager Holcim Group Support Ltd.[1] (CH); 2005–2006 Chief Financial Officer and member of the Executive Board ACC Ltd.[1] (IN); 2004–2005 Project Manager Financial Integration India Holcim Group Support Ltd.[1] (CH); 1999–2004 Chief Financial Officer and member of the Executive Board Siam City Cement Public Company Ltd.[1] (TH); 1997–1999 Vice President Finance and member of the Asian Executive Board Hilti Asia Ltd. (CN)

Roberto Gaspari
Chief Operating Officer
Access Solutions EMEA

Italian citizen

Education: Economics Degree from the Bocconi University (IT)

Career: Since 2015 COO Access Solutions EMEA and member of the Executive Committee of dormakaba Group[1] (CH); 2014–2015 Head of Division Access + Data Systems EMEA and member of the Executive Committee Kaba Group[1] (CH); 2011–2014 Head of Division Access + Data Systems EMEA and APAC and member of the Executive Committee Kaba Group[1] (CH); 2006–2011 Head of Division Key Systems Europa/Asia Pacific and member of the Executive Board Kaba Group[1] (CH); 2002–2011 General Manager Silca S.p.A. (IT); 1997–2002 Managing Director Italy and France Watts Industries Inc. (USA); 1988–1997 Managing Director Cisa S.p.A. (IT)

Stefano Zocca
Chief Operating Officer
Key Systems

Italian citizen

Education: Economics Degree from the Bocconi University (IT)

Career: Since 2015 COO Key Systems and member of the Executive Committee of dormakaba Group[1] (CH); 2011–2015 member of the Executive Committee of Kaba Group[1] (CH), since 2013 Head of Division Key Systems and 2011–2013 Head of Division Key Systems EMEA/AP/SAM; 1988–2011 various positions at 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)

1) listed company

Michael Kincaid
Chief Operating Officer
Access Solutions AMER

US citizen

Education: Bachelor of Mechanical Engineering, Master of Business Administration

Career: Since 2015 COO Access Solutions AMER and member of the Executive Committee of dormakaba Group[1] (CH); 2013–2015 COO Access+Data Systems Americas and member of the Executive Committee of Kaba Group[1] (CH); 2012–2013 Senior Vice President North American Sales of ADS Americas and Deputy Head of Division; 2007–2012 Vice President and General Manager Access Control, Kaba Ilco Corp. (USA); 2003–2007 Vice President and General Manager Access Control Regional Marketing Organization, Kaba Ilco Corp. (USA); 1998–2003 Vice President Sales and Marketing Unican Electronics Division, Montreal (CA); 1984–1998 various technical and management positions at divisions of Unisys and SNC Lavalin

Jim-Heng Lee
Chief Operating Officer
Access Solutions APAC

Singaporean citizen

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

Career: Since 2015 COO Access Solutions APAC and member of the Executive Committee of dormakaba Group[1] (CH); 2014–2015 Head of Division Access + Data Systems Asia Pacific and member of the Executive Committee 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)

Dieter Sichelschmidt
Chief Operating Officer
Access Solutions DACH

German citizen

Education: Degree in Mechanical Engineering from the Chamber of Commerce and Industry Dortmund (DE) and further education in Marketing Management at St.Gallen Marketing School (CH), in Competitive Strategies at ZFU, and in General Management at USB

Career: Since 2015 COO Access Solutions DACH and member of the Executive Committee of dormakaba Group[1] (CH); 2011–2015 Area President Asia Pacific & Australia at Dorma (CN); 2001–2010 Director Division Door Control at Dorma (DE); 1993–2010 Head of Product Management Door Control, Sales Manager OEM Business Germany at Dorma (DE); 1991–1993 Product Manager Division Door Closer at Dorma (DE); 1988–1991 Head of PQS Door Control at Dorma (DE); 1973–1988 Employee Development / Product Quality Assurance at Dorma (DE)

Christoph Jacob
Chief Operating Officer
Movable Walls

German citizen

Education: Master of Civil Engineering from the University of Applied Sciences Cologne (DE), Advanced Management Program Harvard (USA)

Career: Since 2015 COO Movable Walls and member of the Executive Committee dormakaba Group[1] (CH); 2011–2015 Area President MMA at Dorma (DE); 2004–2010 Regional Director Emerging Markets & South Europe at Dorma (DE); 2002–2004 Regional Director Emerging Markets at Dorma (DE); 2000–2002 different management positions and consulting / CEO at CASEA AG (DE); 1997–1999 Group Managing Director at Dorfner Group of companies (DE); 1994–1997 General Manager at Quick-mix Berlin/Brandenburg GmbH & Co. KG (DE); 1990–1994 Assistant to the Board at Hebel AG (DE); 1987–1990 Project Sales Manager at Schlagmann Baustoffwerke GmbH & Co. KG (DE)

Andreas Häberli
Chief Technology Officer

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 Chief Technology Officer and member of the Executive Committee dormakaba Group[1] (CH); 2011–2015 Chief Technology Officer and member of the Executive Committee 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 May 2017 member of the Board of Directors of Komax Holding AG[1] (CH)

Jörg Lichtenberg
Chief Manufacturing Officer

German citizen

Education: Degree in engineering, Degree in economic engineering Universities of Hannover and Brunswick (both DE)

Career: Since 2015 Chief Manufacturing Officer and member of the Executive Committee of dormakaba Group[1] (CH); 2014–2015 Vice President Global Operations Industrials Group Gardner Denver (DE); 2007–2014 Director Group Logistics and Production Strategy resp. Director Operations Area North Eastern Europe resp. Director Operations Division Automatics Dorma GmbH & Co. KG (DE); 2003–2007 CEO Schiffer Dental Care Products LLC (USA); 1999–2002 member of the Executive Committee Lindal Group Lindal Ventil GmbH (DE); 1993–1999 Factory Manager resp. Business Development Manager Automatics Dorma GmbH & Co. KG (DE); 1991–1993 Kienbaum Consulting (DE)

Events after the balance sheet date

Dieter Sichelschmidt, COO of the Access Solutions DACH segment and member of the Executive Committee, is retiring on 31 December 2017. The Board of Directors of dormakaba Holding AG has designated Alwin Berninger as his successor.

Alwin Berninger
designated COO Access Solutions DACH as of 1 January 2018

German citizen

Education: Mechanical Apprenticeship Osram GmbH in Augsburg (DE), MSc (Diplom-Ingenieur FH) University of Applied Science in Augsburg (DE), MBA Rotterdam School of Management Erasmus University (NL)

Career: Since 2016 Chief Executive Officer Kuka Industries (DE), 2015 Spokesman of the Managing Directors/CSO Strategy and Sales Kuka Industries, 2014 Managing Director Reis Maschinenfabrik (DE), 2010–2014 Managing Director Asia/Pacific Kuka Robotics China (CN), 2009–2010 Managing Director Operations Kuka Roboter (DE), 2006–2009 Director Global Customer Services Kuka Roboter (DE), 2003–2005 Director Customer Support Germany Kuka Roboter (DE), 2001–2003 Director Development Kuka Roboter (DE), 1999–2001 Manager Mechanical Development Kuka Roboter (DE), 1998–1999 Team Leader Function Packaging Kuka Roboter (DE), 1998 Design Engineer Kuka Roboter (DE) 1996–1998 Design Engineer IMA Engineering Services (DE)

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 (page 74 et seq). Sections 22–25 and 28 of the Articles of Incorporation contain rules relating to compensation principles, loans to governing bodies and General Meeting votes on compensation.

Compliance

Compliance principles are set out in the dormakaba Group Code of Conduct, as well as in the dormakaba Group rules and regulations such as Group Directives and Directives. Adherence to these rules is extremely important to dormakaba Group as a globally active, listed company. Major compliance focus areas include bribery and corruption, antitrust and competition law as well as safeguarding the employees' personal integrity. The Code of Conduct and all dormakaba Group rules and regulations are available to dormakaba Group's employees on the Group Intranet. Furthermore, all dormakaba Group rules and regulations are aligned with the Compliance Strategy.

The Compliance Strategy is based on both prevention and detection. Preventive measures include the three main elements "Awareness", "Consultation" and "Solution", and include a structured roll-out of rules and regulations, training, helpdesk, etc.

The company's compliance mechanisms are reviewed regularly and are adjusted where necessary to the changing business environment.

Code of Conduct and Supplier Code of Conduct

The dormakaba Group Code of Conduct, which applies Group-wide, contains standards and rules on bribery and corruption, equal employment opportunities, workplace harassment, conflicts of interest, antitrust and competition law and procedures for reporting misconduct; it also refers to the company's values. The Code of Conduct is available to employees of the dormakaba Group in various languages and in electronic and printed form. When employees join the company they confirm in writing that they have received and taken note of the Code of Conduct. Senior managers, general managers of local companies and so called Compliance Ambassadors are responsible for implementation and enforcement of the Code of Conduct and are trained in dealing with the Code. The Compliance Officer within the Group Legal Department monitors these processes and, alongside line managers, is one of the defined contacts for reporting infringements of the Code of Conduct.

dormakaba Group also implemented a Supplier Code of Conduct in order to extend the company's expectations and values into the supply chain. The company's aim is to ensure its own ethical and environmental standards are maintained in the production and preparation of the raw materials and components it purchases and uses to make the products.

Further, dormakaba is fully aware of the importance of the UK Modern Slavery Act 2015 and highly appreciates this valuable approach to eradicate slavery and human trafficking from all areas of life. dormakaba is fully committed to uphold the principles of and adherence to international conventions, laws and its internal rules and regulations. Its core values and principles are defined in the aforementioned dormakaba Group Code of Conduct, covering human rights, forced, compulsory and child labor, environmental responsibility and ethical behavior. The company's full Modern Slavery Act Statement is available online: www.dormakaba.com/sustainability-reporting

Values of the dormakaba Group

The Executive Committee and senior management of dormakaba Group have clearly defined the corporate values. Under the name "dormakaba values" these corporate values have been implemented from 1 July 2016 and rolled out across the whole Group. These are: Customer First, Curiosity, Courage, Performance and Trust. These values are the foundations on which dormakaba Group employees work and take and implement decisions; they also serve as guiding principles for conduct and collaboration within the Group and for dormakaba Group's approach to addressing customer needs.

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 him or her 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 quora, the number and terms of office of members of the Board of Directors and the process of Board of Directors 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 36 paragraph 4 of the Articles of Incorporation.

Convocation of the General Meeting of Shareholders and agenda

General Meetings are convened as stipulated in law. The Board of Directors 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 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 General Meeting of 17 October 2017

Shareholders who are entered in the share register with voting rights by 9 October 2017 will receive a direct invitation to the Annual General Meeting of 17 October 2017 together with the proposals of the Board of Directors. Once they have sent back the response form they will receive their entry ticket and voting material. Shareholders who sell their shares before the General Meeting 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 General Meeting. No entries will be made in the share register between 10 and 17 October 2017. All the information about the General Meeting can be found at www.dormakaba.com/agm.

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 § 36 of the Articles of Incorporation.

Clauses on changes of control

If control of dormakaba Holding AG changes hands, dormakaba International Holding AG (joint liability with dormakaba Holding AG) is obliged to pay two members of the senior management (who are not members of the Executive Committee) a compensation to improve their pension entitlement in the amount of one year's salary (incl. variable salary component) if their employment contracts are terminated within a year of the change of control or if they resign within a year of the change of control.

The rules of the ESAP 1, ESAP Plus, ESAP Plus 3 and ESAP 5 stock award plans state that if there is a change in the control of dormakaba Holding AG (as defined in the regulations) the share blocking period will be lifted if this is permitted by law. If there is a change in the control of dormakaba Holding AG (as defined in the regulations), under the ESAP Plus, ESAP Plus 3 and ESAP 5 rules participants have the right to a cash payment in compensation for their right (detailed in the regulations) to a (loyalty-based) allocation of additional shares ("matching shares"), provided the plan participants concerned still have an employment contract (that is not under notice) with dormakaba Group when the change of control occurs.

Section 36 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 merger 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 voting rights in dormakaba Holding AG in shares, (ii) holds 33⅓ % or more of 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 Group 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 the following majority requirements: up to the end of 31 December 2018 with a majority of at least 75% of the votes represented and from 1 January 2019 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.

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 2016/17 financial year. In accordance with the rules on terms of office pursuant to the Swiss Code of Obligations, latest from financial year 2023/24 a new lead auditor will be responsible for auditing the annual and consolidated accounts of dormakaba Holding AG.

Auditing fees and additional fees

The fee 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 3.27 million in the 2016/17 financial year. In financial year 2016/17 dormakaba Group also paid expenses in the amount of around CHF 1.31 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 1.11 million of this was for general advisory services relating to acquisition projects and other consulting projects, and around CHF 0.10 million for taxation services (direct and indirect taxes). Another CHF 0.10 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 Board of Directors' Audit Committee assesses the performance, fees and independence of the auditor and suggests to the Board of Directors which external auditor should be proposed to the Annual General Meeting for selection. Each year the Audit Committee 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. You can find more information about the Audit Committee from page 65 et seq.

Information policy

This reporting on financial year 2016/17 and the financial statements as at 30 June 2017 include the Executive Report, the Annual Report with Financial Statements, the Corporate Governance Report, the Compensation Report, the Group Management Report and the Sustainability Report. The Executive Report is sent to shareholders before the Annual General Meeting; the other publications can be ordered using the order form enclosed in the invitation to the Annual General meeting or online at www.dormakaba.com/news-service. The share price, business publications, media releases and presentations may also be downloaded from www.dormakaba.com. Media and analyst conferences take place at least once a year, but usually twice a year. The dormakaba Group typically holds a Capital Market Day once a year at which financial analysts and investors can gain a deeper insight into the Group by meeting members of the Executive Committee and management as well as seeing product presentations. 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 every half year. The information on how the business is performing is available at www.dormakaba.com/media-releases and www.dormakaba.com/publications. The notifications, reports and presentations of dormakaba Group 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.dormakaba.com/agenda.

Compensation Report

The Compensation Report describes the principles underlying the compensation policy, and provides information about the steering process and the compensation actually paid to the Board of Directors and Executive Committee 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
The 2016/17 financial year has been the first full joint financial year following the merger of Dorma and Kaba to become dormakaba. It was a very good year for dormakaba with an organic growth of 4.3%, an increase of the EBITDA margin by 1%-point and a significant increase in net profit. The company continued its post-merger integration process, realizing important cost and top line synergies, as well as operational progress. Further, dormakaba strengthened its market position by two major acquisitions in the USA, Mesker (Mesker Openings Group) and Best Access Solutions (Mechanical Security businesses of Stanley Black & Decker). Both acquisitions were successfully completed during the reporting year and allowed the company to become one of the top three providers in the North American market. The Compensation Report explains how these results impacted the variable incentive payments made to the members of Executive Committee under the different compensation plans.

The purpose of the compensation programs of dormakaba is to attract, engage and retain executives and employees, to drive performance and to encourage behaviors that are in line with dormakaba's values as well as with the long-term interests of the company's shareholders. In the reporting year, the Compensation Committee conducted a thorough review of the compensation system of the Board of Directors and of the Executive Committee. The conclusions of the review and the decisions taken as a result of it are explained in this report. Additionally, the Compensation Committee performed its regular activities throughout the financial year such as the propositions of compensation for the members of the Board of Directors and Executive Committee, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the Annual General Meeting of Shareholders (AGM).

At the upcoming AGM, our shareholders will again be asked to prospectively approve the aggregate maximum amounts of compensation of the Board of Directors for the period until the following AGM and of the Executive Committee for the financial year 2018/19. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the Board of Directors and to the Executive Committee by way of a consultative vote on the 2016/17 Compensation Report.

Looking ahead, we will continue to regularly review our compensation policy in order to promote sustainable performance, alignment to the long-term interests of our shareholders and employees' engagement, while being compliant with the regulatory environment. The Board of Directors would like to thank our shareholders for their valuable feedback on our approach to executive compensation.

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 system for the members of the **Executive Committee** 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 (long-term incentive).

Fairness and transparency
Compensation decisions are transparent and fair. The target level of total compensation is based on the function. The global grading system based on 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 Hay Group data).

Compensation for the members of the **Board of Directors** consists exclusively of a fixed payment in cash and shares. This ensures that the Board of Directors remains independent in exercising its supervisory duties towards the Executive Committee.

Managing compensation

Compensation Committee

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

The Compensation Committee consists of three members of the Board of Directors who are elected annually and individually by the AGM for a period of one year. At the AGM of 2016, the shareholders elected Rolf Dörig (chair), Hans Gummert and Hans Hess as members of the Compensation Committee.

The Compensation Committee's main tasks are to:

- Propose and periodically review the compensation policy and regulations for the attention of the Board of Directors;
- Propose to the Board of Directors the specific design of the fundamental compensation elements and the determination of the compensation-related performance objectives;
- Propose to the Board of Directors the maximum aggregate compensation amount of the Board of Directors and of the Executive Committee to be submitted to the shareholders' vote at the AGM;
- Propose to the Board of Directors 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 members of the Executive Committee within the limits approved by the AGM;
- Decide on the share-based compensation to be awarded to the members of the Executive Committee and the Senior Management;
- Propose to the Board of Directors the Compensation Report.

Compensation for the Executive Committee as well as the Senior Management is set as part of an annual process.

The Compensation Committee meets as often as business requires but at least once a year. In the financial year 2016/17, the Compensation Committee held four meetings and one telephone conference of approximately one to two hours each. All meetings were attended by all members.

The Chairman of the Compensation Committee reports to the Board of Directors after each meeting on the activities of the committee. The minutes of the committee's meetings are available upon request to the members of the Board of Directors. As a general rule, the Chairman of the Board of Directors, the CEO and the Senior Vice President Group Human Resources attend the Compensation Committee meetings in advisory capacity. They do not attend the meeting, or parts thereof, when their own compensation and/or performance are being discussed.

The Compensation Committee may decide to consult external advisors on specific compensation matters. As in previous years, Hay Group, an internationally recognized consulting firm, has been appointed to provide benchmarking data on compensation of Executive Committees of comparable companies. Agnès Blust Consulting, a company specialized in executive compensation in Swiss listed companies, has been appointed to provide independent advice in specific compensation and governance matters. These consulting firms do not have any non-Human Resources related mandate with dormakaba.

Shareholders' involvement

The Board of Directors values the dialogue with shareholders and wants to know and understand their views about executive compensation. In this context, the Board of Directors already started holding a consultative vote on the Compensation Report in the financial year 2012/13. This vote allows shareholders to express their opinion on the compensation policy and systems applicable to the Board of Directors and the Executive Committee. Since the 2015 AGM, the Board of Directors also seeks an annual prospective binding approval from shareholders of the maximum aggregate amount of compensation of the Board of Directors and the maximum aggregate amounts of fixed and variable compensation of the Executive Committee.

Annual process and responsibilities for compensation of the Board of Directors and Executive Committee

	Feb	June	Aug	Oct
Compensation policy review and compensation principles for next financial year	CC BoD			
Compensation plans, budget and share award plan design		CC BoD		
Maximum aggregate compensation amount of the Board and EC for next compensation period			CC BoD	AGM
Compensation structure and level of Board of Directors for next compensation period			CC BoD	
Individual target compensation of EC members for next financial year*		CEO CC		
Individual short-term incentive payments EC members for previous financial year*			CEO CC	
Individual share awards EC members and Senior Management*			CEO CC	
Compensation Report		CC	CC BoD	AGM

AGM: Annual General Meeting, BoD: Board of Directors, CC: Compensation Committee, CEO: Chief Executive Officer

■ body which recommends
■ body which reviews
■ body which approves

* Proposals related to the CEO compensation are prepared by the Chairman of the Compensation Committee and approved by the Compensation Committee

The Articles of Incorporation include the principles of compensation applicable to the Board of Directors and to the Executive Committee. Those provisions can be found under www.dormakaba.com/en/investor-relations/corporate-governance 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);
- Credits and loans (Article 28).

Compensation architecture for the Board of Directors

Members of the Board of Directors only receive a fixed compensation based on the responsibilities and time requirement of their function, without any entitlement to performance-related compensation. This ensures that the Board of Directors remains independent while exercising its supervisory duties towards the Executive Committee. The amount of compensation for each function of the Board of Directors is determined annually considering the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally. In the reporting year, a benchmarking analysis was conducted with the support of an external consultant, Agnès Blust Consulting. For this purpose, a peer group of Swiss multinational companies of the industrial sector listed on the Swiss Stock Exchange (SIX) had been selected for the benchmarking analysis. The peer group consists of Autoneum, Bucher Industries, Burckhardt Compression, Clariant, Dätwyler, Georg Fischer, Lonza, OC Oerlikon, Rieter, Schweiter Technologies, Sika, Sonova, Sulzer and Zehnder Group, and is well-balanced in terms of market capitalization, revenue size and headcount. The result of this analysis showed that overall the compensation of the Board of Directors is slightly below market practice. Yet, the Board of Directors decided to keep the compensation structure and levels unchanged, with the exception of the fixed number of shares for the Chairman of the Board, which has been increased from annually 200 shares to 300 shares. The compensation system and levels are documented in a compensation directive.

1. Composition of compensation

The compensation paid to the Board of Directors comprises a cash payment of CHF 90,000 and a fixed award of 100 shares of dormakaba Holding AG, or in the case of the Chairman of the Board of Directors, 300 shares. Additional fees are paid for specific functions such as chairmanship of the Board of Directors, chairmanship and/or membership in a committee of the Board of Directors or for performing special additional tasks assigned by the Board of Directors. The Chairman of the Board of Directors is not eligible to additional compensation for his participation in the committees.

The members of the Board of Directors 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 Board of Directors. In addition, a shareholding ownership guideline is in place, requiring Board members to hold a minimum of 500 shares of dormakaba. This can be built up over a period of three years after the implementation of the guideline (in October 2014) or within three years after the election to the Board of Directors (in case of new members).

Compensation is paid on a pro-rata basis to Board members twice a year. For the financial year 2016/17, the first compensation period ended on 30 April 2017, the second will end on 31 October 2017. 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 Board of Directors.

As at 30 June 2017, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dormakaba and current or former members of the Board of Directors, or parties closely related to them. Investments held by members of the Board of Directors or related persons (including conversion and option rights) – if any – are listed on page 82 et seq. and on page 54 in the appendix to the balance sheet.

All amounts in CHF	Basic compensation p.a.	Additional compensation for Chairman roles p.a.	Additional compensation for committee membership roles p.a.	Share award p.a.	Additional payments	Reimbursement of expenses
Chairman BoD		240,000	–	300		
Chairman Audit Committee		60,000	–			
Chairman Compensation Committee		45,000	–			
Chairman Nomination Committee		45,000	–			
Member Audit Committee		–	15,000			
Member Compensation Committee		–	10,000			
Member Nomination Committee		–	10,000			
Ordinary BoD member	90,000	–	–	100	Compensation for special tasks commissioned by Board of Directors	Actual expenses for travel or journeys outside Switzerland or as caused by special work done by members on behalf of the Board of Directors

2. Assessment of actual compensation paid to the Board of Directors in the 2016/17 financial year

The increase in actual compensation paid to the Board of Directors compared to the previous year is due to the fact that the fixed number of shares awarded to the Chairman of the Board has been increased from annually 200 shares to 300 shares and to the increase in the share price of 27% (on average). The compensation system of the Board of Directors has otherwise not been changed compared to the previous financial year.

At the AGM 2016, the shareholders approved a maximum aggregate amount of CHF 2,750,000 for the Board of Directors for the compensation period from the AGM 2016 until the AGM 2017. The compensation effectively paid for the portion of this term of office included in this compensation report (October 2016–30 June 2017) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2017/18.

At the AGM 2015, the shareholders approved a maximum aggregate amount of CHF 2,510,000 for the Board of Directors for the compensation period from the AGM 2015 until the AGM 2016. The compensation effectively paid was CHF 2,111,590 and is within the limit approved by the shareholders.

Compensation architecture for the Executive Committee

The compensation awarded to members of the Executive Committee is primarily driven by the success of the company. In addition to a competitive fixed compensation there is a performance-related component that rewards for performance and allows members of the Executive Committee 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).

To ensure consistency across the organization, roles within the organization have been evaluated using the job grading methodology of 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 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 market. Consequently, there is no pre-defined peer group of companies that is used globally. Rather, the benchmark companies will vary from country to country based on the database of Hay Group.

The compensation paid to the Executive Committee must in principle 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

Members of the Executive Committee receive an annual base salary for fulfilling their functional 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 skills set, experience and seniority.

2. Benefits

As the Executive Committee is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits consist mainly of retirement, insurance and health care 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 members of the Executive Committee 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 pension fund of dormakaba in Switzerland is in line with benefits provided by other Swiss multinational industrial companies.

Members of the Executive Committee 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, members of the Executive Committee 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 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 measurable financial objectives, which are defined in line with the Group's strategy. Pursuant to the Article of Incorporation 24 the short-term incentive may not exceed 150% of the individual annual base salary for the members of the Executive Committee (cap).

Following the "We are ONE company" principle, the individual short-term incentive paid to the members of the Executive Committee is strictly based on Group and segment financial objectives and not on individual goals. The

	Fixed compensation and benefits		Variable compensation (target of at least 50% of total compensation)	
	Annual base salary	**Benefits**	**Short-term incentive**	**Long-term incentive**
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 and segment performance	Rewards individual and company performance, aligns to shareholders' interests

business results are compared to the previous year's results, in order to drive a continuous improvement of the business achievements, year after year.

The incentive formulas for all members of the Executive Committee are built around the following principle: the short-term incentive consists of a pre-defined share of profit (as a percentage of Group net income or segment EBIT) multiplied by growth factors (see illustration to the right). This formula is aligned to the business strategy of profitable growth because it rewards for bottom-line results (Group net income or segment EBIT) and for top-line contribution (sales growth multiplier). Further, for the COOs responsible for a segment, the formula also includes a net working capital factor (NWC factor), which reflects the focus on efficient management of the company's financial resources. The pre-defined profit share (in percentage of profit) is determined for each function individually.

For the CEO and other Executive Committee members (CFO, CIO (Chief Integration Officer), CTO (Chief Technology Officer), CMO (Chief Manufacturing Officer)), the incentive formula relates exclusively to Group results. For the COOs, it relates to segment results and Group results as follows:

CEO, CFO, CIO, CTO, CMO

Share in Group's results × Result growth factor = Payment as short-term incentive

COOs

Share in segment's results × Sales growth factor × NWC factor = Variable share in activity of own segment

Variable share in activity of own segment + Variable share in Group's results = Payment as short-term incentive

	Group	Segment	Rationale
Movable Walls			Movable Walls and Key Systems are independent global segments, the 30–70% split between Group's and segment's results is well balanced in terms of rewarding the collective performance of the Group and the individual performance of the segments.
Key Systems	30%	70%	
Access Solutions (AS)	10%	30% all AS segments 60% own AS segment	AS segments (AMER, APAC, DACH, EMEA) are interdependent, therefore the weighting strongly encourages collaboration between the AS segments and rewards for the AS collective performance and the individual performance of each AS segment in a balanced manner.

The calculation of the short-term incentives is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system. Special effects that have a material impact on the financial results, such as significant acquisitions and divestments or extraordinary result representing merger-related integration costs, are excluded so that the financial results are comparable to previous year.

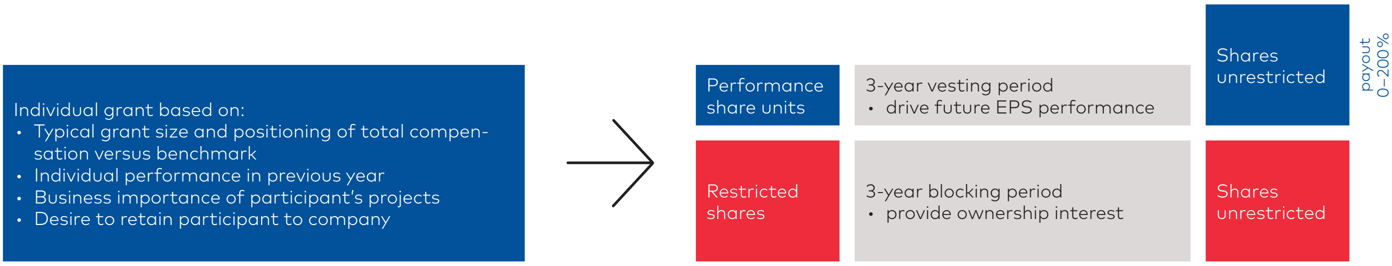
Considering the profit-sharing nature of the STI, no formal "target" STI amount is set. However, for members of the Executive Committee a payout of 85% of the annual base salary (on average) corresponds to the level of expected performance for the financial year 2016/17.

3.2 Long-term incentive

The purpose of the long-term incentive is to give the Executive Committee 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.

At the beginning of the long-term incentive plan cycle (grant date), Executive Committee members are awarded restricted shares and performance share units (former matching shares) of dormakaba on the basis of 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 pre-defined 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 Executive Committee 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, segment or function. At the end of each financial year, the individual performance of the member is evaluated 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. The list of strategic priorities of the CEO for the financial years 2015/16 (impact on the grant in financial year 2016/17) is provided in the illustration on page 80;
- **Strategic importance:** evaluate the Executive Committee member's projects to the long-term company's 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.



Strategic priorities of the CEO (financial year 2015/16)
(This information is disclosed in summarized form for confidentiality reasons)

Business/operational performance in line with guidance

Implementation of strategic projects as per strategic plan

Post-Merger Integration (PMI):
- Culture and people: form new leadership teams, succession planning and retention of key talents
- Processes and structures: implement operating model and corresponding processes and structures
- Integration work-streams:
  - Implementation of Value Driver Initiatives to achieve the defined business targets
  - Implementation of Core Projects (infrastructure)
  - Change Management: strengthen leadership behaviors, as a basis for a joint culture

Group business development: selectively establish further acquisitions/divestments in accordance with strategic priorities

Innovation: launch of exivo and finalization of "Legic Connect"

The strategic priorities of the CEO have been implemented successfully. Based on the performance achieved and on the scope of the CEO role after the merger, the LTI grant size has been increased compared to the previous year.

Based on the above criteria, the CEO formulates a proposal for long-term incentive awards of the individual Executive Committee members and other members of Senior Management, which is subject to approval by the Compensation Committee. For the CEO, the Chairman of the Compensation Committee formulates a proposal that is subject to the approval of the Compensation Committee. Pursuant to the Article of Incorporation 24 the fair value of the LTI may not exceed 150% of the individual annual base salary for the members of the Executive Committee (cap).

The long-term incentive award is split into two components: two-thirds are granted in form of restricted shares of dormakaba subject to a three-year blocking period. This component of the award is designed to provide participants an ownership interest in the long-term value creation of the company by making them shareholders. The remaining third of the award is granted in form of performance share units (former matching shares) of dormakaba subject to a three-year performance-based vesting period. This component of the award is designed to reward participants for the future performance of the earnings per share (EPS) of the company over the three-year vesting period. The remuneration may range from 0% to a maximum of 200% of the original number of units granted (maximum 2 shares for each performance share unit originally granted).

In summary, while the long-term incentive award is granted on the basis of factors related to the function (strategic importance) and the individual (positioning versus benchmark, performance, retention need), the vesting of the performance share units depends on future company performance (measured by EPS development).

Restricted shares and performance share units are usually awarded annually at the end of September. In case of voluntary termination by the participant or termination for cause by the company, restricted shares remain blocked and the performance share units are forfeited without any compensation. In case of termination without cause, retirement or disability, restricted shares remain blocked and the performance share units are subject to an accelerated pro-rata vesting on the basis of target performance (100%). In case of death or change of control, the blocking period of the shares is lifted and performance share units are subject to an accelerated pro-rata vesting (death) or full vesting (change of control) at target performance (see also Corporate Governance Report, page 71, "Changes of control and defense measures").

The conditions for the award of shares and share units are governed by the stock award plans of dormakaba and are identical for all participants. An overview of the terms and conditions of the shares and share units awarded under the current and discontinued plan (outstanding awards) is provided in the illustration below.

Overview of outstanding long-term incentive awards

Entry into force	Name	Plan design	Plan purpose/criteria	Notes
2015	Executive Stock Award Plan ESAP 5	Award of restricted shares and performance share units (matching shares) conditional upon EPS performance during a three-year vesting period	• Reward long-term company performance through the award of performance share units subject to EPS performance condition • Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares • Reward individual performance through the award grant size • Retain participants to the company through the three-year vesting and restriction periods on the award	From 2015/16 financial year onwards, all LTI awards are made solely under ESAP 5 plan
2013	Executive Stock Award Plan ESAP Plus 3	Award of restricted shares and matching shares (one for two) subject to a three-year vesting period	• Align to shareholders' interest and enable employees to participate in the company's long-term success through the award of restricted shares • Reward individual performance through the award grant size • Retain participants to the company through the three-year restriction period	In 2014/15 financial year, all LTI awards are made solely under the ESAP Plus 3 plan ESAP Plus 3 has been discontinued as of 2015/16 financial year

All shares awarded in recent years have come from treasury shares and to a small extent from conditional capital.

The company's shares awarded under stock award plans

Date	Number of shares awarded
14 August 2009	4,100 shares under ESAP 1 Award value: CHF 225.80/share
16 August 2010	4,220 shares under ESAP 1 Award value: CHF 298.25/share
15 August 2011	3,610 shares under ESAP 1 Award value: CHF 277.00/share
22 November 2012	2,570 shares, of which 310 under ESAP 1 and 2,260 under ESAP Plus Award value: CHF 373.00/share
20 September 2013	3,272 shares, of which 310 under ESAP 1, 2,310 under ESAP Plus and 652 under ESAP Plus 3 Award value: CHF 398.00/share
22 September 2014	3,285 shares under ESAP Plus 3 Award value: CHF 440.50/share
21 September 2015	4,088 shares under ESAP 5 Award value: CHF 653.00/share
21 November 2015	840 matching shares under ESAP Plus Award value: CHF 664.00/share
21 September 2016	1,426 matching shares, of which 1,120 under ESAP Plus and 306 under ESAP Plus 3 5,224 shares under ESAP 5 Award value: CHF 738.00/share

The long-term incentive plan is currently under review. While the new design is not yet finalized, dormakaba considers to refine the performance indicator(s) for instance through introduction of a relative indicator and to change the mix between restricted shares and performance share units towards more performance share units in order to further align to market practice and to shareholders' expectations. Further details on the long-term incentive plan redesign will be provided in the Compensation Report for financial year 2017/18.

4. Employment contracts

The members of the Executive Committee are employed under employment contracts of unlimited duration that are subject to a notice period of up to 12 months. Members of the Executive Committee are not contractually entitled to termination payments or any change of control provisions other than the accelerated vesting and/or unblocking of share awards mentioned above.

5. Shareholding ownership guideline

The members of the Executive Committee are required to own at least a minimum multiple of their annual base salary in dormakaba shares within five years of hire or promotion to the Executive Committee, as set out in the table below.

CEO	300% of annual base salary
Member of the Executive Committee	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 Compensation Committee 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 Board of Directors may, at its discretion, review the minimum ownership requirement.

6. Assessment of actual compensation paid to the Executive Committee in the 2016/17 financial year

The following comments can be made about the actual compensation paid to the Executive Committee in the 2016/17 financial year. In comparison to the previous year, total direct compensation (TDC) rose by 18%. This is mainly due to the following factors:

- The target compensation levels of the Executive Committee members have not been changed compared to the previous financial year, however certain members of the Executive Committee were reported for 10 months in the previous financial year (versus full year in the reporting year);
- The STI payout of the Executive Committee members reflects the very good underlying financial performance in the reporting year, especially the increase in Group net income which is the main driver of the STI payout for the CEO and other members of the Executive Committee (CFO, CIO, CTO, CMO). The financial performance of the segments (COOs) as a whole in terms of profitability, sales growth and net working capital management met expectations overall, with the strongest outperformance by AS APAC and the weakest development by Movable Walls. Consequently, the STI was 107% of annual base salary on average (previous year: 84%);
- The four members who were elected to the Executive Committee in the previous financial year received their first long-term incentive grant in this reporting year (no grant in the previous financial year). Further, the value of the shares of the company allocated under the long-term incentive plan has increased by 13% compared to the previous year;
- Variable compensation forms a major part of TDC. The percentage of overall compensation paid to the Executive Committee as variable compensation in the reporting year was 64% (excluding cash-value benefits and social security contributions), which constitutes an increase year-to-year (previous year: 54%);
- Variable compensation paid out in shares of the company accounted to 24% of TDC (previous year: 13%). First priority is to increase this proportion up to 30% of total compensation in coming years by applying future compensation increases on the long-term incentive component rather than on the other compensation elements.

At the AGM 2015, the shareholders approved a maximum aggregate amount of CHF 17,250,000 for the Executive Committee for the financial year 2016/17. The compensation effectively awarded of CHF 13,026,134 is within the limits approved by the shareholders.

The principles stated in the compensation regulations approved by the Board of Directors in the financial year 2013/14 were again proven to be very effective in the reporting year. Rigorous implementation of these regulations guarantees consistent and transparent compensation practice based on uniform principles and criteria.

As at 30 June 2017, in compliance with the Articles of Incorporation, there were no outstanding loans or credit facilities between dormakaba and current or former members of the Executive Committee, or parties closely related to them. Investments held by members of the Executive Committee or related persons (including conversion and option rights) – if any – are listed on page 82 et seq. and in the appendix to the balance sheet on page 54.

Compensation to the Board of Directors and Executive Committee

Financial year 2016/2017

	Compensation[1]				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF)[2]
Board of Directors					
Brecht-Bergen Stephanie	167,770	–	–	167,770	77,770
Chiu Elton SK	167,770	5,905	11,563	185,238	77,770
Daeniker Daniel Chair Audit Committee	167,770	60,000	15,398	243,168	115,642
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Nomination Committee	167,770	55,000	15,464	238,234	77,770
Dubs-Kuenzle Karina	167,770	20,000	13,009	200,779	77,770
Graf Ulrich Chairman of the Board Chair Nomination Committee	540,260	20,000	32,578	592,838	210,260
Gummert Hans Member Audit Committee Member Compensation Committee Member Nomination Committee	167,770	132,236	–	300,006	96,285
Heppner John	167,770	40,000	–	207,770	108,068
Hess Hans Member Audit Committee Member Compensation Committee Member Nomination Committee	167,770	35,000	13,818	216,588	108,909
Mankel-Madaus Christine	167,770	–	–	167,770	77,770
Total Board of Directors	**2,050,190**	**368,141**	**101,832**	**2,520,163**	**1,028,014**

1) Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 5,905 and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA and ISEO (Hans Gummert) of CHF 97,236 are included in the compensation (additional compensation). Business expenses are not included.
2) The compensation for the reporting period is paid out in three installments. The valuation of the shares is based on the share price at respective grant dates and can therefore vary. The shares for the last installments will be transferred in November 2017. Due to the significant increase of the share price in the last months, the Board of Directors decided to cap the value of the shares transferred for the compensation period from the 2016 AGM until the 2017 AGM to CHF 240,000 for the Chairman of the Board and to CHF 80,000 for the other Board members. The disclosed amount of share compensation for financial year 2016/17 is based on a share price of CHF 691.50 for the compensation period July until October 2016 and on the capped amount for the compensation period November 2016 until June 2017. The number of shares cannot be calculated yet, as it will depend on the share price used to convert the compensation amount (average closing share price of the last five trading days in October 2017, as per compensation directive).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social/pension contributions[3]	Total aggregate amount	STI[4]	LTI[5]	Social/pension contributions	Total aggregate amount	
Executive Committee								
Cadonau Riet	782,002	152,195	934,197	1,200,000	816,547	315,133	2,331,680	3,265,877
Other Executive Committee	3,245,050	766,818	4,011,868	3,118,975	1,878,275	751,139	5,748,389	9,760,257
Total Executive Committee	**4,027,052**	**919,012**	**4,946,065**	**4,318,975**	**2,694,822**	**1,066,272**	**8,080,069**	**13,026,134**

3) 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 that were effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, service anniversary or housing contributions. Fringe benefits amount to CHF 29,988 for the CEO and CHF 322,833 for the other members of the Executive Committee.
4) The short-term incentive reported will be paid after the end of the reporting years.
5) The CEO receives a guaranteed allocation of 550 shares (worth CHF 476,460) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2017 as listed on page 84. However, they have been included in the long-term incentive compensation figure with a share price of CHF 866.29 (average closing price of May/June 2017).

Financial year 2015/2016

	Compensation[1]				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF)[2]
Board of Directors					
Brecht-Bergen Stephanie (since September 2015)	127,821	0	1,749	129,570	52,191
Chiu Elton SK	153,100	9,435	10,643	173,178	62,884
Daeniker Daniel Chair Audit Committee	153,100	60,000	14,258	227,358	115,238
Dörig Rolf Vice-Chairman of the Board Chair Compensation Committee Member Audit Committee (until August 2015) Member Nomination Committee	153,100	57,500	14,479	225,080	83,447
Dubs-Kuenzle Karina	153,100	20,000	12,489	185,589	62,884
Graf Ulrich Chairman of the Board Chair Nomination Committee	216,201	260,000	27,812	504,013	160,813
Gummert Hans (since September 2015) Member Audit Committee Member Compensation Committee Member Nomination Committee	127,821	94,413	2,180	224,413	58,449
Heppner John	153,100	0	–	153,100	96,375
Hess Hans Member Audit Committee Member Compensation Committee Member Nomination Committee	153,100	35,000	14,798	202,899	94,174
Mankel-Madaus Christine (since September 2015)	127,821	–	1,749	129,570	52,191
Pleines Thomas (until August 2015) Member Compensation Committee (until August 2015)	25,281	1,667	1,811	28,758	10,179
Total Board of Directors	**1,543,546**	**538,015**	**101,969**	**2,183,530**	**848,826**

1) Compensation for the employer representatives on the Swiss pension fund (Ulrich Graf, Karina Dubs-Kuenzle) of CHF 20,000 each, compensation for membership of the Board of Directors of Wah Yuet Group Holdings Limited (Chiu Elton SK) of CHF 9,435 and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 65,246 are included in the compensation (additional compensation). Business expenses are not included.
2) The compensation for the reporting period is paid out in three installments. The valuation of the shares is based on the share price at respective grant dates and can therefore vary. The shares to be transferred in November 2016 are recognized at CHF 648.87, which is the average share price in May and June 2016.

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment[3]	Benefits and social/pension contributions[4]	Total aggregate amount	STI[5]	LTI[6]	Social/pension contributions	Total aggregate amount	
Executive Committee								
Cadonau Riet	785,841	133,570	919,410	1,187,817	480,333	261,648	1,929,798	2,849,208
Other Executive Committee	3,406,739	882,876	4,289,615	2,322,225	983,021	621,198	3,926,444	8,216,059
Total Executive Committee	**4,192,580**	**1,016,446**	**5,209,026**	**3,510,042**	**1,463,354**	**882,846**	**5,856,242**	**11,065,267**

3) In the reporting year 2015/16, a member of the Executive Committee received a fixed number of shares as part of his fixed basic compensation.
4) 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 that were effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, service anniversary or housing contributions. Fringe benefits amount to CHF 10,311 for the CEO and CHF 262,307 for the other members of the Executive Committee.
5) The short-term incentive reported here will be paid after the end of the reporting years.
6) The CEO receives a guaranteed allocation of 550 shares (worth CHF 356,879) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2016 as listed on page 84, however they have been included in the long-term incentive compensation figure with a share price of CHF 648.87 (average closing price of May/June 2016).

Shares held by Board of Directors and Executive Committee

As at the respective call date, the individual members of the Board of Directors and the Executive Committee (including related parties) held the following number of shares in dormakaba Holding AG.

	Financial year ended 30.06.2017	Financial year ended 30.06.2016
	Number of shares	Number of shares
Board of Directors		
Brecht-Bergen Stephanie	189,868	189,768
Chiu Elton SK	683	583
Daeniker Daniel	1,305	1,160
Dörig Rolf	2,153	4,553
Dubs-Kuenzle Karina	84,861	36,761
Graf Ulrich	6,476	7,276
Gummert Hans	198	76
Hess Hans	1,270	1,133
Heppner John	510	374
Mankel-Madaus Christine	189,868	189,768
Total Board of Directors	**477,192**	**431,452**
Executive Committee		
Brinker Bernd	250	0
Cadonau Riet	3,930	3,050
Gaspari Roberto	2,238	1,900
Häberli Andreas	1,185	885
Jacob Christoph	72	0
Kincaid Michael	714	655
Lee Jim-Heng	1,146	498
Lichtenberg Jörg	167	0
Malacarne Beat	1,425	1,025
Sichelschmidt Dieter	150	0
Zocca Stefano	1,251	1,011
Total Executive Committee	**12,528**	**9,024**

Report of the statutory auditor
to the General Meeting dormakaba Holding AG, Rümlang

We have audited the accompanying Compensation Report of dormakaba Holding AG for the year ended 30 June 2017. 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 82 to 84 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 accompanying 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 remuneration, 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 2017 complies with Swiss law and Articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG
Zurich, 6 September 2017

Beat Inauen Audit expert Auditor in charge	Reto Tognina Audit expert

Imprint

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- financing costs,
- delays in the integration of the merger or acquisitions,
- changes in the operating expenses,
- currency and raw material price fluctuations,
- the company's ability to recruit and retain qualified employees,
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- changes in applicable law,
- and other factors identified in this communication

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