dormakaba Holding AG

Annual Report

Group Management Report, financial statements, governance and compensation

Financial Year

2020/21

dormakaba

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Group Management Report

Riet Cadonau (Chairman) and Sabrina Soussan (CEO)

Good and improved business results in a demanding environment

Dear Shareholders,

The past financial year has seen a transition in the management of dormakaba. After stepping into our newly split roles of Chairman and CEO on 1 April, we are both pleased to inform you about our company's performance in financial year 2020/21 for the first time in this new setup. While profitability was in line with our guidance, organic growth was slightly higher. The main reason for the good results was the strong performance of our European and Asian businesses; additional contributing factors were the early implementation of cost-saving measures, as well as the company's focus on cash flow and thus on maintaining financial stability at all times.

Our company's development continued to be impacted by the Covid-19 pandemic. Therefore, our primary focus remained on the health and the safety of our employees. In April 2021, we conducted a "Pulse Check" amongst our employees to get a sense of their personal well-being during the pandemic and their individual work situation, amongst other things. Approximately 70% of our global workforce took part in the survey. We were pleased that 86% of respondents said that dormakaba took sufficient safety precautions for them around the pandemic and that 80% have confidence in the future of dormakaba. However, we are mindful of the strain the overall situation has taken on the well-being of our employees: only 51% of respondents said they feel personally well these days. We are thus all the more grateful for the continued resilience and commitment of our employees who have kept their focus firmly on serving our customers and on ensuring business continuity – notably in our manufacturing, procurement, supply chain and services operations.

The pandemic has accelerated the demand for seamless and touchless access solutions, in particular in markets such as healthcare, travel and multi-housing. Our continued investment in product innovation and digitalization has positioned our company well to offer our customers the required solutions, as exemplified by the contracts concluded with the largest hospital in Austria, AKH Wien, with 60,000 doors, and the Drammen hospital in Norway.

More generally, dormakaba has been at the forefront of the digital transformation of the building technology industry, opening up new business models and value streams. An excellent example of this is EntriWorX, which supports smart planning processes for buildings, simple installation of door solutions and secure, smooth operations of these solutions. EntriWorX networks door technology components through simple plug & play instead of complex wiring and different transmission protocols, thus enabling door systems to be commissioned using a simple app. Once the building is in operation, the data from the connected door components can be processed in the customer's existing management system or with our own all-in-one customized solution for managing access, occupancy, energy supply and maintenance. At the same time, the interfaces between the door components and the customer's system can be reduced from up to four interfaces to one. Overall, EntriWorX creates significant productivity gains for our customers throughout the entire building life cycle; for example, the initial time for commissioning a complex door is reduced from several hours to less than 30 minutes. We launched the solution in the German market at the end of April 2021, with a phased, international market rollout planned in the coming year.

Financial Performance

As anticipated, our sales performance improved during the 2020/21 financial year: year-on-year, organic sales growth came to 1.3%. While organic sales in the first half-year were still down at –6.0%, the second half saw double-digit organic sales growth of 10.0%, driven notably by a strong fourth quarter. Overall, net sales came to CHF 2,499.7 million (previous year CHF 2,539.8 million). Currency translation effects impacted sales negatively by 3.0%.

Compared to the previous year, the EBITDA margin improved from 12.8% to 14.1%. The increase in profitability was driven by higher volume, sales price increases, improvements in operational efficiency and effective cost management such as in procurement, which more than offset the effect of higher raw material and freight costs.

Segment Access Solutions (AS) APAC (Asia-Pacific) achieved organic sales growth of 4.3%, with a 24.0% improvement in the second half-year against the previous year. The segment achieved above-expected market growth, driven by the recovery in China and India in the second half-year. The EBITDA margin improved to 14.2% (previous year 13.6%).

Segment AS DACH (Germany, Austria, and Switzerland) achieved organic sales growth of 2.6%, with an 8.6% improvement in the second half-year against the previous year. Market growth in Germany, Austria and Switzerland was significantly stronger than overall segment growth which was diluted by weak intercompany sales particularly in the first half-year. The EBITDA margin improved to 17.3% (previous year 16.3%).

Segment AS EMEA (Europe, Middle East, and Africa) achieved 4.4% organic sales growth, with a 13.0% improvement in the second-half year against the previous year. The good growth was driven by all European regions, particularly Southern Europe, the UK, and Benelux. The EBITDA margin even surpassed pre-Covid level at 8.5% (previous year 6.5%).

Segment Key & Wall Solutions achieved 1.8% organic sales growth, with a 16.0% improvement in the second half-year against the previous year. The EBITDA margin was at a pre-Covid level of 15.7% (previous year 14.4%). While Business Unit Key Systems recorded an impressive bounce-back, Business Unit Movable Walls as expected saw a decline in growth compared to the previous year due to postponed customer projects and a strong base effect from last year. Its EBITDA margin, however, was at record levels and order intake for the coming year is strong.

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This positive picture was not mirrored by Segment AS AMER (North and South America): while organic sales increased by 1.6% in the second half-year, organic sales for the full year contracted by 5.2%. The EBITDA margin was at 16.4% (previous year 17.0%). Performance was impacted by the lagging demand of the US commercial market, the continued weak lodging business, and ongoing issues at our Mesker business (hollow metal doors), with Mesker alone reducing the segment's profitability by 240 basis points. The impact of Mesker on the Group EBITDA margin was 60 basis points. As the performance at Mesker continued to be very unsatisfactory, we must focus on the turnaround of the business; on top, we are evaluating our strategic options. Fortunately, we have seen some silver lining in other clusters within the AS AMER segment, notably in the promising fields of touchless entrance systems products and electronic access solutions.

Operational cash flow was kept at a high level during the year under review. The strong focus on the "cash is king" principle led to a further improvement in key parameters, the increase in business volume over the course of the year could be absorbed comfortably. In light of the pandemic, meanwhile, only selective investments were made in property, plant, and equipment and in smaller acquisitions. Consequently, net debt was CHF 158.9 million lower against the previous year as of balance sheet date. This leaves a leverage ratio of net debt/EBITDA of 1.4x, which gives dormakaba a healthy amount of financial leeway for future strategic measures.

Net profit increased by 17.8% year-on-year to CHF 193.3 million, primarily because of the significantly improved operating profit and an improved financial result, while the income tax rate remained mostly unchanged. Pleasingly, the significantly improved net profit allows the Board of Directors to propose a 19.0% higher dividend than the previous year based on an unchanged dividend policy: the previous year's dividend was set at CHF 10.50 per share, while the proposed dividend for the 2020/21 financial year is CHF 12.50 per share.

Sustainability progress

It has been a very encouraging year for sustainability, with considerably heightened investor interest on ESG (Environmental, Social and Governance). Governments and regulators continue to require increased transparency about ESG risk and investment, particularly in key markets through the EU Taxonomy system, through the adoption of a proposal for a Corporate Sustainability Reporting Directive and, in Switzerland, through the indirect counterproposal to the Corporate Responsibility Initiative.

With our portfolio and sustainability activities, dormakaba aims to lead industry's efforts towards addressing these market and societal shifts while also walking the talk in our internal operations.

This starts with transparent reporting of our progress on sustainability and aligning our financial processes accordingly. For example, the renewal of the CHF 525 million syndicated loan during the reporting period included terms for incentives for the achievement of ambitious sustainability performance objectives.

In addition, we have achieved our five key strategic objectives that were expiring in the year under review, related to climate change mitigation, certification of our environmental management system, transparency about our product's environmental impacts for our customers and supplier due diligence.

We would particularly like to highlight the approval from the Science Based Targets initiative for the long-term operational and value chain emissions reduction targets that we have submitted. We are proud to be the first company in our sector to have targets approved by this leading organization – an achievement that has required concerted effort across our company since 2018. For further details, please visit our 2020/21 Sustainability Report.

Annual General Meeting on 12 October 2021

Karina Dubs-Kuenzle, member of the Board of Directors of dormakaba since 2001, has decided to retire from the Board at the next Annual General Meeting on 12 October 2021. The members of the Board are appreciative of the very valuable contributions Karina Dubs-Kuenzle has made to the successful development of dormakaba over the past two decades and wish her all the best for the future.

The Board of Directors is proposing Thomas Aebischer to be elected as a new independent member. With this nomination, the Bord of Directors intends to further strengthen its competence in Finance: Thomas Aebischer brings broad financial know-how in a global, industrial, and publicly listed environment. Over the course of his career, Thomas Aebischer has held several positions as CFO in industrial businesses such as Holcim/LafargeHolcim and LyondellBasell Industries. Since 2021, he is CFO of the biotech start-up RWDC Industries Limited based in Singapore.

All other members of the Board of Directors will stand for re-election for another one-year term of office, with Riet Cadonau as Chairman and Hans Hess as Vice-Chairman and Lead Independent Director.

Business outlook

The coming months may well see a high level of uncertainty and volatility including continued negative effects associated with Covid-19. This may include selective regional restrictions and lockdowns, increasing shipping costs, shortages of electronic components, and raw material price inflation. Further factors may be geopolitical such as trade conflicts.

As part of its financial reporting going forward, the company has decided to introduce an adjusted EBITDA margin which reflects the underlying financial performance before exceptional items affecting the comparability.

The company is currently expecting moderate organic sales growth for financial year 2021/22 as well as a slight year-on-year increase in the adjusted EBITDA margin (adjusted EBITDA margin for financial year 2020/21: 14.2%).

Strategy outlook

Our company's current strategy cycle comes to an end this year. In April 2021, we therefore initiated the process to define our new strategy and resulting initiatives which we are calling "Shape4Growth". As part of this strategy review, we are currently conducting a thorough full-potential analysis. First results highlight that we have strong assets to leverage going forward such as our broad product portfolio, our brands, our innovative strength, our dedicated, skilled people and our customer loyalty; they also point towards improvement potential with regards to, for example, greater customer-centricity, less complexity, and greater process efficiency in operations, IT and procurement, as well as further progress in capital deployment. Building on these levers, we expect to accelerate growth and increase profitability with the "Shape4Growth" program.

We are looking forward to sharing our vision, strategy, and targets at our Capital Markets Day on 15 November 2021.

Thanks

We owe our good results to the resilience, commitment, and expertise of our employees. On behalf of the Board of Directors and the Executive Committee, we would once again like to express our gratitude and appreciation for our people's continued focus on servicing our customers in this personally demanding environment. Further, we thank our customers and partners for the excellent, constructive collaboration and their loyalty to our offering and brands. We will work to make sure that we deserve their loyalty, focusing on meeting their needs for secure, seamless, and sustainable access solutions.

Finally, we thank you, our loyal shareholders, for your continued support and confidence in our company's future. We are looking forward to a continued good exchange and partnership.

Yours sincerely

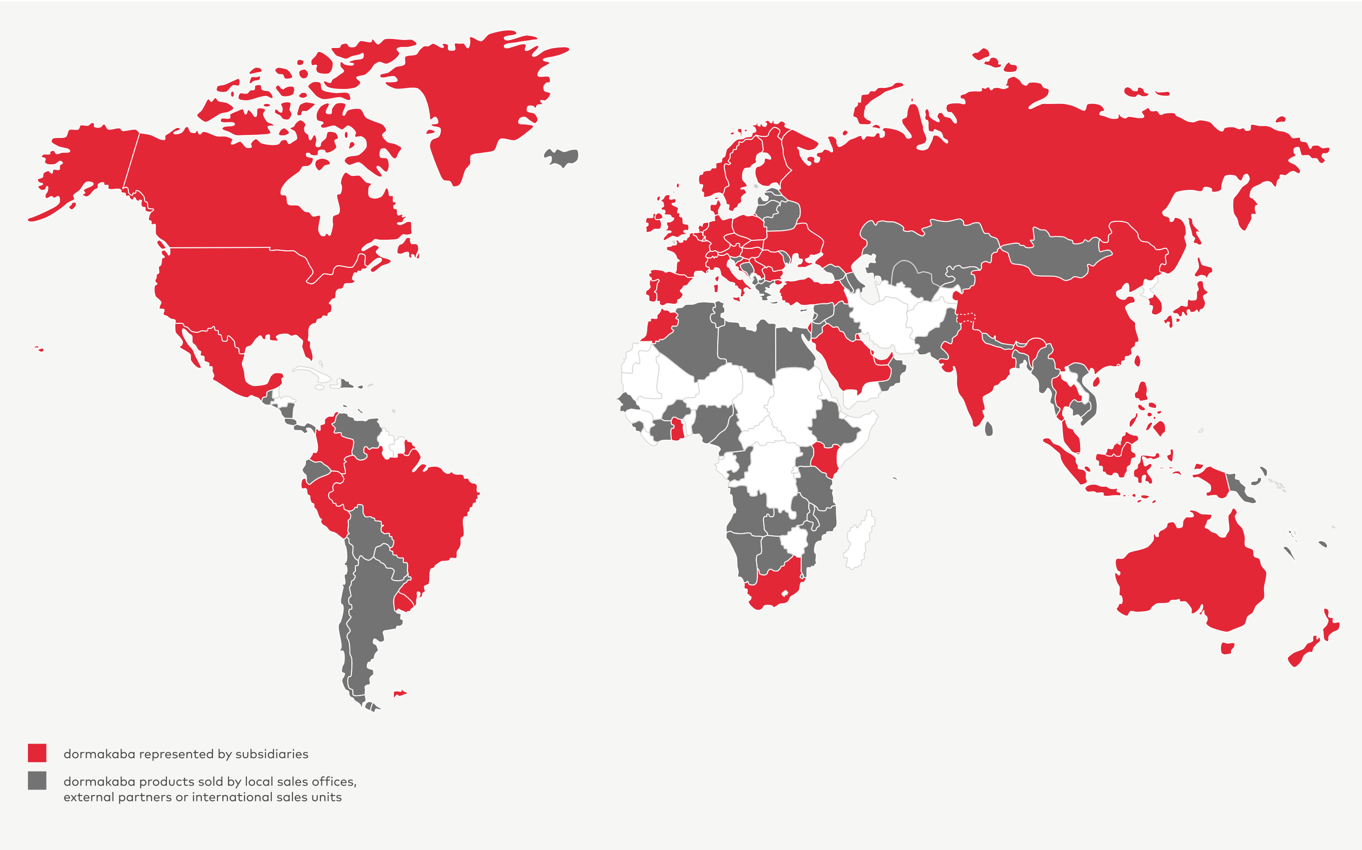
Riet Cadonau
Chairman

Sabrina Soussan
CEO

2020/21 in brief

- Consolidated net sales of CHF 2,499.7 million
- Organic sales growth of 1.3%, with a strong second half-year (10.0%)
- EBITDA reaches CHF 353.1 million, with an EBITDA margin of 14.1%
- Cash flow margin of 12.5%
- Strong balance sheet; reduced net debt and higher equity ratio
- Net profit of CHF 193.3 million
- Dividend proposal of CHF 12.50 per share

dormakaba worldwide



Segment Access Solutions AMER

AS AMER achieved total sales of CHF 669.6 million in financial year 2020/21. Organic sales declined by 5.2% compared to the previous year. Due to the weakening of the US commercial business the sales recovery in 2020/21 was less pronounced than in Europe and Asia – organic sales increased by just 1.6% in the second half of 2020/21 compared to the previous year.

The Lodging Systems business showed the most notable decline with organic sales 20% below the pre-Covid level; this is due to its high proportion of customers in the severely impacted hospitality industry. However, business sentiment and the aftermarket business continued to recover. Safe Locks and Mechanical Key Systems experienced double-digit sales growth whereas Door Hardware, Interior Glass Systems, and Services were below the previous year.

Major parts of the Entrance Systems business, including its touchless offering, experienced a good sequential recovery. This was supported by the continued strong performance of Alvarado, which was acquired in 2019. Sales in Electronic Access & Data were above the previous year's level due to good demand for integrated electronic security systems and several well-received product launches.

EBITDA was at CHF 109.8 million (previous year CHF 128.1 million). The EBITDA margin was at 16.4% (previous year 17.0%), impacted by volume contraction, the very weak performance of Mesker, increasing raw material costs, and higher freight costs which offset lower discretionary spending and cost-saving measures. The continued weak hollow metal door business (Mesker) had a negative effect of 240 basis points on the segment's EBITDA margin. As the performance at Mesker continued to be very unsatisfactory, the segment must focus on the turnaround of the business; on top, management is evaluating strategic options.

The segment expects moderate organic growth in financial year 2021/22 driven by a recovery of the US commercial market which already showed an uptick during the fourth quarter of 2020/21. In addition, the order book and the project pipeline improved based on several contract acquisitions, including a number of airport projects in the US, and Resorts World in Las Vegas, a hospitality project that includes 4,000 digital door locks interlinked to the Ambiance software platform. Strategic investments will support further performance progress and profitable growth over time. These efforts include a dedicated Sales Excellence initiative, which is designed to drive performance by tailoring sales activities more effectively to geographic and market opportunities.

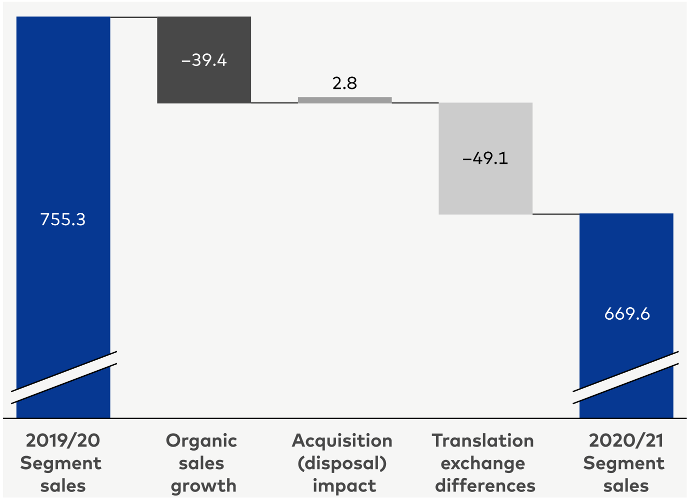
Growth is also expected from new, innovative solutions in Electronic Access & Data, Entrance Systems, and Safe Locks.

AS AMER will continue to increase sales prices to compensate for higher raw material costs and has initiated measures to secure supplies of scarce electronic components to enable further growth for its electronic access solutions.

Key figures - segment AS AMER

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%	Change on previous year in %
Net sales third parties	640.9		720.4		–11.0
Intercompany sales	28.7		34.9		
Total segment sales	**669.6**		**755.3**		**–11.3**
Change in segment sales	–85.7	–11.3	–61.4	–7.5	
Of which translation exchange differences	–49.1	–6.5	–18.6	–2.3	
Of which acquisition (disposal) impact	2.8	0.4	23.8	2.9	
Of which organic sales growth	**–39.4**	**–5.2**	**–66.6**	**–8.1**	
Operating profit before depreciation and amortization (EBITDA)	**109.8**	**16.4**	**128.1**	**17.0**	**–14.3**
Average number of full-time equivalent employees	2,677		2,811		

Segment sales (CHF million) - AS AMER



Segment Access Solutions APAC

AS APAC achieved total sales of CHF 415.2 million in the financial year 2020/21. Organic sales grew by 4.3% year-on-year. In the first half of 2020/21, organic sales were 10.5% below the previous year due to the pandemic and related project delays. Despite major countries (e.g. Australia) and regions (e.g. Southeast Asia) still being negatively impacted by regional lockdowns, there was a strong recovery in the second half-year, thanks to good demand in China and India. This resulted in 24.0% organic growth compared to the second half of 2019/20.

Most Product Clusters contributed to growth. Good growth came from Services, electronic products such as digital locks, and particularly from the business with touchless access solutions in China where dormakaba is a market leader.

EBITDA reached CHF 58.9 million (previous year CHF 54.8 million). The EBITDA margin increased by 0.6 percentage points to 14.2% compared to the previous year's level of 13.6%. The EBITDA margin improvement was driven by higher volumes, cost and efficiency gains as well as procurement savings, which offset a negative mix effect caused by stronger sales in the lower margin OEM business (Wah Yuet, China) for the US market.

Barring new waves of Covid-19 outbreaks, AS APAC expects moderate organic growth based on continued strength in China, a strong order intake and a solid project pipeline. The segment will benefit from project wins, including several hospitals in Australia, airports in China and India, the Shangri-La Hotel in Beijing, and the Shanghai Bank in China.

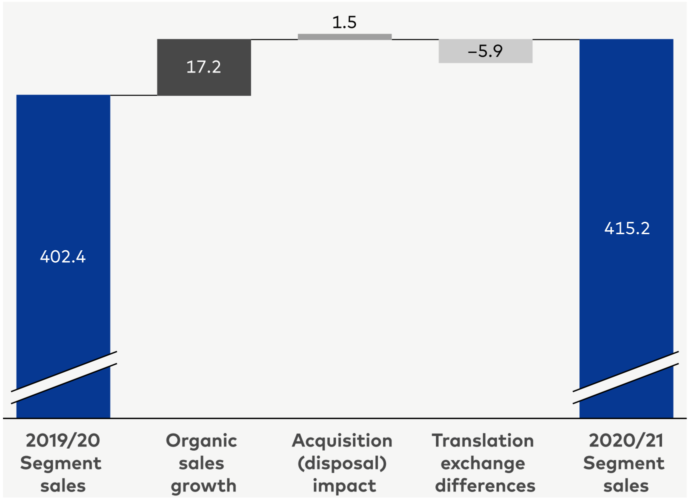
Growth will also be driven by new, innovative products for touchless solutions, like a new face recognition terminal that is easily integrated with automatic doors or physical access systems, thus enabling touchless access to buildings and rooms. Another example is anti-microbial surface protection for hardware which people have to touch. This product has been certified as helping to prevent transmission of Covid-19. It has been launched in India in February 2021 and will be rolled out to other countries during financial year 2021/22.

The segment will continue to increase sales prices to compensate for higher raw material costs. It has initiated measures to secure supplies of scarce electronic components to enable further growth for its electronic access solutions.

Key figures - segment AS APAC

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%	Change on previous year in %
Net sales third parties	390.2		378.2		3.2
Intercompany sales	25.0		24.2		
Total segment sales	**415.2**		**402.4**		**3.2**
Change in segment sales	12.8	3.2	–59.9	–12.9	
Of which translation exchange differences	–5.9	–1.5	–20.6	–4.4	
Of which acquisition (disposal) impact	1.5	0.4	0.0	0.0	
Of which organic sales growth	**17.2**	**4.3**	**–39.3**	**–8.5**	
Operating profit before depreciation and amortization (EBITDA)	**58.9**	**14.2**	**54.8**	**13.6**	**7.5**
Average number of full-time equivalent employees	3,073		3,299		

Segment sales (CHF million) - AS APAC



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Segment Access Solutions DACH

AS DACH generated total sales of CHF 812.9 million in financial year 2020/21. Organic sales grew by 2.6% compared to the previous year's level. Total third-party sales in Germany, Switzerland, and Austria were 6.3% above the prior-year period. While the first half of 2020/21 was still impacted by the effect of the Covid-19 pandemic, there was a good recovery particularly in intercompany demand, resulting in organic growth of 8.6% for AS DACH in the second half of 2020/21 compared to prior-year period.

Sales growth in the DACH countries in 2020/21 was driven by the Product Clusters Electronic Access & Data (EAD) and Services, both with double-digit growth, as well as Entrance Systems. The segment benefited from the strategic transformation program initiated back in 2018. Besides improvements in operating efficiency (e.g. reduction of personnel expenses, productivity improvements) measures included a strengthening of marketing efforts. On top, the segment intensified its R&D efforts and successfully launched innovative products like EntriWorX (see below).

EBITDA stood at CHF 140.9 million which represents an 9.0% increase year-on-year (CHF 129.3 million). The EBITDA margin was up to 17.3% from the previous year's 16.3%. This improvement was driven by a positive contribution from the strategic transformation program, higher volumes, positive mix effects, productivity improvements and effective cost management.

AS DACH expects moderate organic growth for the financial year 2021/22 based on a good order backlog and continued growth in Product Clusters such as EAD. Further contributions are expected from several project wins, for example for the campus of the University of Vienna (Austria), where the offered solutions include several product clusters enabling touchless access.

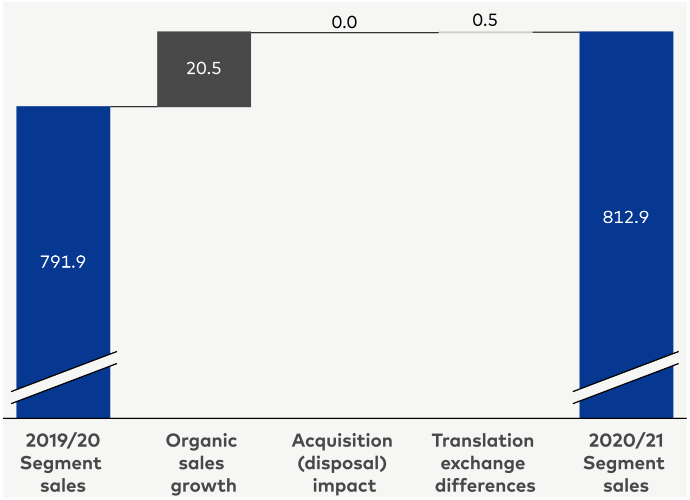
The segment will continue to focus on the introduction of new, innovative products such as EntriWorX, which supports smart planning processes for buildings, simple installation of door solutions and secure, smooth operations of these solutions. EntriWorX networks door technology components through simple plug & play instead of complex wiring and different transmission protocols, thus enabling door systems to be commissioned using a simple app. Once the building is in operation, the data from the connected door components can be processed in the customer's existing management system or with dormakaba's own all-in-one customized solution for managing access, occupancy, energy supply and maintenance. At the same time, the interfaces between the door components and the customer's system can be reduced from up to four interfaces to one. Overall, EntriWorX creates significant productivity gains for the customers throughout the entire building life cycle; for example, the initial time for commissioning a complex door is reduced from several hours to less than 30 minutes. AS DACH launched the solution in the German market at the end of April 2021, with a phased, international market rollout across all Access Solutions segments planned in the coming year.

The segment will continue to increase sales prices to compensate for higher raw material costs. It has initiated measures to secure supplies of scarce electronic components to enable continued growth for its electronic access solutions.

Key figures - segment AS DACH

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%	Change on previous year in %
Net sales third parties	531.9		501.4		6.1
Intercompany sales	281.0		290.5		
Total segment sales	**812.9**		**791.9**		**2.7**
Change in segment sales	21.0	2.7	–71.1	–8.2	
Of which translation exchange differences	0.5	0.1	–32.6	–3.7	
Of which acquisition (disposal) impact	0.0	0.0	–8.7	–1.0	
Of which organic sales growth	**20.5**	**2.6**	**–29.8**	**–3.5**	
Operating profit before depreciation and amortization (EBITDA)	**140.9**	**17.3**	**129.3**	**16.3**	**9.0**
Average number of full-time equivalent employees	3,315		3,452		

Segment sales (CHF million) - AS DACH



Segment Access Solutions EMEA

AS EMEA achieved total sales of CHF 712.9 million in the 2020/21 financial year. Organic sales grew by 4.4% compared to the previous year. Financial year 2020/21 continued to be impacted by the pandemic; however, the sequential quarter-by-quarter recovery resulted in 13.0% organic growth in the second half of 2020/21 compared to the prior-year period.

All major countries and regions saw good growth. There was a particular strong upswing in growth in Southern Europe, with France reaching all-time high sales levels, as well as good growth in the UK and Benelux. Scandinavia returned to organic growth supported by the successful turnaround of the business in Norway. The Norwegian business returned to organic growth and profitability thanks to the successful divestment of its project installation business in August 2020. The only region with negative organic growth was Middle East owing to larger non-repeated projects in the 2019/20 financial year as well as market liquidity constraints.

Sales growth in AS EMEA was driven by strong double-digit growth for the Product Cluster Electronic Access & Data (EAD). Most other Product Clusters experienced good growth as well, though Lodging Systems showed a double-digit decline due to the severe impact of the pandemic on the hospitality vertical.

EBITDA increased by CHF 15.4 million to CHF 60.9 million compared to the prior-year period, supported by strong volume growth and favorable product mix including price increases, as well as tight cost control and procurement benefits. At the same time, there was higher factory output especially with the growth of the EAD product cluster. The EBITDA margin therefore rose by 2.0 percentage points to 8.5%, which is above the pre-Covid level.

For the 2021/22 financial year, AS EMEA expects moderate organic growth with continued recovery of its main markets supported by a good order book above prior-year level in all regions. The segment will benefit from several project wins, for example for major airports in Spain, Poland, and the Middle East, a major business park in Moscow as well as a major contract for the Drammen hospital in Norway. In all these projects, the installed solutions will include several Product Clusters.

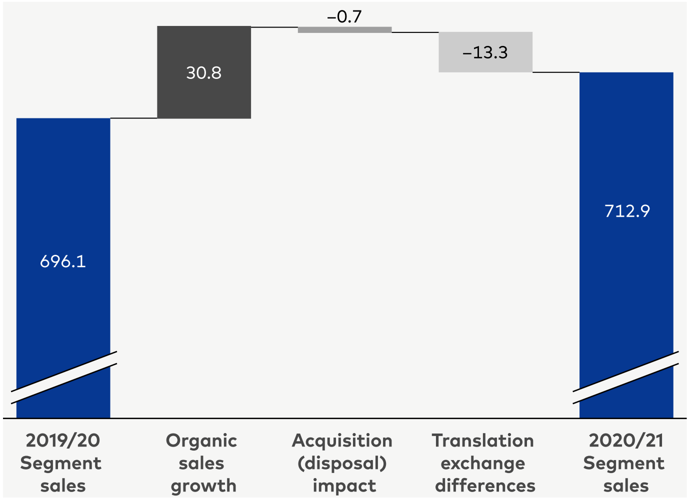
Recent product development efforts focus on the development of new, innovative solutions such as an automatic door system that uses biometric and telemetry imaging to manage people flow especially in stores with Covid-19 distancing requirements. The solution was launched in 2020/21 in the UK and the rollout across various other markets will continue in 2021/22.

The segment will continue to increase sales prices to compensate for higher raw material costs and has initiated measures to secure supplies of scarce electronic components to enable growth for its electronic access solutions.

Key figures - segment AS EMEA

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%	Change on previous year in %
Net sales third parties	591.1		585.2		1.0
Intercompany sales	121.8		110.9		
Total segment sales	**712.9**		**696.1**		**2.4**
Change in segment sales	16.8	2.4	–81.7	–10.5	
Of which translation exchange differences	–13.3	–1.9	–37.4	–4.8	
Of which acquisition (disposal) impact	–0.7	–0.1	0.2	0.0	
Of which organic sales growth	**30.8**	**4.4**	**–44.5**	**–5.7**	
Operating profit before depreciation and amortization (EBITDA)	**60.9**	**8.5**	**45.5**	**6.5**	**33.8**
Average number of full-time equivalent employees	3,358		3,468		

Segment sales (CHF million) - AS EMEA



Segment Key & Wall Solutions

Key & Wall Solutions generated total sales of CHF 344.9 million in the financial year 2020/21. Organic sales grew by 1.8% year-on-year. In the first half of 2020/21, organic sales were 9.2% below the previous year due to the impact of the pandemic, with key shops still closed due to regional lockdowns for example. In the second half-year, demand improved in most regions, which resulted in 16.0% organic sales growth compared to the second half of 2019/20.

Business Unit Key Systems recorded double-digit growth in the year under review. Growth was driven by a good recovery in demand from the global automotive industry, and a strong key cutting machines business that benefitted from the introduction of a new platform of high-end electronic key cutting machines and a major contract in the USA. In addition, the previous year provided a weak baseline particularly for Key Systems as both supply and demand in major markets such as Italy, India, and Latin America were heavily impacted by the pandemic.

Organic sales for **Business Unit Movable Walls** were below the previous year due to a base effect stemming from having finalized a major project in Las Vegas. On top, delays in the finalization of existing projects, postponed construction projects as well as regional lockdowns had an impact. However, both order backlog and order entry remained strong.

EBITDA stood at CHF 54.2 million, up by 7.3% compared to the previous year. The EBITDA margin increased to 15.7% (previous year 14.4%) and has already achieved pre-Covid levels. Both Business Units improved their EBITDA margin, with Movable Walls reaching an all-time high. The increase in profitability was driven by higher volumes, continued tight cost management, and the reduction of personnel expenses as well as procurement savings and a favorable product mix in Movable Walls.

Barring new additional waves of Covid-19, Key & Wall Solutions expects moderate organic growth. Growth will be driven by both a good order backlog in Movable Walls and good demand for Key Systems in major regions and markets such as the automotive industry. The Movable Wall business has won several major contracts that will support growth such as the Shangri-La Hotel in Beijing (China), the expansion of the Las Vegas Convention Center (USA), and The Circle convention center at Zurich airport (Switzerland).

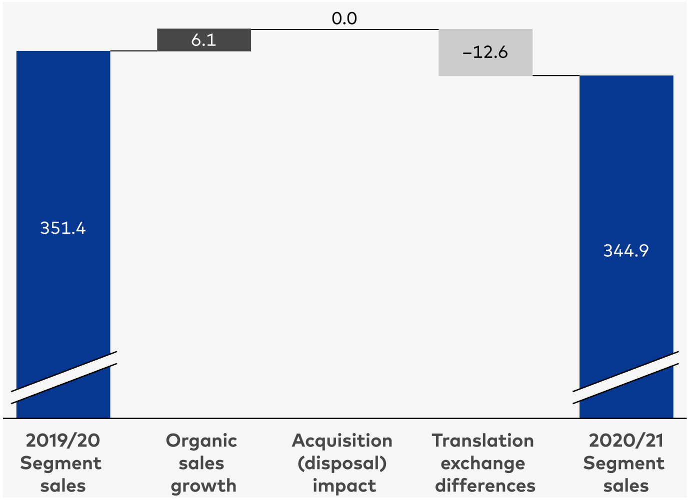
Sales will continue to be driven by new, innovative products like the Unocode F Series, a new platform of five models of high-end electronic key cutting machines. The Unocode F Series was launched successfully in the second half of 2020/21 and already contributed to growth in the financial year 2020/21. For Movable Walls, growth potential is expected from new cost-effective automated movable walls.

Both Business Units will continue to increase sales prices to compensate for higher raw material costs.

Key figures - segment Key & Wall Solutions

CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%	Change on previous year in %
Net sales third parties	329.8		340.2		–3.1
Intercompany sales	15.1		11.2		
Total segment sales	**344.9**		**351.4**		**–1.8**
Change in segment sales	–6.5	–1.8	–50.5	–12.6	
Of which translation exchange differences	–12.6	–3.6	–14.6	–3.7	
Of which acquisition (disposal) impact	0.0	0.0	0.0	0.0	
Of which organic sales growth	**6.1**	**1.8**	**–35.9**	**–8.9**	
Operating profit before depreciation and amortization (EBITDA)	**54.2**	**15.7**	**50.5**	**14.4**	**7.3**
Average number of full-time equivalent employees	2,001		2,188		

Segment sales (CHF million) - Key & Wall Solutions



Overview

dormakaba finished the 2020/21 financial year with good business results that marked an improvement on the previous year. The company recorded organic sales growth of 1.3% and an EBITDA margin of 14.1% (previous year 12.8%). In addition, cash flow from operations remained high at CHF 384.5 million (previous year CHF 407.9 million). Overall, the results did not yet reach pre-Covid level.

There was a strong recovery of the European and Asian businesses in 2020/21, while the performance of the Access Solutions business in the Americas was below previous year. Several countries and regions which are important for dormakaba were still impacted by the Covid-19 pandemic. dormakaba benefited from the cost-savings and restructuring program it introduced in the previous financial year, which led to a headcount reduction of around 1,230 employees throughout the entire program lifetime and net savings of CHF 34.7 million for financial year 2020/21.

1.3%

organic sales growth

14.1%

EBITDA margin

CHF 12.50

dividend per share

Sales

Organic growth was unevenly distributed across the financial year. While organic sales in the first six months were still down at –6.0%, the second half of the financial year saw double-digit organic sales growth of 10.0% with a strong fourth quarter. Growth in the second half was not only supported by the lower comparable base, but also by a sequential improvement of the business in the second half of 2020/21. Overall year-on-year organic sales growth came to 1.3%. Currency translation had a negative impact on sales of 3.0% (CHF 76.6 million) due to the strengthening of the Swiss franc against major currencies compared to the previous year. Acquisitions and divestments had a 0.1% positive effect (previous year 0.7%). Overall, consolidated net sales amounted to CHF 2,499.7 million (previous year CHF 2,539.8 million), a decline of 1.6% (CHF 40.1 million).

Profitability

The recovery in organic growth and the associated higher volumes were also reflected in a higher gross margin and a higher EBITDA margin compared with the previous year. The gross margin for the reporting period was at 41.8% (previous year 41.1%).

Group EBITDA increased by 8.6% and amounted to CHF 353.1 million (previous year CHF 325.0 million). EBITDA includes a negative currency translation effect of CHF 11.1 million due to the strong Swiss franc, which was partly compensated by a positive effect from acquisitions and divestments of CHF 4.8 million.

The EBITDA margin increased to 14.1%, compared to 12.8% in the previous year. The increase in profitability was driven by higher volume, improvements in operational efficiency and effective cost management such as in procurement, which more than compensated for the effect of higher raw material and freight costs. The EBITDA margin progression was also supported by the aforementioned cost-savings and restructuring program, which was designed to address the negative impact of the pandemic. Further improvement was held back by weak results in AS AMER. The net effect of exceptional items on the EBITDA margin in the period under review was –0.1 percentage points (adjusted EBITDA margin of 14.2% for financial year 2020/21); however, these exceptional items were unequally distributed on a semiannual basis, with a positive effect on the EBITDA margin of 0.7 percentage points in the first half of 2020/21 (adjusted EBITDA margin of 14.1%) and a negative effect of 0.8 percentage points in the second half (adjusted EBITDA margin of 14.3%).

EBIT increased by CHF 21.1 million to CHF 274.3 million (previous year CHF 253.2 million), and the EBIT margin was at 11.0% compared to 10.0% in the previous year.

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The business performance of all segments showed an improvement compared to the previous financial year, except for AS AMER.
Organic sales increased by 1.6% in AS AMER in the second half of 2020/21 compared to previous year but declined by 5.2% for the full year. The performance of AS AMER was impacted by the lagging demand of the US commercial market, the continued weak lodging business, and ongoing issues at the Mesker business (hollow metal doors), with Mesker alone negatively impacting the segment's EBITDA margin by 240 basis points. All other segments experienced good to strong growth and an improved EBITDA margin with AS EMEA and Key & Wall Solutions already at or above pre-Covid levels. There was good growth in AS EMEA with 13.0% organic sales growth in the second half of 2020/21 and 4.4% organic sales growth for the full year, driven particularly by Southern Europe, the UK, and Benelux. AS DACH achieved 8.6% organic sales growth in the second half of 2020/21 compared to previous-year period and 2.6% organic sales growth for the full year; total third party sales growth in the German, Austrian, and Swiss markets was 6.3% above previous year, and thus significantly stronger than overall segment growth, which was held back by weak intercompany sales, particularly in the first half-year. AS APAC experienced a particularly good recovery in China and India in the second half of 2020/21 with a 24.0% organic sales growth for the segment. Although the first half of 2020/21 was still impacted by the pandemic, AS APAC achieved 4.3% year-on-year organic sales growth overall. Key & Wall Solutions experienced a strong recovery with 16.0% organic sales growth in the second half of 2020/21 driven by Business Unit Key Systems which resulted in 1.8% organic sales growth for financial year 2020/21.

Financial result, profit before taxes, and income taxes

The net financial result for the reporting period improved to CHF –24.7 million (previous year CHF –42.0 million). This was due to a more favorable interest rate environment and the pandemic-related crisis management focus on "cash is king", including comprehensive credit and collection management as well as reduced investment spending, which enabled consistent deleveraging.

Profit before taxes increased to CHF 249.6 million (previous year CHF 211.2 million). Income taxes for the reporting period amounted to CHF 56.3 million (previous year CHF 47.1 million). The effective income tax rate amounts to 22.6% and was basically in line with the previous year (22.3%).

Net profit

dormakaba closed the 2020/21 financial year with a net profit of CHF 193.3 million (previous year CHF 164.1 million), an increase of 17.8%. This is attributable to the recovery in the operating performance and to the better net financial result. Net profit after minority interests increased to CHF 100.8 million (previous year CHF 84.6 million). The corresponding basic earnings per share amounted to CHF 24.2 (previous year CHF 20.4).

Based on an unchanged dividend policy of maintaining a minimum payout ratio of 50% of consolidated net profit after minority interests, the Board of Directors proposes that CHF 12.50 per share be paid out for financial year 2020/21, up from the CHF 10.50 per share paid for the previous year. This corresponds to a payout ratio of 52.2%.

Cash flow and balance sheet

Cash flow from operations was kept at a high level of CHF 384.5 million (previous year CHF 407.9 million). The slight decrease compared to the previous year is due to the increase in net working capital, which was linked to the economic recovery and strong growth in the fourth quarter of 2020/21. Net cash from operating activities stood at CHF 313.5 million (previous year CHF 328.1 million), representing a relatively high operating cash flow margin of 12.5% (previous year 12.9%).

Cash flow from investing activities of CHF –95.5 million was driven by the pandemic-related "cash is king" principle which led to lower capital expenditures of CHF 76.1 million (previous year CHF 94.9 million) on property, plant, and equipment and intangible assets. This represents 3.0% of sales (previous year 3.7%). Some smaller acquisitions were made during the year under review (CHF 18.6 million), whereas last year's cash flow included a major acquisition (Alvarado) as well as some smaller ones, totaling to CHF 147.2 million.

As a result, the free cash flow figure of CHF 218.0 million was significantly above the previous year's (CHF 95.7 million).

Cash flow from financing activities amounted to CHF -231.9 million (previous year CHF -65.8 million). This includes dividend payments to company shareholders of CHF 43.7 million as well as to minority shareholders of CHF 39.7 million (in total CHF 83.4 million, previous year CHF 125.5 million).

The asset structure did not change significantly. As of 30 June 2021, total assets stand at CHF 1,869.8 million. Within current assets, cash and cash equivalents amount to CHF 169.1 million, while inventories stand at CHF 450.6 million (24.1% of total assets; previous year 24.6%); trade receivables increased to CHF 424.5 million (22.7% of total assets; previous year 21.4%). Non-current assets consist mainly of property, plant, and equipment worth CHF 435.9 million (23.2% of total assets; previous year 24.5%).

Total liabilities come to CHF 1,604.9 million (85.8% of total assets; previous year 92.2%), of which CHF 320.3 million is accounted by the corporate bond due in October 2025. Current borrowings increased compared to last year because a corporate bond with a net value of CHF 340.0 million was reclassified from non-current liabilities to current liabilities due to its upcoming maturity in October 2021. Net financial debt decreased by CHF 158.9 million to CHF 508.8 million as of 30 June 2021 (previous year CHF 667.7 million). Financial leverage, which is net debt relative to EBITDA, is at 1.4x and has substantially decreased (30 June 2020: 2.1x net debt/EBITDA). Furthermore, in the period under review dormakaba has secured a new five-year CHF 525 million syndicated credit facility with favorable and improved terms and conditions, which is a strong indicator of financial flexibility and stability. The loan agreement includes interest rate-relevant sustainability objectives, reinforcing dormakaba's strategic goals and commitment to fulfil important ESG criteria.

The company's equity stands at CHF 264.9 million as of 30 June 2021, which represents an equity ratio of 14.2% (previous year CHF 141.3 million or 7.8%).

Currency translation effects

The average euro exchange rate against the Swiss franc rose by 0.5% year-on-year from 1.080 to 1.085. The average exchange rate of the US dollar decreased by 6.8% from 0.977 to 0.910. Compared to previous years, most other major currencies depreciated against the Swiss franc, such as the Canadian dollar by 2.6%, the British pound by 0.5% and the Chinese renminbi by 1.1%. Currency translation had an overall negative impact of CHF 76.6 million on net sales and of CHF 11.1 million on EBITDA.

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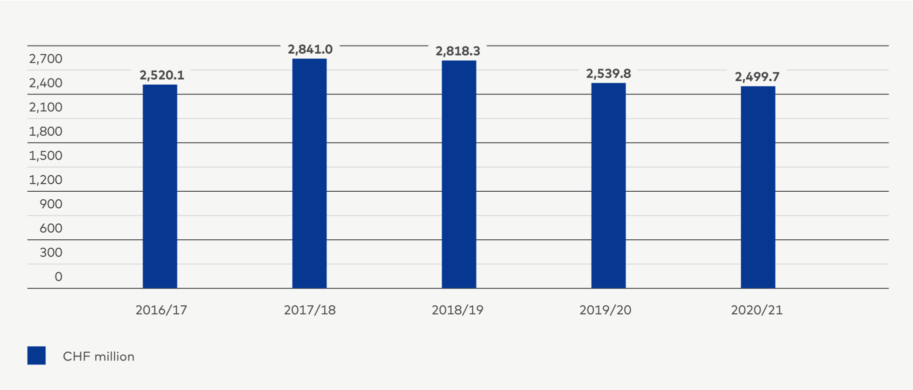
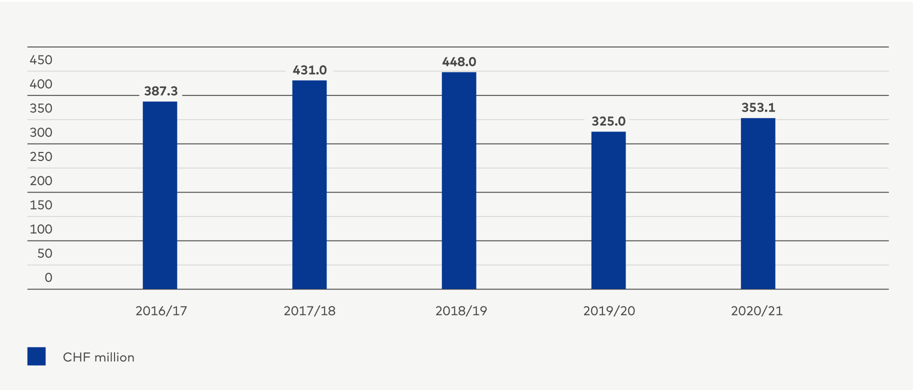
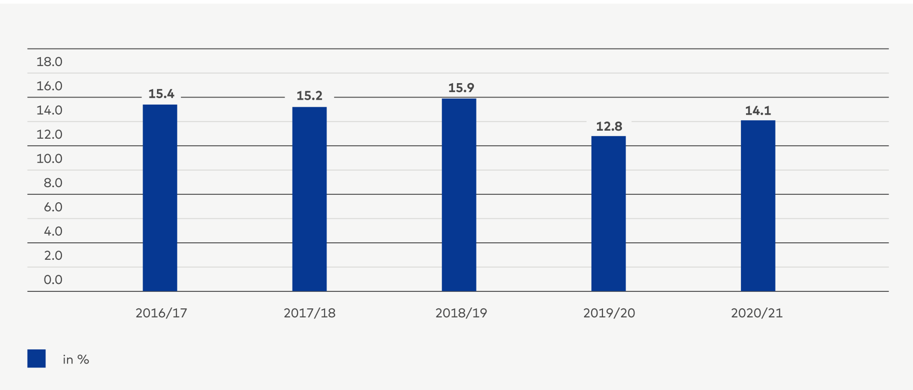
Sales



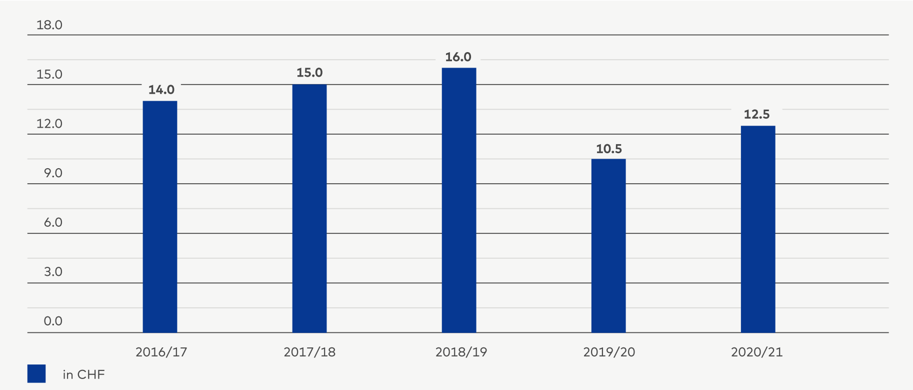
EBITDA



EBITDA margin



Dividend per share

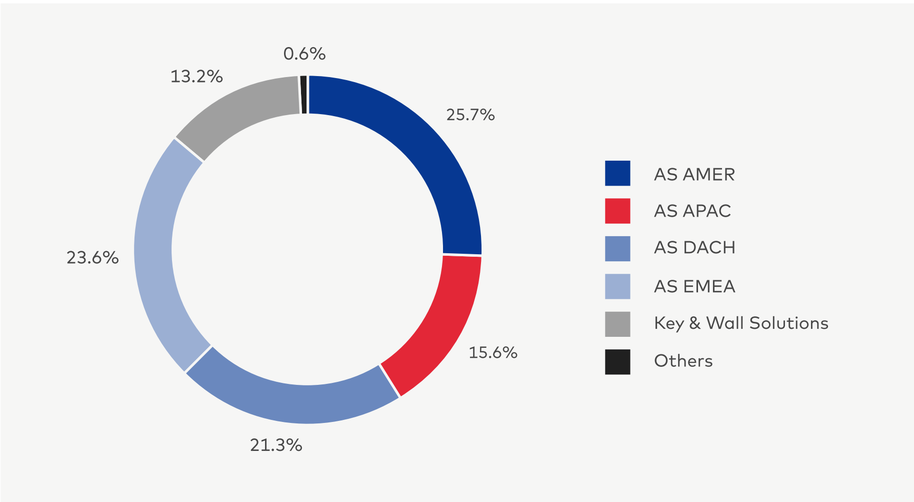


Key figures

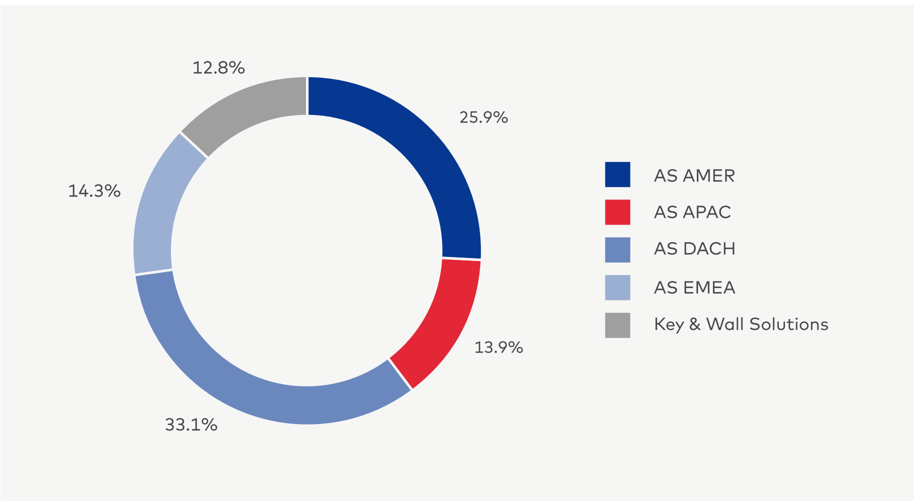
CHF million, except where indicated	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Net sales	2,499.7		2,539.8	
Change in sales	–40.1	–1.6	–278.5	–9.9
Of which translation exchange difference	–76.6	–3.0	–104.3	–3.7
Of which acquisition (disposal) impact	3.6	0.1	19.0	0.7
Of which organic sales growth	**32.9**	**1.3**	**–193.2**	**–6.9**
Operating profit before depreciation and amortization (EBITDA)	**353.1**	**14.1**	**325.0**	**12.8**
Operating profit (EBIT)	**274.3**	**11.0**	**253.2**	**10.0**
Profit before taxes	249.6	10.0	211.2	8.4
Net profit	193.3	7.7	164.1	6.5
Dividend per share (in CHF) [1]	12.5		10.5	
Other key figures				
Total assets	1,869.8		1,808.6	
Net debt	508.8		667.7	
Market capitalization	2,628.4		2,147.2	
Average number of full-time equivalent employees	14,989		15,676	

1) Financial year ended 30.06.2021: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.

Third-party sales by segments



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



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Fundamental information about dormakaba

dormakaba Holding AG is the ultimate parent company of dormakaba Group. dormakaba Group was formed by merging the two previously unaffiliated enterprises, Dorma and Kaba, on 1 September 2015. Since then dormakaba Holding AG owns 52.5% of dormakaba Holding GmbH + Co. KGaA, which as an intermediate holding company combines all operating entities of the Group and is fully consolidated in dormakaba Group's consolidated financial statements, prepared by the parent company, dormakaba Holding AG, as at 30 June 2021[1). Minority interests are shown separately as part of equity capital. dormakaba Holding AG has prepared its consolidated financial statements in Swiss francs (CHF) and in accordance with Swiss GAAP FER to the end of the financial year that runs from 1 July 2020 to 30 June 2021. Swiss GAAP FER is an internationally accepted accounting standard for small and medium-sized organizations and groups of organizations with a presence in Switzerland. dormakaba Holding AG is listed on the SIX Swiss Exchange and is headquartered in Rümlang (Zurich/Switzerland).

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

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

Business model

dormakaba Group (dormakaba) is one of the leading companies in the global security and access solutions market. With its comprehensive portfolio and strong brands, dormakaba offers its customers products, solutions, and services for access to places, buildings and rooms from a single source. The portfolio includes locking systems – from cylinders, keys, and locks right through to fully networked electronic access solutions as well as cloud-based solutions – but also physical access systems and automatic door systems, as well as a comprehensive range of door hinges, fittings, and door closers. The access solution business is complemented by products for time and enterprise data recording, high-security locks, horizontal and vertical sliding walls, and movable partitions. The business is also a market leader for key blanks, key cutting machines, and automotive solutions, such as transponder keys and programmers.

dormakaba is active in over 130 countries and has a presence in all relevant markets through production sites and/or distribution and service offices as well as through collaboration with local partners.

dormakaba has a long tradition of innovation and engineering skills. On the way to its strategic objective of innovation leadership within the industry, dormakaba anticipates and links customer requirements to technological trends and continuously develops state-of-the-art solutions that create added value for customers and end users.

The company's business is divided into five segments which are aligned to the implemented management structure. The four Access Solutions segments are based on geographical markets and offering. Segment Key & Wall Solutions is also based on offering but operating globally. A detailed description of the segments can be found in the notes to the consolidated financial statements for financial year 2020/21.

Goals and strategies

As a stock-listed company, dormakaba pursues the overall objective of increasing its enterprise value on a long-term basis, i.e. across industry cycles and economic ups and downs. In addition to creating shareholder value, the company's strategy takes into account the interests of other stakeholder groups, too. Above all, this includes satisfied customers and partners, based on a successful positioning of the company's products, solutions, and services in its target markets. dormakaba has distribution channels and production facilities in all of the industries' key markets and will accelerate global expansion through a strong presence in Europe, the Americas, and Asia-Pacific.

dormakaba has a strong Pool Shareholder Group that will ensure its long-term-oriented strategy. Under the leadership of the new CEO, Sabrina Soussan, who started on 1 April 2021, a strategy review process has been initiated. Details of the new strategy are expected to be communicated in the second quarter of the financial year 2021/22.

The current strategy is based on the following pillars:

- Providing a superior offering of products, along with services to meet the needs of customers and their installations along the entire life cycle;
- Expanded presence in existing markets, vertical extension of these markets, and expansion into new markets;
- Achieving enterprise excellence by improving processes and driving efficiency and competitiveness along the entire value chain;
- Leadership in innovation for superior customer value;
- Active management of the portfolio of business activities and disciplined pursuit of options for corporate transactions (acquisitions, divestments, joint ventures); and
- Efficient deployment of employees: having "the right people in the right roles".

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

Internal management system

dormakaba is led strategically by the Board of Directors (BoD) of dormakaba Holding AG. The duties and responsibilities of the BoD are defined by the Swiss Code of Obligations and the company's Articles of Incorporation and Organizational Regulations. The BoD has delegated management of ongoing business to the Chief Executive Officer (CEO), supported by the Executive Committee (EC). Therefore, the CEO is responsible for overall management of dormakaba. The powers and functions of the EC are set out in the Organizational Regulations. Further details on the internal management system can be found in the Corporate Governance Report 2020/21.

Compensation system for BoD and EC

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

- Basic principles of compensation for the BoD (Article 23);
- Basic principles of compensation for the EC (Article 24);
- Binding vote by the General Meeting (Article 22);
- Maximum additional amount of compensation for new EC members (Article 25);
- Loans (Article 28).

The Compensation Report, which provides further details on the compensation system and on compensation paid out in the financial year 2020/21, can be found here.

Sustainability reporting

dormakaba has defined sustainability as a foundation of its business strategy. The company is committed to foster a sustainable development along the entire value chain in line with its economic, environmental, and social responsibilities toward current and future generations.

Detailed information on sustainability strategy, measures, and progress can be found in the dormakaba Sustainability Report 2020/21, published in accordance with the Global Reporting Initiative Standards. dormakaba also publicly reports on sustainability-related matters on an annual basis in the dormakaba Modern Slavery Statement, the Communication on Progress to the UN Global Compact, and in its submission to the Carbon Disclosure Project.

Research and development

The innovative strength of dormakaba and the development of new products, solutions, and services are key to the company's sustainable profitable growth, as exemplified by a continuous investment over time of 4–5% of sales in R&D. Research and development activities are coordinated across all segments. In financial year 2020/21, digitization continued to be an important driver in research and development work. The digitization of processes, products, solutions, and services creates opportunities for new business models and value streams.

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

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One such solution is Entrivo Occupancy Insights (OI) which is designed to help businesses and building operators manage the occupancy of spaces. Using discreet sensors at the room entrance, people traffic is calculated and assessed by the software. A display at the entrance shows the user whether the maximum number of people has been reached inside or whether access is possible. This avoids additional staffing, access bottlenecks, and queues. The secure, cloud-based Entrivo Engage application provides control over room occupancy settings, showing both real-time and time-course insights into door usage, occupancy, and compliance for individual rooms as well as for an enterprise-wide network. Occupancy bottlenecks or special events are reported via SMS or email notification. The software also enables the analysis of traffic routes to optimize access management and staff distribution.

More generally, dormakaba has been at the forefront of the digital transformation of the building technology industry, opening up new business models and value streams. An excellent example of this is EntriWorX, which supports smart planning processes for buildings, simple installation of door solutions, and secure, smooth operations of these solutions. EntriWorX networks door technology components through simple plug & play instead of complex wiring and different transmission protocols, thus enabling door systems to be commissioned using a simple app. Once the building is in operation, the data from the connected door components can be processed in the customer's existing management system or with dormakaba's own all-in-one customized solution for managing access, occupancy, energy supply, and maintenance. At the same time, the interfaces between the door components and the customer's system can be reduced from up to four interfaces to one. Overall, EntriWorX creates significant productivity gains for the customers throughout the entire building life cycle; for example, the initial time for commissioning a complex door is reduced from several hours to less than 30 minutes. dormakaba launched the solution in the German market at the end of April 2021, with a phased, international market rollout planned in the coming year.

The products launched in the financial year 2020/21 included:

- **SafeRoute**: doors in emergency exits and escape routes represent an enormous challenge in terms of safety, as they have to fulfill conflicting requirements: protecting human life on the one hand, securing property on the other. The new escape route system SafeRoute ensures that planners, architects, and building operators can effortlessly harmonize the requirements of doors in emergency and escape routes.
- **HD8000**: new ANSI/BHMA A156.4 certified, heavy-duty door closer. Its robustness in combination with a wide range of arms and accessories makes it suitable for daily use in high-traffic environments.
- The **"Security and Health Check" tool** analyzes and assesses the security and up-to-dateness of our access systems in terms of software, hardware (firmware), and badge technology. It also supports sales actions such as migrations, the introduction of new functions and technologies, and the conclusion of maintenance contracts (dormakaba care) by providing recommendations for action.
- **ST PRO Green**: while developing this new sliding door system, attention was paid to energy efficiency and resource conservation right from the selection of the materials used and throughout the entire production process. The profiles of the ST PRO Green series are thermally insulated and achieve a UD value (heat transfer coefficient) of up to 1.0 W/(m2-K) with triple glazing.
- **ES PROLINE**: with this new energy-efficient operator system for automatic sliding doors, most requirements of sliding doors can be implemented. The new system can move up to 400 kg and has been certified to have a longer life cycle of 1.5 million cycles and a low energy requirement. The electronic components used are state of the art. Thanks to the sensor technology integrated into the cover, there is no need to install a disturbing detector on the inside of the door. This product combined with our new sliding door generation ST PRO Green allows for significant savings in energy and heating costs of a building.
- **I6 Digital Door Lock:** a smart digital lock with Bluetooth Low Energy (BLE) function developed predominantly for the Asian markets. I6 provides multiple unlocking methods: card, fingerprint, PIN, key, and mobile. The fingerprint-on-handle design

helps users open the door with one easy action. The BLE function allows users to share temporary passwords remotely.

- **Antiviral/Antimicrobial coating**: dormakaba now offers products with specialized antiviral/antimicrobial coating, paving the way for safer and more hygienic access across multiple products like lever handles, pull handles, panic devices, tripods, turnstiles and sensor barriers, hotel locks, and digital door locks. The coating from dormakaba has been certified for protection against coronavirus.
- **LAGARD 700 Series**: launched in October 2020, the 700 series offers a new LCD option with greater functionality and BLE capabilities. The harmonized keypad and lock bodies provide a more efficient experience to our distribution and OEM partners for ordering, inventory management and improving their ability to serve our end-user clients.
- A new and comprehensive solution for visitor management in multi-housing, giving the residents the power to manage visitor PIN codes and mobile keys with a significantly enhanced **BlueSky app** (available for iOS & Android), which works seamlessly with the Community access management system.
- **MUTO Comfort L 80 Pocket**: a sliding door system for housing the open door in a wall pocket. Wall areas adjacent to the passage area remain freely usable. In this sliding door variant, modified MUTO components allow for easy installation of the track elements for glass or timber doors with or without a glass side panel, even in a ceiling slot or a suspended ceiling.
- **Unocode F series**: an all-in-one solution for duplicating flat keys, automating the key feeding, engraving, cutting, and sorting. Designed for specialist locksmiths, our latest electronic key cutting machine under the brand Silca automates and simplifies the complete key duplication process to improve the speed and quality of service to their customers. Faster key duplication means significantly improved returns on each key sold.

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

Macroeconomic and sector-specific conditions

dormakaba operated in a difficult business environment in the financial year 2020/21, which was still impacted by the challenges posed by the Covid-19 pandemic. Restrictions such as government-mandated blanket lockdowns and closed borders continued to impact many countries and to disrupt to some extent international trade, with specific sectors such as travel and tourism facing considerably more harm. Nevertheless, the first half of the financial year 2020/21 was marked by an economic recovery in comparison to the second half of the previous financial year 2019/20, which was shaped by significant decline of the global economy.

This recovery was also reflected in GDP development, which grew by 8% in the first quarter of financial year 2020/21 in the G20 countries compared to the previous quarter (OECD, 2020). After this noticeable rebound due to a weak previous quarter, the sequential recovery continued at a more linear pace in the following quarters. This resulted in GDP growth rates of only around 1.5% in the second and third quarter of financial year 2020/21 in the most important industrialized and emerging countries (OECD, 2020).

This recovery was also reflected in global trade. Its volume increased by 11.6% in the period from July to September 2020 compared to the previous quarter but was still more than 5% lower compared to the same period in the year before (WTO, 2020). A sustained sequential recovery was also visible in the following quarters. As a globally operating company, dormakaba benefited from this upturn. The companies' financial performance improved sequentially in the first half of the 2020/21 financial year compared to the months before that were heavily affected by the pandemic. There were also geographical differences in this recovery. In the second half of the financial year 2020/21, there have been further improvements especially in terms of growth for most regions and countries. Yet in some countries like the USA, growth in the commercial construction business was still below the level of the previous year; this impacted dormakaba as it is mainly exposed to the commercial sector and therefore for example could not benefit from the significant growth rate for the US residential market.

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

Detailed information on the business performance and the average number of full-time equivalent employees in the financial year 2020/21 can be found in the financial performance section of this Group Management Report and in the consolidated financial statements for financial year 2020/21.

Non-financial performance indicators

dormakaba continuously tracks non-financial performance indicators. These indicators have a strategic focus respective objective, however dormakaba is not being operated by them. The main non-financial performance indicators are the following:

Customers and products

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

Human resources

Employees are crucial to the success of dormakaba. Therefore, the company strives to shape a work environment which enables professional growth and engagement. As part of this, dormakaba implemented a Group-wide employee engagement program called "dormakaba dialogue" in the financial year 2017/18. In February 2020, all dormakaba employees around the globe were invited to participate in the second round of the corresponding survey. In the financial year 2020/21, team leaders were asked to discuss the results in dedicated sessions to develop improvement actions with their teams.

In order to feel the pulse of the organization, get strategic feedbacks and get to know how the employees are feeling during the ongoing pandemic, a global dormakaba Pulse Check was conducted in April 2021. The high response rate of 70% shows that a vast majority of dormakaba employees used the opportunity to provide feedback.

dormakaba offers various trainings and development programs to continuously develop and engage its employees, for instance courses on sales skills, project management, intercultural awareness, or leadership. More information on human resources can be found in the dormakaba Sustainability Report 2020/21.

Compliance and human rights

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

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

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

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

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

In the financial year 2020/21, dormakaba completed a Human Rights Impact Assessment in its operations in Singapore and Malaysia. A key focus has also been to further assess the salient issues of conflict and child labor through a supply chain traceability project in collaboration with a Swiss university. In addition, Responsible Labor and Zero Recruitment Fees policies have been developed. Further information on human rights can be found in the Sustainability Report 2020/21.

Environment

dormakaba uses resources in the manufacture of its products and generates waste and emissions. Environmental issues are therefore a key aspect of sustainability and are relevant along the entire value chain. A detailed overview of the company's sustainability work and the most important benchmarks, including greenhouse gas emissions, energy consumption, water consumption, and waste management can be found in the Sustainability Report 2020/21.

Supply chain

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

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

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

In addition, the dormakaba Supplier Code of Conduct outlines minimum requirements with regards to human rights, fair working conditions, environmental responsibility, and business ethics, among others. To ensure our suppliers contribute to social and environmental well-being, dormakaba focuses on three areas: identifying supply chain risks; supplier off-site sustainability assessments; and setting improvement plans. The risk assessment is based on risk indicators for materials compliance and geography for: (1) Energy and Emissions; (2) Effluents and Waste; (3) Occupational Health and Safety; (4) Materials; (5) Training and Education; (6) Freedom of Association; and (7) Human Rights. Around 2,200 suppliers are included in the risk group. Thus far, we have assessed the sustainability performance of approximately 10% of these suppliers. Improvement plans have been allocated to 45 of these suppliers. In order to continuously improve the assessment rate of the entire risk group, allocations for inviting 500 suppliers per year to participate have been made through to the financial year 2026/27.

Further information can be found in the chapter supplier social and environmental assessment of the Sustainability Report 2020/21.

Opportunity and risk report

Opportunities

Opportunities arising from market position and synergy effects

dormakaba is one of the global leaders in the fragmented market for security and access solutions, and offers its customers high-quality products, solutions, and services for access to places, buildings, and rooms from a single source. dormakaba is expanding its competitive position based on its expanded complementary product portfolios, combined geographical presence, and optimized value chains.

Opportunities arising from the "dormakaba" brand

The brands Dorma and Kaba are being continued under "dormakaba" following the merger. Both brands and their sub-brands are well known in the relevant customer groups as representing high-quality, innovative products and inspire great brand loyalty. By combining the two brands to one master brand for Access Solutions, opportunities are being created by complementary strengths through the cross-selling potential.

Opportunities arising from industry consolidation

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

Opportunities through innovation

The market for security and access solutions is in transformation. Megatrends such as the rising need for security, urbanization, demographic change, technology, and increasing prosperity in emerging economies are driving the demand but also require new technological approaches. dormakaba intends to continue to invest significantly in innovation and product development, to exploit the growth opportunities brought by these megatrends, and to achieve its desired innovation leadership (see also the statements on Research and Development above).

Risk policy, risk management, and risks at dormakaba

Risk policy

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

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

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

Risk management

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

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

a) Internal Control System based on Group accounting

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

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

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

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

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b) Risk management system

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

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

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

The Group Internal Audit function is responsible for internal audits at dormakaba. Internal Audit reports directly to the Audit Committee, though in functional terms it reports to the CFO. All audits performed in financial year 2020/21 were in line with the (yearly) audit plan and approved by the Audit Committee.

Risks faced by dormakaba

a) Risks arising from business transactions

The planned growth strategy is also implemented by means of acquisitions. This creates risks in the evaluation, transaction, and integration of the corresponding entities and assets. To minimize these risks, dormakaba manages the acquisition projects rigorously through standardized PMI processes, using well-trained specialist employees and professional support from outside the Group.

b) Opportunities and risks arising from the business model

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

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

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

Manufacturing processes create the risk of air and water pollution. To minimize this risk, dormakaba invests continuously in environmental protection measures. dormakaba has ISO 14001 certification for 43% of its manufacturing sites worldwide.

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

In early 2020, these political tensions and the overall economic development started to be impacted by the Covid-19 pandemic. The pandemic and the regulatory consequences implemented by most governments worldwide resulted in an unprecedented slump in business activity in many countries dormakaba is doing business in. This effect is visible in the company's revenues and profitability, and it can be expected to impact revenues and profitability further into the future. dormakaba reacted by implementing state-of-the-art crisis management processes both to ensure the health and safety of employees and to minimize the impact on business operations and supply chains, and thus on customers, while at the same time placing a strong focus on its cash situation and financial stability. Additionally, scenario planning methods are used to identify organizational and geographic units that provide opportunities for cost reduction measures. The scenarios are also used to find opportunities to introduce new products or fine-tune the business approach to specific markets. In this context, dormakaba is keeping a close watch on its supply chains to make sure that imminent disruptions caused by non-performing vendors or regulatory hindrances are noticed at an early stage and an adequate reaction can be initialized. Monitoring and re-evaluation of the current situation is institutionalized and repeated at a quick pace to keep up with geopolitical and economic developments. The target is to be and remain capable of reacting quickly and adequately to changes that might occur.

c) Personnel risks

Committed employees and managers are pivotal to the sustainable business success of dormakaba and to the implementation of its strategy. The most common personnel risks evaluated by the Group are those relating to succession planning, fluctuation, and competences. There is a risk that vacant positions cannot be filled properly, and that competent employees could be lost. In the wake of various personnel initiatives, and with the aim of fostering long-term employee retention, these risks are addressed throughout the Group with the help of an extensive employer branding initiative, employee surveys, talent and succession management, and through individual, targeted employee development.

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

Many industries face serious skill shortages, which also affect a technology-driven company like dormakaba. To mitigate possible talent shortages, dormakaba is increasing its efforts to find suitable candidates supported by its global employer branding initiative which is regularly adapted and tailored to the needs of the organization. This also includes career path models for certain functions such as product development and IT, as well as remote working models.

d) IT risks

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

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

e) Legal and tax risks

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

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

f) Compliance risks

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

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

This mission is based on the following strategic goals:

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

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

On 1 July 2016, a new Code of Conduct was introduced. The subsequent mandatory Code of Conduct trainings were successfully completed for all dormakaba employees. Procedures are in place to ensure that new employees sign the dormakaba Code of Conduct and are trained. In addition, dormakaba placed emphasis on antitrust trainings for a defined target group of employees who are particularly exposed (Senior Management, Sales, etc.). A full set of internal rules and regulations on Group Directive level covering the main activities of dormakaba is available and regularly updated. The implemented compliance mechanisms are adjusted to changing circumstances where necessary.

g) Financial risks

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

Further details on dormakaba's financial risk exposure and its risk avoidance and mitigation measures can be found in the consolidated financial statements for financial year 2020/21.

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Since 1 April 2014, the "European Market Infrastructure Regulation" (EMIR), the EU initiative to regulate OTC trade in derivatives, has imposed an audit duty. During the annual audit under § 20 para. 1 of the German Securities Trading Act for the audit period from 1 July 2019 to 30 June 2020, it was confirmed that dormakaba has an overall and in all respects appropriate and effective system for ensuring compliance with the statutory requirements.

Since 1 January 2016, Switzerland regulates the OTC trade in derivatives with the Finanzmarktinfrastrukturgesetz (FinfraG). All Swiss-based Group companies classify as "NFC" (small non-financial counterparties) and have signed agreements with their banks regarding the delegation of reporting duties.

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

h) Other risks
The company's business model could also give rise to other risks not mentioned so far. These could be, for instance, liability risks resulting from local laws that are not known at Group level. dormakaba counters these risks by keeping the quality of its products and services consistently high, by engaging legal experts when the risk of a legal dispute is identified, and by taking out appropriate insurance cover.

Assessment of overall risk and opportunity situation

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

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

With the strong brand, the broad existing portfolio, the wide market presence, and with the existing innovation structure and approach, the prospects of further profitable growth for dormakaba remain promising.

Apart from the ramifications of a possible worsening of the Covid-19 situation, there is no expectation of a significant change in the risk situation, compared with the previous financial year. There is no sign of any risks that would endanger the continued existence of dormakaba. Currently no risk has been identified that could significantly affect the assets, financial position, or earnings of dormakaba, neither there is evidence of any liquidity risk. A material deterioration in the future assets, financial position and earnings is not expected given the current risk situation.

Future prospects (forward-looking report)

After the Covid-19 pandemic negatively impacted the global economy in the calendar year 2020, most countries started to recover during the first half of 2021, and there are signs of a continued economic recovery for the second half of 2021 and 2022. Macroeconomic data indicate that the global economy measured by GDP will grow by about 6.0% in 2021 and by about 4.4% in 2022 (IMF World Economic Outlook, April 2021). At the same time, however, the speed of growth is forecast to vary greatly by country and region. For example, while China has already reached its pre-Covid level end of 2020, the United States and further Western countries will potentially reach their pre-Covid level of economic strength as early as 2021 or 2022. Furthermore, many emerging and developing countries, which were or are heavily impacted by the pandemic, will not achieve the corresponding economic level through their recovery until 2023 (IMF World Economic Outlook, April 2021). Nevertheless, the forecasts are to a large extent influenced by further developments of the pandemic, such as the need for further lockdown measures due to proliferating mutations of the Corona virus.

Furthermore, risks have emerged due to the measures taken while combating the economic consequences of the pandemic. First, many countries had to incur enormous financial debt to support their domestic economies. This potentially poses a threat to the stability of the global financial system. In addition, increased inflation is expected by the central banks, although it is unclear what the impact on the economy will be. A third risk arises from continuing geopolitical tensions between the United States and China, which potentially pose a threat to global trade and supply chains. On top, scarcity of supply of semiconductors and further electronic components could also have a negative impact on dormakaba's business in the financial year 2021/22.

As a globally operating company, dormakaba will continue to be exposed to a wide range of risks in the individual regions. For this reason, the company also publishes details on the development of the individual regional segments in addition to the information about the business performance of the Group. However, dormakaba believes that its business and regional profile puts it in a good position to respond flexibly to regional changes. Since the merger to form dormakaba in September 2015, the company's risk profile has improved significantly; dormakaba has gained scale, while remaining financially flexible and noticeably diversifying its product portfolio and global presence. This enables the company to continue to execute its strategy consistently even during the current pandemic and thus to create a solid basis for its competitiveness and sustainable profitable growth in the post-pandemic period.

dormakaba has reacted quickly and decisively to the challenges of the pandemic in the financial years 2019/20 and 2020/21. While many of its end-user markets have recovered during the financial year 2020/21, the pandemic is still a setback for some of dormakaba's verticals like hospitality and airports. However, this does not invalidate the five megatrends that continue to shape our industry in the longer term:

- Prosperity will increase globally, especially in growth markets with growing middle classes, and this will fuel the desire for additional protection (growth driver: increasing prosperity);
- At the same time, the average life expectancy is rising steadily, which means that institutions and private homes increasingly need barrier-free solutions that allow senior citizens to move easily from room to room (growth driver: demographic change);
- Then, urbanization is creating more conurbations and more cities with over a million inhabitants, requiring ever more complex infrastructure solutions (growth driver: urbanization);
- There is an increasing need that buildings and land must be secured, while flow of people must be managed in ways that ensure optimum efficiency and convenience (growth driver: need for security);
- Finally, technology influences practically every aspect of the access and security market, from digitization to distribution channels to the networking of products in the "Internet of Things" (growth driver: technology).

All these factors are contributing to a growing demand for smart, seamless, and secure access solutions. With its comprehensive solutions and services offering and global presence, dormakaba is playing a significant role in these markets.

In addition to these five megatrends, dormakaba is well positioned to address demand emerging from the pandemic. The company expects access and credentialing policies across all vertical end markets to be strengthened, with emphasis on adaptability, versatility, and health. As such, dormakaba believes it is well equipped with key products and interoperable solutions to realize the growth potential, for example in the area of seamless and touchless access solutions. dormakaba is also willing to consider investments in the ongoing consolidation of the industry, which is likely to accelerate.

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At the present time, it is not yet possible to estimate how lasting the changes resulting from the pandemic will be, particularly in heavily affected verticals like hospitality and airports. In the case of hospitality in particular, the effects will only become apparent in the long term and will have an impact on dormakaba's business environment if, for example, travel figures settle at a lower level in the medium and long term. The commercial construction activity for office space could also face a changing environment due to the pandemic, e.g. if people tend to work more from home, this could impact new office construction. However, at the same time, higher demand for upgrading office space is expected, which includes increasing requests for touchless and seamless access solutions; further, dormakaba also expects existing office space to be used differently going forward (shared offices, new workplace models).

The coming months may well see a high level of uncertainty and volatility including continued negative effects associated with Covid-19. This may include selective regional restrictions and lockdowns, increasing shipping costs, shortages of electronic components, and raw material price inflation. Further factors may be geopolitical such as trade conflicts.

As part of its financial reporting going forward, the company has decided to introduce an adjusted EBITDA margin which reflects the underlying financial performance before exceptional items affecting the comparability.

The company is currently expecting moderate organic sales growth for financial year 2021/22 as well as a slight year-on-year increase in the adjusted EBITDA margin (adjusted EBITDA margin for financial year 2020/21: 14.2%).

Capital structure

Detailed information on dormakaba Holding AG's capital structure can be found in the Corporate Governance Report 2020/21.

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Consolidated income statement

CHF million, except share amounts	Note	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Net sales	**1.2**	**2,499.7**	**100.0**	**2,539.8**	**100.0**
Cost of goods sold		–1,455.9	–58.2	–1,497.0	–58.9
Gross margin		**1,043.8**	**41.8**	**1,042.8**	**41.1**
Other operating income, net		17.0	0.7	11.3	0.4
Sales and marketing		–404.7	–16.2	–428.7	–16.9
General administration		–272.3	–10.9	–269.7	–10.6
Research and development		–109.5	–4.4	–102.5	–4.0
Operating profit (EBIT)		**274.3**	**11.0**	**253.2**	**10.0**
Result from associates	4.2	0.1	0.0	–0.2	0.0
Financial expenses	1.4	–26.7	–1.1	–43.2	–1.7
Financial income	1.4	1.9	0.1	1.4	0.1
Profit before taxes		**249.6**	**10.0**	**211.2**	**8.4**
Income taxes	1.5	–56.3	–2.3	–47.1	–1.9
Net profit		**193.3**	**7.7**	**164.1**	**6.5**
Net profit attributable to minority interests		92.5		79.5	
Net profit attributable to the owners of the parent		100.8		84.6	
Basic earnings per share in CHF	3.3	24.2		20.4	
Diluted earnings per share in CHF	3.3	24.1		20.3	
Operating profit before depreciation and amortization (EBITDA)	**1.1**	**353.1**	**14.1**	**325.0**	**12.8**

Consolidated balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Current assets					
Cash and cash equivalents		169.1	9.0	156.8	8.7
Trade receivables	2.1	424.5	22.7	388.1	21.4
Inventories	2.2	450.6	24.1	445.0	24.6
Current income tax assets		36.2	2.0	33.9	1.9
Other current assets	2.6	65.7	3.5	60.4	3.3
Total current assets		**1,146.1**	**61.3**	**1,084.2**	**59.9**
Non-current assets					
Property, plant, and equipment	2.3	435.9	23.2	441.8	24.5
Intangible assets	2.3	90.8	4.9	83.7	4.6
Investments in associates	4.2	5.4	0.3	3.3	0.2
Non-current financial assets	2.6	38.8	2.1	35.9	2.0
Deferred income tax assets	1.5	152.8	8.2	159.7	8.8
Total non-current assets		**723.7**	**38.7**	**724.4**	**40.1**
Total assets		**1,869.8**	**100.0**	**1,808.6**	**100.0**

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Current liabilities					
Current borrowings	3.1	353.5	18.9	139.9	7.7
Trade payables		169.1	9.0	129.0	7.1
Current income tax liabilities		46.2	2.5	44.5	2.5
Accrued and other current liabilities	2.6	364.2	19.5	312.6	17.3
Provisions	2.4	26.7	1.4	43.9	2.4
Total current liabilities		**959.7**	**51.3**	**669.9**	**37.0**
Non-current liabilities					
Accrued pension costs and benefits	2.5	294.6	15.8	288.4	16.0
Deferred income tax liabilities	1.5	26.2	1.4	24.4	1.3
Non-current liabilities	3.1	324.4	17.3	684.6	37.9
Total non-current liabilities		**645.2**	**34.5**	**997.4**	**55.2**
Total liabilities		**1,604.9**	**85.8**	**1,667.3**	**92.2**
Equity					
Share capital	3.2	0.4	0.0	0.4	0.0
Additional paid-in capital		811.3	43.4	811.3	44.9
Retained earnings		1,318.7	70.5	1,261.4	69.7
Goodwill offset in equity	3.4	–1,890.6	–101.1	–1,881.3	–104.1
Treasury shares	3.2	–23.0	–1.2	–31.4	–1.7
Translation exchange differences	3.5	–9.3	–0.5	–22.3	–1.2
Total equity owners of the parent		**207.5**	**11.1**	**138.1**	**7.6**
Minority interests		57.4	3.1	3.2	0.2
Total equity	**3.4**	**264.9**	**14.2**	**141.3**	**7.8**
Total liabilities and equity		**1,869.8**	**100.0**	**1,808.6**	**100.0**

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Consolidated cash flow statement

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Net profit		**193.3**	**164.1**
Depreciation and amortization	2.3	78.8	71.8
Income tax expenses	1.5	56.3	47.1
Interest expenses	1.4	19.5	36.7
Interest income	1.4	–0.9	–1.2
(Gain) Loss on disposal of fixed assets, net		–0.6	–2.8
Adjustment for non-cash items		6.9	9.6
Change in trade receivables		–29.0	94.7
Change in inventories		–1.1	–5.6
Change in other current assets		–0.3	–2.9
Change in trade payables		36.2	0.1
Change in accrued pension cost		–0.4	3.7
Change in accrued and other current liabilities		25.8	–7.4
Cash generated from operations		**384.5**	**407.9**
Income taxes paid		–52.1	–44.7
Interest paid		–19.9	–36.3
Interest received		1.0	1.2
Net cash from operating activities		**313.5**	**328.1**
Cash flows from investing activities			
Additions of property, plant, and equipment	2.3	–46.6	–59.6
Proceeds from sale of property, plant, and equipment	2.3	2.9	8.8
Additions of intangible assets	2.3	–29.5	–35.3
Change in non-current financial assets		–0.8	0.9
Acquisition of subsidiaries, net of cash acquired	4.3	–18.6	–147.2
Sale of subsidiaries, net of cash sold	4.3	–0.9	0.0
Acquisition of associates and joint ventures	4.2	–2.0	0.0
Net cash used in investing activities		**–95.5**	**–232.4**
Free cash flow	**5.1**	**218.0**	**95.7**
Cash flows from financing activities			
Buyback of own bond	3.1	–20.0	0.0
Other proceeds from (repayment of) current borrowings, net	3.1	–128.1	59.0
Proceeds from (repayment of) non-current borrowings, net	3.1	0.1	2.1
Change in other non-current liabilities		–0.5	–1.4
Dividends paid to company's shareholders	3.3	–43.7	–66.5
Dividends paid to minority shareholders		–39.7	–59.0
Net cash flows from financing activities		**–231.9**	**–65.8**
Translation exchange differences		26.2	4.5
Net increase (decrease) in cash and cash equivalents		**12.3**	**34.4**
Cash and cash equivalents at beginning of period		156.8	122.4
Cash and cash equivalents at end of period		169.1	156.8
Net increase (decrease) in cash and cash equivalents		**12.3**	**34.4**

Consolidated statement of changes in equity

CHF million	Share capital	Additional paid-in capital	Retained earnings	Goodwill offset in equity	Treasury shares	Cumul. translation adjustm.	Minority interests	Total equity
Balance at 30.06.2021	**0.4**	**811.3**	**1,318.7**	**–1,890.6**	**–23.0**	**–9.3**	**57.4**	**264.9**
Net profit for the reporting period			100.8				92.5	193.3
Goodwill on acquisitions and divestments (see note 3.4)				–9.3			–8.5	–17.8
Minority interest on divestment of subsidiary (see note 4.3)							–0.7	–0.7
Currency translation adjustments						13.0	10.5	23.5
Dividend paid (see note 3.3)			–43.7				–39.7	–83.4
Shares awarded (share-based compensation)			0.2		8.4		0.1	8.7
Balance at 30.06.2020	**0.4**	**811.3**	**1,261.4**	**–1,881.3**	**–31.4**	**–22.3**	**3.2**	**141.3**
Net profit for the reporting period			84.6				79.5	164.1
Goodwill on acquisitions and divestments (see note 3.4)				–72.1			–65.3	–137.4
Currency translation adjustments						–11.7	–12.5	–24.2
Dividend paid (see note 3.3)			–66.5				–59.0	–125.5
Shares awarded (share-based compensation)			–1.6		8.8		–1.4	5.8
Balance at 01.07.2019	**0.4**	**811.3**	**1,244.9**	**–1,809.2**	**–40.2**	**–10.6**	**61.9**	**258.5**

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1. Performance

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

The key headlines concerning the Group's performance are:

- Consolidated net sales of CHF 2,499.7 million
- Organic sales growth of 1.3%, with a strong second half-year (10.0%)
- EBITDA reaches CHF 353.1 million, with an EBITDA margin of 14.1%
- Cash flow margin of 12.5%
- Strong balance sheet; reduced net debt and higher equity ratio
- Net profit of CHF 193.3 million
- Dividend proposal of CHF 12.50 per share

1.1 Segment reporting

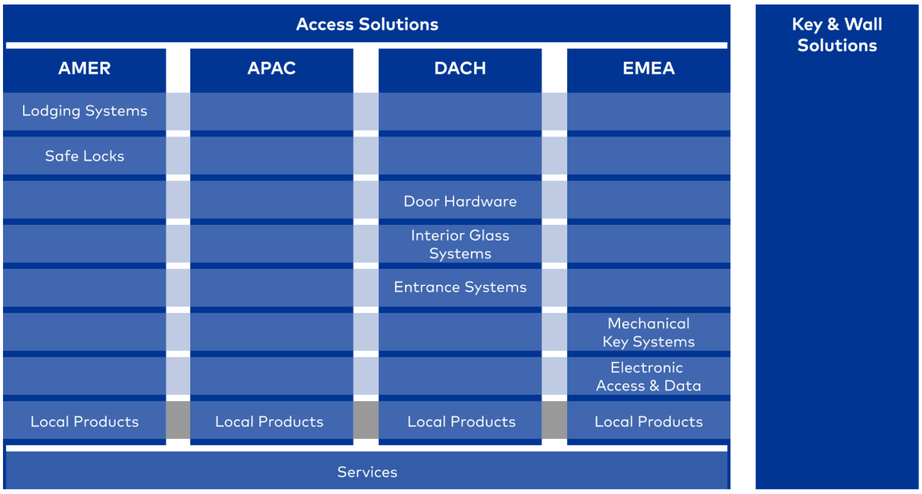
Operating model

dormakaba Group has divided the areas of business in which the company is globally active into five segments. Access Solutions (AS) is structured in four segments 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 Key & Wall Solutions segment is global.

To best meet customers' needs, dormakaba Group's operating model is based on a matrix structure, which means that all four Access Solutions segments have a dual responsibility. The Access Solutions global product portfolio is arranged in eight Global Product Clusters: Lodging Systems, Safe Locks, Door Hardware, Interior Glass Systems, Entrance Systems, Mechanical Key Systems, Electronic Access & Data, and Services. The Global Product Clusters are each assigned to specific segments, along with the related production facilities, regardless of the geographical location. These Global Product Clusters are complemented by local products in all Access Solutions segments.

The operating model is currently under review as part of a strategy review, which is expected to be finalized until end of 2021.

dormakaba Group's worldwide operations are as follows:



AS AMER: this segment includes dormakaba Group's business activities for access solutions in North and South America. It also has overall responsibility across all segments for the Global Lodging Systems and Safe Locks Product Clusters.

AS APAC: this segment includes dormakaba Group's business activities for access solutions in the Asia-Pacific region.

AS DACH: this segment includes dormakaba Group's business activities for access solutions in Germany, Austria, and Switzerland. It also has overall responsibility across all segments for the Door Hardware, Interior Glass Systems, and Entrance Systems Global Product Clusters, including the associated production facilities and competence centers, in particular in Singapore, Suzhou (China), Melaka (Malaysia), and Sofia (Bulgaria).

AS EMEA: this segment includes dormakaba Group's business activities for access solutions in Europe (excluding DACH), the Middle East, and Africa. It also has overall responsibility across all segments 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 & Wall Solutions: this segment combines the two global business units, Key Systems and Movable Walls. Key Systems includes the Keys, Key Cutting Machines, and Automotive Solutions product categories. Movable Walls specializes in acoustic movable partitions and in horizontal and vertical partitioning systems in the space-dividing systems sector. The segment has production facilities in Europe, North and South America, and Asia.

Other business activities, which do not fit into the basic segment structure, are disclosed in the "Other" segment. These mainly consist of operations involving contactless identification systems and trusted services based on the Legic SmartCard and Connect technologies.

Offering

dormakaba stands for security, sustainability, and reliability. It aims to develop products, solutions, and services that make access in life of its customers smart and secure. dormakaba offers an expanded, comprehensive portfolio of products, solutions, and services for access to places, buildings and rooms from a single source – whether it be hotels, shops, sporting venues, airports, hospitals, the home, or the office. The 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 related services. The offering includes the Global Product Clusters (Lodging Systems, Safe Locks, Door Hardware, Interior Glass Systems, Entrance Systems, Mechanical Key Systems, Electronic Access & Data, 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 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.
  The profitability of each AS segment depends on the different market dynamics of the geographical regions but also reflects dormakaba Group's operating model. In compliance with transfer pricing regulation, profit is allocated to entities based on the functions they perform and the risks they assume. As a result, the profitability of AS EMEA, for example, is lower as the segment consists mainly of sales companies and it has fewer production sites; therefore, products sold in this segment might contribute to the financial performance of another segment as well.

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

In accordance with the management organization and the reporting to the Group management level, the reporting segments consist of the businesses as described above. The 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. Net working capital that is directly attributable or can be allocated on a reasonable basis to a specific segment is reported under the segment concerned. With the exception of certain central costs and items that affect comparability, 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.

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020	Financial year ended 30.06.2021	Financial year ended 30.06.2020	Financial year ended 30.06.2021	Financial year ended 30.06.2020
	Access Solutions AMER		Access Solutions APAC		Access Solutions DACH	
Net sales third parties	640.9	720.4	390.2	378.2	531.9	501.4
Intercompany sales	28.7	34.9	25.0	24.2	281.0	290.5
Total sales	**669.6**	**755.3**	**415.2**	**402.4**	**812.9**	**791.9**
Operating profit (EBIT)	**94.5**	**114.8**	**50.9**	**46.6**	**125.1**	**112.3**
as % of sales	14.1%	15.2%	12.3%	11.6%	15.4%	14.2%
Depreciation and amortization	15.3	13.3	8.0	8.2	15.8	17.0
Operating profit before depreciation and amortization (EBITDA)	**109.8**	**128.1**	**58.9**	**54.8**	**140.9**	**129.3**
as % of sales	16.4%	17.0%	14.2%	13.6%	17.3%	16.3%
Net working capital	178.3	165.8	100.6	100.4	130.1	136.5
Capital expenditure	15.8	24.3	5.9	8.0	12.6	16.8

	Access Solutions EMEA		Eliminations		Access Solutions TOTAL	
Net sales third parties	591.1	585.2	0.0	0.0	2,154.1	2,185.2
Intercompany sales	121.8	110.9	–449.7	–454.3	6.8	6.2
Total sales	**712.9**	**696.1**	**–449.7**	**–454.3**	**2,160.9**	**2,191.4**
Operating profit (EBIT)	**49.0**	**32.8**	**–0.9**	**–2.1**	**318.6**	**304.4**
as % of sales	6.9%	4.7%	0.2%	0.5%	14.7%	13.9%
Depreciation and amortization	11.9	12.7	0.0	0.0	51.0	51.2
Operating profit before depreciation and amortization (EBITDA)	**60.9**	**45.5**	**–0.9**	**–2.1**	**369.6**	**355.6**
as % of sales	8.5%	6.5%	0.2%	0.5%	17.1%	16.2%
Net working capital	173.7	167.1	–12.5	–14.5	570.2	555.3
Capital expenditure	10.8	11.8	0.0	0.0	45.1	60.9

			Key & Wall Solutions		Other	
Net sales third parties			329.8	340.2	15.8	14.4
Intercompany sales			15.1	11.2	5.0	4.5
Total sales			**344.9**	**351.4**	**20.8**	**18.9**
Operating profit (EBIT)			**44.6**	**41.7**	**1.5**	**0.4**
as % of sales			12.9%	11.9%	7.2%	2.1%
Depreciation and amortization			9.6	8.8	0.5	0.1
Operating profit before depreciation and amortization (EBITDA)			**54.2**	**50.5**	**2.0**	**0.5**
as % of sales			15.7%	14.4%	9.6%	2.6%
Net working capital			80.1	84.0	1.3	3.8
Capital expenditure			10.7	10.4	7.4	7.0

	Corporate		Eliminations		Group	
Net sales third parties	0.0	0.0	0.0	0.0	2,499.7	2,539.8
Intercompany sales	0.0	0.0	–26.9	–21.9	0.0	0.0
Total sales	**0.0**	**0.0**	**–26.9**	**–21.9**	**2,499.7**	**2,539.8**
Operating profit (EBIT)	**–90.4**	**–93.3**	**0.0**	**0.0**	**274.3**	**253.2**
as % of sales	0.0%	0.0%	0.0%	0.0%	11.0%	10.0%
Depreciation and amortization	17.7	11.7	0.0	0.0	78.8	71.8
Operating profit before depreciation and amortization (EBITDA)	**–72.7**	**–81.6**	**0.0**	**0.0**	**353.1**	**325.0**
as % of sales	0.0%	0.0%	0.0%	0.0%	14.1%	12.8%
Net working capital	–12.1	–13.2	2.1	2.0	641.6	631.9
Capital expenditure	12.9	16.6	0.0	0.0	76.1	94.9

1.2 Net sales by region

CHF million	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Net sales to third parties	**2,499.7**	**100.0**	**2,539.8**	**100.0**
Switzerland	185.6	7.4	178.9	7.0
Germany	336.8	13.5	329.8	13.0
Rest of EMEA	754.1	30.2	726.9	28.6
Americas	855.8	34.2	942.5	37.2
Asia Pacific	367.4	14.7	361.7	14.2

Accounting principles

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

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

1.3 Personnel expenses

CHF million	Financial year ended 30.06.2021	%	Financial year ended 30.06.2020	%
Personnel expenses	**1,022.3**	**100.0**	**1,027.7**	**100.0**
Salaries and wages	824.8	80.6	815.4	79.3
Social security expenses	162.1	15.9	163.8	16.0
Share-based payments	8.3	0.8	6.0	0.6
Pension cost (see note 2.5)	23.3	2.3	25.9	2.5
Employment termination expenses	2.7	0.3	15.4	1.5
Other benefits	1.1	0.1	1.2	0.1
Employees at balance sheet date	**14,998**		**15,189**	
Average number of full-time equivalent employees	**14,989**		**15,676**	
Average number of employees per segment	**14,989**	**100.0**	**15,676**	**100.0**
Access Solutions AMER	2,677	17.9	2,811	17.9
Access Solutions APAC	3,073	20.5	3,299	21.0
Access Solutions DACH	3,315	22.1	3,452	22.0
Access Solutions EMEA	3,358	22.4	3,468	22.1
Key & Wall Solutions	2,001	13.3	2,188	14.0
Other	59	0.4	61	0.4
Corporate	506	3.4	397	2.6
Average number of employees per geographical region	**14,989**	**100.0**	**15,676**	**100.0**
Switzerland	853	5.7	825	5.3
Germany	2,891	19.3	2,971	19.0
Rest of EMEA	3,606	24.1	3,688	23.5
Americas	3,607	24.1	3,825	24.4
Asia Pacific	4,032	26.8	4,367	27.8

Personnel expenses also contain Covid-19 contributions from government for short-time work and other compensation. These grants are recorded in personnel costs with a cost-reducing effect to reflect the economic substance and did not have a material impact on the consolidated financial statements (2020/21 and 2019/20).

Share-based payments

The Nomination and Compensation Committee nominates individual Executive Committee (EC) members and other members of Senior Management for long-term incentive awards. The long-term incentive award is split into two components: in the 2020/21 financial year one-third (2019/20: one-half) is granted in the 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 other two-thirds (2019/20: one-half) of the award is granted in the form of performance share units 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) and the relative Total Shareholder Return (TSR) of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

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

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

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

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

Accounting principles

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

1.4 Financial result

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Financial income		**1.9**	**1.4**
Interest income		0.9	1.2
Other financial income		1.0	0.2
Financial expense		**26.7**	**43.2**
Interest expenses for bonds	3.1	4.4	4.5
Interest expenses for forward contracts	3.5	6.6	22.1
Other interest expenses		8.5	10.1
Foreign exchange losses (gains)	3.5	3.4	2.8
Other financial expenses		3.8	3.7

1.5 Taxes

Income taxes

The weighted applicable tax rate is calculated using the expected income tax rates of the individual Group companies in each jurisdiction. The increase in the weighted applicable tax rate is mainly due to tax rate changes as well as countries with higher-than-average tax rates contributing more to the total group profit.

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Profit before taxes	**249.6**	**211.2**
Weighted applicable tax rate	25.2%	23.4%
Tax calculated at applicable tax rate	**62.9**	**49.4**
Current income taxes	50.5	39.0
Deferred income taxes	5.8	8.1
Income taxes	**56.3**	**47.1**
Difference between applicable and effective income taxes	**–6.6**	**–2.3**
Impact of losses and tax loss carryforwards	–5.0	–4.2
Tax-exempt income	–6.1	–2.7
Non-deductible expenses	7.0	3.3
Non-recoverable withholding tax expenses	2.2	3.5
Tax charges (credits) relating to prior periods, net	0.0	1.8
Other	–4.7	–4.0
Income taxes charged to equity	–0.6	0.5

Deferred taxes

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Balance sheet presentation of deferred income taxes		
Total deferred income taxes, net	**126.6**	**135.3**
Deferred income tax assets	152.8	159.7
Deferred income tax liabilities	26.2	24.4
Expiration of tax loss carryforwards not recognized as deferred tax assets		
Balance of tax loss carryforwards at end of financial year	**142.7**	**139.9**
Expiry in 1 year	0.0	0.0
Expiry in 2 to 5 years	17.0	8.3
Expiry after 5 years	11.9	3.0
No expiry	113.8	128.6

Accounting principles

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

Use of accounting estimates

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

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2. Operating assets and liabilities

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

2.1 Trade receivables

Maturity analysis	**Financial year ended 30.06.2021**			**Financial year ended 30.06.2020**		
CHF million	**Gross**	**Allow.**	**Net**	**Gross**	**Allow.**	**Net**
Trade receivables	**446.9**	**–22.4**	**424.5**	**412.8**	**–24.7**	**388.1**
Not yet due	327.4	–0.5	326.9	271.4	–0.4	271.0
1–30 day(s) overdue	50.5	–0.1	50.4	42.5	–0.3	42.2
31–60 days overdue	19.2	–0.1	19.1	18.3	–0.1	18.2
61–90 days overdue	10.6	0.0	10.6	17.9	–0.1	17.8
91–120 days overdue	5.5	–0.2	5.3	12.6	–0.4	12.2
121–150 days overdue	4.2	–0.3	3.9	7.8	–0.5	7.3
More than 150 days overdue	29.5	–21.2	8.3	42.3	–22.9	19.4

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

Accounting principles

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

2.2 Inventories

CHF million	**Financial year ended 30.06.2021**	**Financial year ended 30.06.2020**
Inventories, net	**450.6**	**445.0**
Allowance for obsolete and slow-moving items	60.6	57.1
Inventories, gross	**511.2**	**502.1**
Raw materials and supplies	228.5	205.8
Semi-finished goods and work in progress	84.8	74.6
Finished goods	193.9	218.7
Prepayments to suppliers	4.0	3.0

Accounting principles

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

2.3 Property, plant, and equipment/Intangible assets

CHF million, except where indicated	Land and buildings	Plant, machinery, and equipment	Furniture and fixtures	Pre-payments	Total property, plant, and equipment	Intangible assets
30 June 2021, net	**232.3**	**125.4**	**53.6**	**24.6**	**435.9**	**90.8**
30 June 2020, net	**234.8**	**127.7**	**58.7**	**20.6**	**441.8**	**83.7**
Cost 30 June 2021	**343.9**	**361.7**	**187.7**	**24.6**	**917.9**	**180.3**
Additions	4.2	8.7	12.2	21.5	46.6	29.5
Disposals	–11.6	–8.6	–7.6	–0.1	–27.9	–18.5
Reclassifications	0.7	13.2	3.5	–17.6	–0.2	0.2
Acquisition of businesses	0.1	0.1	0.3	0.0	0.5	0.0
Divestment of businesses	0.0	–0.2	–0.1	0.0	–0.3	0.0
Translation exchange differences	2.4	3.4	3.4	0.2	9.4	3.1
30 June 2020	**348.1**	**345.1**	**176.0**	**20.6**	**889.8**	**166.0**
Additions	4.2	18.2	16.2	21.0	59.6	35.3
Disposals	–7.4	–8.2	–6.2	–0.1	–21.9	–0.5
Reclassifications	20.2	12.8	6.1	–41.5	–2.4	2.3
Acquisition of businesses	0.0	0.1	0.4	0.0	0.5	0.0
Translation exchange differences	–11.3	–12.5	–8.0	–1.1	–32.9	–5.1
1 July 2019	**342.4**	**334.7**	**167.5**	**42.3**	**886.9**	**134.0**
Estimated useful life (in years)	20-50 [1]	4-15	3-15			2-5
Accumulated depreciation 30 June 2021	**111.6**	**236.3**	**134.1**	**0.0**	**482.0**	**89.5**
Additions	9.6	24.6	21.0	0.0	55.2	23.6
Disposals	–11.8	–8.0	–6.1	0.0	–25.9	–18.1
Reclassifications	0.1	0.1	–0.3	0.0	–0.1	0.1
Divestment of businesses	0.0	–0.2	–0.1	0.0	–0.3	0.0
Translation exchange differences	0.4	2.4	2.3	0.0	5.1	1.6
30 June 2020	**113.3**	**217.4**	**117.3**	**0.0**	**448.0**	**82.3**
Additions	9.7	25.7	21.3	0.0	56.7	15.1
Disposals	–2.4	–8.0	–5.6	0.0	–16.0	–0.4
Reclassifications	0.1	–0.4	0.4	–0.1	0.0	0.0
Translation exchange differences	–1.9	–7.2	–5.1	0.0	–14.2	–2.7
1 July 2019	**107.8**	**207.3**	**106.3**	**0.1**	**421.5**	**70.3**

1) Land is not depreciated.

Intangible assets: additions to cost include CHF 8.4 million (2019/20: CHF 9.6 million) invested in development projects.

Accounting principles

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

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

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

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.

Use of accounting estimates

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

2.4 Provisions

CHF million	Warranty and customer returns	Restructuring	Other	Total
Provisions 30 June 2021	**13.3**	**4.2**	**9.2**	**26.7**
Additions	7.2	0.2	3.4	10.8
Releases	–1.3	–2.8	–6.6	–10.7
Usage	–7.0	–5.9	–4.6	–17.5
Translation exchange differences	0.1	0.1	0.0	0.2
Provisions 30 June 2020	**14.3**	**12.6**	**17.0**	**43.9**
Additions	9.0	10.5	7.8	27.3
Releases	–1.0	–1.0	–0.7	–2.7
Usage	–8.2	–4.0	–5.5	–17.7
Acquisition of businesses	0.1	0.0	0.0	0.1
Translation exchange differences	–0.5	–0.4	–1.2	–2.1
Provisions 1 July 2019	**14.9**	**7.5**	**16.6**	**39.0**

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

The movements as well as the ending balance of the provision for restructuring mainly relates to ongoing initiatives to address the Covid-19 pandemic, which were approved by the Board of Directors.

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

Accounting principles

Provisions are recognized when:

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

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

Use of accounting estimates

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

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

2.5 Employee benefit liabilities

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020				Financial year ended 30.06.2021	Financial year ended 30.06.2020
	Economic part of the Corporation		Translation differences	Change to previous year period or recognized in current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
Total	**294.6**	**288.4**	**6.0**	**0.3**	**23.0**	**23.3**	**25.9**
Pension institutions with surplus					10.0	10.0	9.5
Pension institutions without surplus/deficit					12.2	12.2	15.0
Pension institutions without own assets	269.3	263.0	6.0	0.3	0.8	1.1	1.4
Other long-term employee benefits	25.3	25.4					

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Pension benefit expenses within personnel expenses	**23.3**	**25.9**
Decrease/increase economic obligation from pension institutions without own assets	1.1	1.4
Contributions and changes employer contribution reserves	**22.2**	**24.5**
Contributions to pension institutions from Group entities	22.2	24.5

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

Accounting principles

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

Use of accounting estimates

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

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2.6 Other assets and liabilities

Other assets

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Other current assets		**65.7**	**60.4**
Prepaid expenses		21.3	17.5
Retentions		6.6	5.7
Sales, withholding and other recoverable taxes		33.1	33.0
Fair value of forward contracts	3.5	1.9	1.0
Other receivables and miscellaneous		2.8	3.2
Non-current financial assets		**38.8**	**35.9**
Pension-related assets		20.1	19.4
Long-term prepaid expenses		8.3	6.6
Long-term held securities		10.4	9.9

Accounting principles

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

Other liabilities

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Accrued and other current liabilities		**364.2**	**312.6**
Advances from customers		30.6	38.8
Deferred income		33.8	33.4
Sales, withholding and other tax payable		42.8	35.7
Payables to social security and pension fund		20.9	17.3
Accruals for salary payments, bonuses, vacation, overtime and other employee benefits		135.5	111.0
Accrued interest		3.3	3.6
Fair value of forward contracts	3.5	0.8	0.7
Other accruals and current non-interest-bearing liabilities		96.5	72.1

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

Accounting principles

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

3. Capital and financial risk management

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

3.1 Capital management

Capital management has the following objectives:

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

The comprehensive crisis management measures implemented by the Group management last financial year due to Covid-19 pandemic are ongoing. Measures aimed at focusing on cash flow by following the "cash is king" principle. This includes daily monitoring of the liquidity and financial debt status on group level, also regarding financial covenants and undrawn credit facilities. Further increased attention was on the net working capital management, which also includes a strict credit management and collection discipline on the trade receivables as well as restrictions on capital expenditures. The accelerating business in the fourth quarter and the shift of focus towards profitability and sales growth resulted in an increase in accounts receivables and inventory which however remained below pre-Covid level.

Borrowings and other financial liabilities

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Current borrowings	**353.5**	**139.9**
Short-term bank loans and overdrafts	9.9	139.0
Bonds - short-term	340.0	0.0
Current portion of other non-current liabilities	3.6	0.9
Non-current liabilities	**324.4**	**684.6**
Bonds - long-term	320.3	680.4
Other non-interest bearing liabilities	0.0	0.1
Other interest-bearing liabilities	4.1	4.1

Credit facility

As of 30 June 2021, the short-term bank loans and overdrafts amount to CHF 9.9 million (2019/20: CHF 139.0 million).

In November 2020 dormakaba renewed its main credit facility of CHF 500 million which expired in March 2021. The new five-year syndicated loan in the amount of CHF 525 million includes options for a prolongation of two additional years and for an increase of up to CHF 200 million. For the first time incentives for the achievement of ambitious sustainability performance objectives in the form of three important ESG (Environmental, Social, and Governance) criteria were included in the contract. As in the expiring contract, also in the new credit facility the single financial covenant is the leverage factor (calculated as the ratio of net debt to EBITDA). As of 30 June 2021 and throughout the 2020/21 financial year, dormakaba complied with the financial covenant. As per 30 June 2021 this credit line was undrawn.

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

Net debt

Disclosed below are the corresponding key figures as at 30 June 2021 and 30 June 2020, respectively, including the maturities.

	Financial year ended 30.06.2021				Financial year ended 30.06.2020			
CHF million	**Up to 1 year**	**2 to 5 years**	**Over 5 years**	**Total**	**Up to 1 year**	**2 to 5 years**	**Over 5 years**	**Total**
Short-term bank loans and overdrafts	9.9			9.9	139.0			139.0
Bonds	340.0	320.3		660.3		360.0	320.4	680.4
Other liabilities	3.6	1.6	2.5	7.7	0.9	2.0	2.2	5.1
Cash and cash equivalents	–169.1			–169.1	–156.8			–156.8
Net debt	**184.4**	**321.9**	**2.5**	**508.8**	**–16.9**	**362.0**	**322.6**	**667.7**
EBITDA				353.1				325.0
Net debt/EBITDA (Leverage)				**1.4x**				**2.1x**

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

Accounting principles

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

Bonds

Two bonds were placed in September 2017 in the Swiss capital market by dormakaba Finance AG, a Group company of dormakaba Holding AG, as a dual tranche transaction worth a total of CHF 680 million (ISIN CH0384629884 due in 2021 and ISIN CH0384629892 due in 2025). Due to its maturity the first tranche of CHF 360 million is disclosed as per 30 June 2021 within current borrowings (previous year in non-current liabilities). In the 2020/21 financial year the nominal buy-back value of CHF 20.0 million of the bond has been netted with the short-term part of the liability.

CHF million	**Coupon % p.a.**	**Financial year ended 30.06.2021**	**Coupon % p.a.**	**Financial year ended 30.06.2020**
Bonds (at fixed interest rates)		**660.3**		**680.4**
CHF 360 million bond 2017 – 2021 Payment date: 13 October 2017 Issue price: 100.298%	0.375	340.0	0.375	360.0
CHF 320 million bond 2017 – 2025 Payment date: 13 October 2017 Issue price: 100.46%	1.000	320.3	1.000	320.4

The interest expenses for the two bonds amount to CHF 4.4 million in 2020/21 (2019/20: CHF 4.5 million). This is disclosed in the note on the financial result (1.4).

Accounting principles

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

3.2 Share capital and treasury shares

Share capital

As of 30 June 2021, the share capital comprised 4,200,026 registered shares with a par value of CHF 0.10 each. The shares are listed on the SIX Swiss Exchange (DOKA/ISIN CH0011795959).

Conditional capital as of 30 June 2021 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 22 October 2019, the BoD is authorized to increase the share capital, no later than 22 October 2021, by a maximum amount of CHF 42,000 through the issue of a maximum of 420,000 fully paid-in registered shares at a nominal value of CHF 0.10 each. The increase may be made in partial amounts. No shares were issued out of authorized capital in the 2020/21 financial year.

Treasury shares

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

	Financial year ended 30.06.2021			Financial year ended 30.06.2020		
Equity and treasury shares	**Number of shares**	**Transaction (Ø) price in CHF per share**	**Treasury shares in CHF million**	**Number of shares**	**Transaction (Ø) price in CHF per share**	**Treasury shares in CHF million**
Treasury shares as at 30 June	**31,259**	**736.45**	**23.0**	**42,810**	**733.00**	**31.4**
Shares awarded (share-based compensation)	–11,551	723.64	–8.4	–11,899	743.55	–8.8
Treasury shares as at 1 July	42,810	733.00	31.4	54,709	735.29	40.2

In the 2020/21 financial year, a total of 11,551 shares (2019/20: 11,899 shares) were allocated. 9,805 shares (7,605 restricted and 2,200 performance shares) were vested as part of the long-term incentive stock award plans (2019/20: 10,104 shares made up of 6,006 restricted and 4,098 performance shares). In addition, 1,746 restricted shares (2019/20: 1,787 restricted shares) were allocated to the BoD members and 0 shares (2019/20: 8 shares) were allocated as consideration for acquisitions from previous years. Further information on the long-term incentive stock award plans is included in the Compensation Report.

3.3 Earnings per share and dividends

Earnings per share

Number of shares, except where indicated	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Net profit attributable to the owners of the parent	100.8	84.6
For basic number of shares		
Number of shares outstanding at end of financial year	**4,168,767**	**4,157,216**
Own shares (acquired)/reissued	11,551	11,899
Number of shares outstanding at beginning of financial year	4,157,216	4,145,317
Weighted average number of shares outstanding (basic)	4,163,010	4,149,791
Basic earnings per share in CHF	**24.2**	**20.4**
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,163,010	4,149,791
Eligible shares under stock award plans and shares awarded in acquisitions	15,873	9,945
Weighted average number of shares outstanding (diluted)	4,178,883	4,159,736
Diluted earnings per share in CHF	**24.1**	**20.3**

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

Accounting principles

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

The diluted earnings per share includes all potentially dilutive effects.

Dividends

CHF million, except where indicated	CHF per share [1]	Financial year ended 30.06.2021 [2]	CHF per share	Financial year ended 30.06.2020	CHF per share	Financial year ended 30.06.2019
Dividend for the financial year	**12.50**	**52.1**	**10.50**	**43.7**	**16.00**	**66.5**
Net profit attributable to the owners of the parent		100.8		84.6		131.8
Dividend payout ratio in %		51.7		51.6		50.5

1) In 2020/21: proposal to the AGM; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.
Date of payment: 18 October 2021 (estimated final dividend payable, subject to variations in the number of shares up to the recording date). This dividend has not been recognized as a liability as at 30 June 2021 and will be recognized in subsequent consolidated financial statements.
2) The dividend for the financial year is calculated on the basis of the outstanding shares at the end of the financial year.

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

The dividend distribution is proposed to the AGM in the form of an equal distribution from the reserves from capital contributions and statutory retained earnings of the parent entity, dormakaba Holding AG. After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 18 October 2021 according to the instructions received: CHF 12.50 (2019/20: CHF 10.50) gross per listed registered share at CHF 0.10 par value, whereof only the distribution from reserves from capital contributions will be paid free of Swiss withholding tax in accordance with Art. 5 para. 1^{bis} of the Federal Law on Withholding Tax.

3.4 Theoretical equity and goodwill movement

The total goodwill of CHF 17.8 million, resulting from acquisitions, recorded in the 2020/21 financial year (2019/20: CHF 137.4 million) is offset in equity as disclosed in the consolidated statement of changes in equity. See also the note on business combinations and divestments (4.3). The following tables show the impact on equity and net profit based on the assumption that the goodwill was capitalized and amortized over a period of five years.

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Theoretical book value of goodwill, net	**205.1**	**406.2**
Cost 30 June	**2,035.3**	**2,026.7**
Additions from acquisitions	17.8	136.9
Adjustments (earn-out, divestments and others)	0.0	0.5
Translation exchange differences	–9.2	–45.7
Cost 1 July	**2,026.7**	**1,935.0**
Accumulated amortization 30 June	**1,830.2**	**1,620.5**
Additions	205.7	383.7
Impairment	4.0	0.0
Translation exchange differences	0.0	–30.6
Accumulated amortization 1 July	**1,620.5**	**1,267.4**

The disclosed impairment of CHF 4.0 million relates to goodwill offset in equity in 2016/17 financial year in connection with the acquisition of Mesker Openings Group (USA). This impairment does not affect consolidated income.

	Financial year ended 30.06.2021			Financial year ended 30.06.2020		
CHF million	Effective	Amortization goodwill	Theoretical (incl. amortization goodwill)	Effective	Amortization goodwill	Theoretical (incl. amortization goodwill)
Effects on the income statement						
Operating profit (EBIT)	274.3	–205.7	**68.6**	253.2	–383.7	**–130.5**
EBIT as % of net sales	11.0	–8.2	**2.7**	10.0	–15.1	**–5.1**
Net profit	193.3	–205.7	**–12.4**	164.1	–383.7	**–219.6**
Effect on the balance sheet						
Equity according to balance sheet	264.9	205.1	**470.0**	141.3	406.2	**547.5**
Equity as % of balance sheet total	14.2		**22.6**	7.8		**24.7**

Accounting principles

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

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

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

3.5 Financial risk management

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

The Covid-19 pandemic continues to have a significant impact on the global economic environment. The ongoing comprehensive crisis management measures implemented by the Group management last financial year were re-assessed and acknowledged by the BoD in April 2021. The aim of the measures is to ensure the health and safety of all employees, to minimize the impact on business operations and supply chains, and thus on customers, and to focus on cash flow by following a "cash is king" principle. dormakaba adjusted its financial management as well as its forecast structures to retain its entrepreneurial flexibility and financial stability at all times. This includes the daily monitoring of cash flows, liquidity, and the status of financial debt at Group level, also regarding available undrawn credit facilities. The Group-wide cost savings and restructuring program introduced in the fourth quarter of financial year 2019/20 to adjust capacities and costs is ongoing and continuously assessed by the BoD through dialogue with the EC. This ensures that operating risks are given due attention, reported accordingly and the BoD has a comprehensive overview of the key risks and measures taken.

Liquidity risk

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

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

Credit risk

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

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

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

Interest rate risk

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

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

Foreign currency exposure

Translation risk

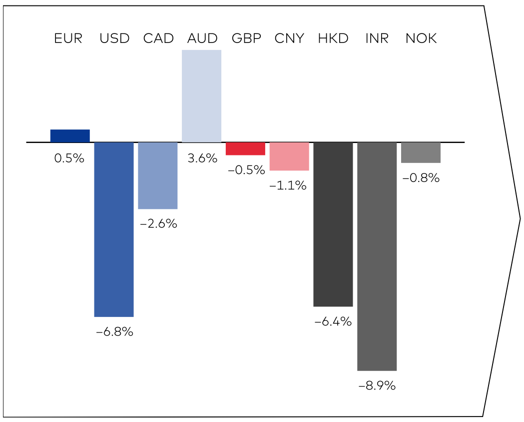
dormakaba Group does not actively manage the translation risk.

In the 2020/21 financial year, the Group's equity was positively impacted in the amount of CHF 23.5 million by foreign currency translation (2019/20: CHF 24.2 million negative impact).

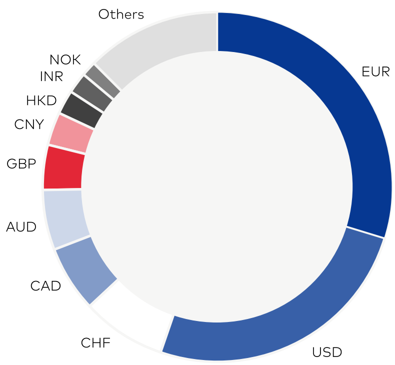
The key exchange rates based on net sales in foreign currencies are disclosed in the table below:

Currency rates (CHF), net sales (CHF million)	Net sales 30.06.2021	Exchange rate 30.06.2021	Average rate 2020/21	Net sales 30.06.2020	Exchange rate 30.06.2020	Average rate 2019/20
Total net sales	**2,499.7**			**2,539.8**		
EUR	753.2	1.096	1.085	707.5	1.069	1.080
USD	644.0	0.921	0.910	736.4	0.952	0.977
CHF	196.6	1.000	1.000	189.3	1.000	1.000
CAD	141.3	0.743	0.710	148.9	0.696	0.729
AUD	140.9	0.692	0.680	138.0	0.653	0.656
GBP	102.1	1.275	1.226	91.3	1.170	1.231
CNY	69.3	0.142	0.137	65.2	0.134	0.139
HKD	56.0	0.119	0.117	44.2	0.123	0.125
INR	50.0	0.012	0.012	49.3	0.013	0.014
NOK	38.3	0.108	0.104	40.8	0.098	0.105
Net sales in other currencies	308.0			328.9		

June 2020 – June 2021
Change of average FX-rate in relation to CHF



2020/21
Net sales exposure



In the 2020/21 financial year, dormakaba Group's sales growth was negatively impacted by foreign currency translations in the amount of CHF 76.6 million (2019/20: CHF 104.3 million negative impact) and EBITDA likewise by CHF 11.1 million (2019/20: CHF 16.0 million negative impact).

Transaction risk

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

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

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

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

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

CHF million	**Financial year ended 30.06.2021**	**Financial year ended 30.06.2020**
Contract value	**578.2**	**739.1**
Fair value – held-for-trading, net	**1.1**	**0.3**
Assets from fair value of forward contracts	1.9	1.0
Liabilities from fair value of forward contracts	–0.8	–0.7

In the 2020/21 financial year, the net foreign exchange loss amounts to CHF 3.4 million (2019/20: loss amounts to CHF 2.8 million). While the hedges mitigate the foreign currency effect arising from intercompany loans, the interest expenses for forward contracts amounts to CHF 6.6 million (2019/20: CHF 22.1 million). The foreign exchange gains and losses as well as the interest expenses and income are disclosed in the note on the financial result (1.4).

Accounting principles

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

4. Other financial information

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

4.1 Commitments and contingencies

Lease commitments

Operating lease payments are charged to income (CHF 35.9 million in 2020/21 and CHF 36.0 million in 2019/20) on a straight-line basis over the lease term. The following table shows the future minimum lease payments resulting from non-cancellable operating leases:

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Future payment commitments for operating leases	**103.5**	**118.8**
Up to 1 year	31.4	34.2
2 to 5 years	60.6	62.7
Over 5 years	11.5	21.9

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

Accounting principles

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

Other commitments and contingencies

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Current endorsement liabilities	1.0	2.1
Investments committed to purchase from third parties:		
Property, plant, and equipment	6.9	5.5
Intangible assets	0.6	1.5

4.2 Equity accounted investments

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Investments in associates - 30 June	**5.4**	**3.3**
Increase of investments in associates	2.0	0.0
Share of profit (loss)	0.1	–0.2
Investments in associates - 1 July	**3.3**	**3.5**
Result from associates	**0.1**	**–0.2**
Share of profit (loss)	0.1	–0.2

Accounting principles

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

4.3 Business combinations and divestments

Business combinations

The following table summarizes all considerations paid for businesses, as well as the assets and liabilities acquired and recognized at fair value as at the acquisition date for the full financial year 2020/21 and for the full financial year 2019/20 in comparison.

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
	Total	Total
Total consideration	**20.5**	**161.3**
Cash paid	19.9	159.1
Deferred payment	0.5	1.3
Acquisition-related costs	0.1	0.9
Identifiable assets and liabilities	**2.7**	**23.9**
Cash and cash equivalents	1.4	16.8
Trade receivables	3.2	4.2
Inventories	0.9	5.3
Current income tax assets	0.0	1.8
Other current assets	0.8	0.2
Property, plant, and equipment	0.5	0.5
Deferred income tax assets	0.2	0.2
Current borrowings	–0.4	0.0
Trade payables	–1.5	–0.4
Current income tax liabilities	–0.3	0.0
Accrued and other current liabilities	–1.7	–4.6
Provisions	0.0	–0.1
Non-current borrowings	–0.4	0.0
Goodwill	**17.8**	**137.4**

In the first half year 2020/21 dormakaba has acquired E Plus Nominees Pty Ltd., based in Melbourne (AUS), and 1st Access Group Ltd., based in Hertfordshire (UK). In the second half-year, dormakaba acquired Larsen's Automatic Controls, based in Central Queensland (AUS), R.T.R. Services Limited, based in Hertfordshire (UK), AXE (Porte Automatique Services), based in Champigny-sur-Marne (FR), and Judlin Fermetures, based in Paris (FR).
The goodwill resulting from these acquisitions is offset in equity against retained earnings.

Divestments

Norwegian project installation business

On 31 August 2020, dormakaba divested its project installation business in Norway. The buyer of the business is Låssenteret, which is a well-established Norwegian security installation group. With this transaction, Låssenteret and dormakaba intend to further strengthen their already existing commercial relationship.

Yantai DORMA Tri-Circle Lock Co. Ltd.

On 30 June 2021, dormakaba divested its 60% share in Yantai DORMA Tri-Circle Lock Co. Ltd. The buyer is Yantai Tri-Circle International Trading Co., Ltd. located in Shandong, China, and holder of the 40% minority share.

Accounting principles

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

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

5. Other disclosures

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

5.1 About this report

Parent company of the Group

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

Basis for preparation

These consolidated financial statements were approved for issue by the BoD on 26 August 2021 and will be presented for approval by the AGM on 12 October 2021.

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

Currency conversion

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

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

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

Basis of consolidation

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

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

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

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

Use of estimates

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

The Covid-19 pandemic continues to have a significant impact on the global economic environment. dormakaba has reviewed all areas involving significant accounting estimates and assumptions. In this review process also net book values of property, plant, and equipment (2.3), intangible assets (2.3) and goodwill which is disclosed in note theoretical equity and goodwill movement (3.4), were assessed for impairments. Other areas, such as valuation of trade receivables (2.1), inventories (2.2) and provisions (2.4) were also in the focus of review. In this context an impairment of goodwill is disclosed in note theoretical equity and goodwill movement (3.4). As goodwill is fully offset in equity at the date of acquisition, an impairment does not affect income. There was no impairment loss to be recorded in the consolidated income statement as a result of the review. In addition, the ongoing Covid-19 pandemic has no material impact on the remaining significant accounting estimates and assumptions.

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

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

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

Use of accounting estimates

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

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

Alternative performance measures (APM)

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

Adjusted EBITDA and EBITDA margin - Exceptional items affecting comparability
Reported EBITDA is adjusted for exceptional items affecting the comparability (IAC) of Group's financial performance between periods. Items affecting comparability include events and transactions which are exceptional for the period of occurrence or outside the course of normal business.

Adjusted EBITDA margin is calculated as the ratio of adjusted EBITDA to net sales.

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

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Capital expenditure	**76.1**	**94.9**
Additions of property, plant, and equipment	46.6	59.6
Additions of intangible assets	29.5	35.3

Free cash flow and free cash flow before acquisitions/divestments

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

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Free cash flow before acquisitions/divestments	**239.5**	**242.9**
Acquisition of subsidiaries, net of cash acquired	–18.6	–147.2
Sale of subsidiaries, net of cash sold	–0.9	0.0
Acquisition of associates and joint ventures	–2.0	0.0
Free cash flow	**218.0**	**95.7**
Net cash from operating activities	313.5	328.1
Net cash used in investing activities	–95.5	–232.4

Net working capital

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

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Net working capital		**641.6**	**631.9**
Trade receivables	2.1	424.5	388.1
Inventories	2.2	450.6	445.0
Trade payables		–169.1	–129.0
Advances from customers		–30.6	–38.8
Deferred income		–33.8	–33.4

Operating cash flow margin

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

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Operating cash flow margin		**12.5%**	**12.9%**
Net sales	1.2	2,499.7	2,539.8
Net cash from operating activities		313.5	328.1

Operating profit before depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation, and amortization (EBITDA) corresponds to the operating result (EBIT) before depreciation on tangible fixed assets and amortization on intangible assets.

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Operating profit (EBIT)	**274.3**	**253.2**
Depreciation and amortization	78.8	71.8
Operating profit before depreciation and amortization (EBITDA)	**353.1**	**325.0**
Depreciation and amortization	–78.8	–71.8
Result from associates	0.1	–0.2
Financial expenses	–26.7	–43.2
Financial income	1.9	1.4
Profit before taxes	**249.6**	**211.2**

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

5.2 Events occurring after the balance sheet date

On 23 August 2021, dormakaba signed an agreement to acquire the Australian Reliance Doors and Best Doors Australia Groups (RELBDA), thus strengthening its position in door automation. The group of companies is a well-established provider in the Australian market with reputable brands for residential garage doors, automatic openers, industrial overhead doors as well as related services. RELBDA has manufacturing sites located in Brisbane, Sydney, Melbourne, and Adelaide. This transaction will allow dormakaba to further diversify and expand its footprint into the residential sector of the Australian market by combining the products to integrated solutions for a seamless home access.

On 2 July 2021, dormakaba signed an agreement to acquire Solus Security Systems Pvt Ltd, a market leader for integrated Electronic Access & Data solutions in India. Based in Bangalore (India) with multiple further locations, Solus provides integrated solutions for Access Control, Time and Attendance, Visitor Management, Vehicle Access and Security, as well as the services required for managing these solutions. The transaction was closed on 15 July 2021.

5.3 Legal structure of the dormakaba Group

As at 30 June 2021

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

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

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

ADUK Products Ltd., Nuneaton/GB	GBP	0.1	100	Kaba Holding (UK) Ltd.
Advanced Diagnostics Ltd., Nuneaton/GB	GBP	0.1	100	ADUK Products Ltd.
Aluminium Services Inc., Randolph/US	USD	30.0	100	dormakaba USA Inc.
Alvarado Manufacturing Co. Inc., Chino/US	USD	100.0	100	dormakaba U.S. Holding Ltd.
any2any GmbH, Munich/DE	EUR	35.9	26	dormakaba International Holding GmbH
ATM-Türautomatik GmbH, Gleisdorf/AT	EUR	35.0	100	dormakaba Austria GmbH
AXE S.A.S., Champigny-sur-Marne/FR	EUR	38.1	100	dormakaba France S.A.S.
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXN	202,059.4	100	dormakaba Canada Inc.
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30.0	100	dormakaba Holding GmbH + Co. KGaA
DORMA Arabia Automatic Doors Company Ltd., Dammam/SA	SAR	10.0	95	Dorma- Vertrieb-International GmbH
			5	DORMA Produktion International GmbH
DORMA Door Controls Pty. Ltd., Hallam/AU	AUD	910.7	100	Dorma- Vertrieb-International GmbH
DORMA Ghana Limited, Accra/GH	GHS	1,850.0	100	Dorma- Vertrieb-International GmbH
DORMA HUEPPE Pty. Ltd., Regents Park/AU	AUD	5,374.4	100	DORMA Door Controls Pty. Ltd.
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe S.A., Brugge/BE	EUR	3,300.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Ireland Ltd., Kildare/IE	EUR	1,500.0	100	Dorma- Vertrieb-International GmbH
DORMA Hüppe Raumtrennsysteme GmbH, Westerstede/DE	EUR	3'000.00	100	dormakaba Holding GmbH + Co. KGaA
DORMA Produktion International GmbH, Ennepetal/DE	EUR	60.0	100	dormakaba Deutschland GmbH
DORMA UK Ltd., Hitchin/GB	GBP	250.0	100	dormakaba Nederland B.V.
1ST ACCESS GROUP LIMITED, Willenhall/GB	GBP	1.2	100	DORMA UK Ltd., Hitchin/GB
Dorma- Vertrieb-International Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	110.0	100	dormakaba Deutschland GmbH
DORMA-Glas GmbH, Bad Salzuflen/DE	EUR	520.0	100	dormakaba Deutschland GmbH
dormakaba (China) Technologies Ltd., Shenzhen/CN	CNY	69,500.0	100	dormakaba Hong Kong Limited
dormakaba (Thailand) Ltd., Bangkok/TH	THB	13,490.0	100	Dorma- Vertrieb-International GmbH
dormakaba Access Indonesia, PT, Jakarta/IN	IDR	2,555,199.5	90	Dorma- Vertrieb-International GmbH
			10	DORMA Produktion International GmbH
dormakaba Access Solutions LLC, Doha/QA	QAR	200.0	100	Dorma- Vertrieb-International GmbH
dormakaba Access Solutions (China) Ltd./Shanghai/CN	CNY	760.0	100	Dorma- Vertrieb-International GmbH
dormakaba Australia Pty. Ltd., Hallam/AU	AUD	10.7	100	DORMA Door Controls Pty. Ltd.
dormakaba Austria GmbH, Herzogenburg/AT	EUR	1,460.0	100	dormakaba International Holding AG
dormakaba Belgium N.V., Bruges/BE	EUR	2,416.3	100	dormakaba International Holding AG
dormakaba Brasil Soluções de Acesso Ltda., São Paulo/BR	BRL	35,160.7	100	dormakaba International Holding AG
dormakaba Bulgaria Ltd., Sofia/BG	EUR	1,314.1	100	Dorma- Vertrieb-International GmbH
dormakaba Canada Inc., Montreal/CA	CAD	1.0	100	dormakaba International Holding AG
dormakaba Cesko s.r.o., Praha/CZ	CZK	100.0	100	Dorma- Vertrieb-International GmbH
dormakaba China Ltd, Suzhou/CN	CNY	127,759.1	100	Dorma- Vertrieb-International GmbH
dormakaba Danmark A/S, Albertslund/DK	DKK	696.0	100	dormakaba International Holding AG
dormakaba Deutschland GmbH, Ennepetal/DE	EUR	126,780.0	100	dormakaba Holding GmbH + Co. KGaA
DORMAKABA DOO BEOGRAD, Beograd/RS	RSD	4,474.3	100	Dorma- Vertrieb-International GmbH
dormakaba EAD GmbH, Villingen-Schwenningen/DE	EUR	819.1	100	dormakaba Holding GmbH + Co. KGaA
dormakaba España S.A.U., Madrid/ES	EUR	600.0	100	dormakaba International Holding AG
dormakaba Eurasia LLC, Moscow/RU	RUB	213,000.0	100	Dorma- Vertrieb-International GmbH

dormakaba Finance AG, Rümlang/CH	CHF	100.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Services B.V., Dodewaard/NL	EUR	100.0	100	dormakaba Nederland B.V.
dormakaba Finance GmbH, Ennepetal/DE	EUR	25.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba France S.A.S., Créteil/FR	EUR	5,617.2	100	dormakaba International Holding AG
dormakaba Gulf FZE, Dubai/AE	USD	9,524.9	100	Dorma- Vertrieb-International GmbH
dormakaba Hong Kong Limited, Hong Kong/HK	HKD	100.0	100	dormakaba Nederland B.V.
dormakaba Hrvatska d.o.o., Zagreb/HR	HRK	5,650.0	100	Dorma- Vertrieb-International GmbH
dormakaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba India Private Limited, Chennai/IN	INR	1,147,197.3	100	Dorma- Vertrieb-International GmbH
dormakaba International Holding GmbH, Ennepetal/DE	EUR	1,000.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Italia Srl., Milano/IT	EUR	260.0	100	dormakaba Schweiz AG
dormakaba Japan Co. Ltd., Tokyo/JP	JPY	120,000.0	100	dormakaba Schweiz AG
dormakaba Kapi Ve Güvenlik Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	TRY	3,750.0	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Kenya Limited, Nairobi/KE	KES	40,000.0	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Korea Inc., Seoul/KR	KRW	150,000.0	100	Dorma- Vertrieb-International GmbH
dormakaba Kuwait for Ready Made Windows LLC, Kuwait City/KW	KWD	10.0	49	Dorma- Vertrieb-International GmbH
			51	dormakaba Middle East SPV Ltd.
dormakaba Luxembourg S.A., Wecker/LU	EUR	15,191.6	100	dormakaba International Holding AG
dormakaba Magyarorszàg Zrt., Budapest/HU	HUF	251,000.0	100	dormakaba Luxembourg S.A.
dormakaba Malaysia SDN BHD, Selangor/MY	MYR	800.0	100	dormakaba Nederland B.V.
dormakaba Maroc SARL, Casablanca/MA	MAD	2,000.0	100	Dorma- Vertrieb-International GmbH
dormakaba México, S. de R.L. de C.V., Mexico City/MX	MXN	3.0	96.6	Dorma- Vertrieb-International GmbH
			3.4	dormakaba Deutschland GmbH
dormakaba Middle East (LLC), Dubai/AE	AED	7,700.0	100	Dorma- Vertrieb-International GmbH
dormakaba Middle East SPV Limited, Abu Dhabi/AE	AED	N/A	100	dormakaba International Holding AG
dormakaba Nederland B.V., Dodewaard/NL	EUR	11.7	100	Dorma- Vertrieb-International GmbH
dormakaba New Zealand Limited, Auckland/NZ	NZD	384.0	100	dormakaba Nederland B.V.
dormakaba Norge A/S, Drammen/NO	NOK	1,769.0	100	dormakaba International Holding AG
dormakaba Philippines Inc., Makati City/PH	PHP	18,000.0	100	Dorma- Vertrieb-International GmbH
dormakaba Polska sp.z.o.o., Konstancin-Jeziorna/PL	PLN	10,000.0	100	dormakaba International Holding AG
dormakaba Portugal, Unipessoal Lda., Lisbon/PT	EUR	50.0	100	Dorma- Vertrieb-International GmbH
dormakaba Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SGP	EUR	2,560.0	100	dormakaba Deutschland GmbH
dormakaba Production GmbH, Ennepetal/DE	EUR	50.0	100	dormakaba Deutschland GmbH
dormakaba Production Malaysia SDN. BHD., Melaka/MY	MYR	5,000.0	100	Dorma- Vertrieb-International GmbH
dormakaba Romania S.R.L., Bucharest/RO	RON	4,705.8	100	Dorma- Vertrieb-International GmbH
dormakaba Schweiz AG, Wetzikon/CH	CHF	6,800.0	100	dormakaba International Holding AG
dormakaba Singapore Pte Ltd, Singapore/SGP	SGD	2,000.0	100	dormakaba Production GmbH + Co. KG
dormakaba Slovensko s.r.o, Bratislava/SK	EUR	6.6	100	Dorma- Vertrieb-International GmbH
dormakaba South Africa (Pty.) Ltd., Johannesburg/ZA	ZAR	1.0	100	Dorma- Vertrieb-International GmbH
dormakaba Suomi Oy, Helsinki/FI	EUR	67.3	100	Dorma- Vertrieb-International GmbH
dormakaba Sverige AB, Västra Frölunda/SE	SEK	500.0	100	dormakaba Nederland B.V.
dormakaba Ukraine LLC, Kiev/UA	EUR	250.0	99	Dorma- Vertrieb-International GmbH
			1	dormakaba Deutschland GmbH
dormakaba Uruguay S.A, Montevideo/UY	UYU	10.8	100	Dorma- Vertrieb-International GmbH
dormakaba U.S. Holding Ltd., Wilmington/US	USD	235,000.0	59.52	dormakaba Schweiz AG
			17	dormakaba Nederland B.V.
			23.48	dormakaba International Holding AG
dormakaba USA Inc., Wilmington/US	USD	1.0	100	dormakaba U.S. Holding Ltd.
dormakaba Workforce Solutions LLC, Wilmington/US	USD	19.7	100	dormakaba U.S. Holding Ltd.
E Plus Nominees Pty. Ltd., Hallam/AU	AUD	0.4	100	DORMA Door Controls Pty. Ltd.
E Plus Building Products Pty. Ltd., Hallam/AU	AUD	0.2	100	E Plus Nominees Pty. Ltd.
Farpointe Data Inc., San Jose/US	USD	1,701.7	100	dormakaba USA Inc.
Fermetures GROOM S.A.S., Javené/FR	EUR	1,500.0	100	dormakaba France S.A.S.
Forponto Informática S.A., São Paulo/BR	BRL	10.0	100	Task Sistemas de Computação S.A.
Grupo Klaus S.A.C., Lima/PE	PEN	11,516.2	100	dormakaba International Holding AG
H. Cillekens & ZN BV, Roermond/NL	EUR	15.9	100	dormakaba Nederland B.V.
Judlin Fermetures S.A.R.L., Paris/FR	EUR	100.0	100	dormakaba France S.A.S.
Kaba do Brasil Ltda., São Paulo/BR	BRL	32,051.2	100	dormakaba International Holding AG

Kaba Holding (UK) Ltd., London/GB	GBP	173.0	100	dormakaba International Holding AG
Kaba Holding AG, Rümlang/CH	CHF	100.0	100	dormakaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	USD	56,897.6	100	dormakaba U.S. Holding Ltd.
Kaba Jaya Security Sdn. Bhd., Selangor/MY	MYR	350.0	70	dormakaba Schweiz AG
			30	dormakaba International Holding AG
Kaba Ltd., Tiverton/GB	GBP	6,300.0	100	Kaba Holding (UK) Ltd.
Kaba Mas LLC, Lexington/US	USD	880.7	100	dormakaba U.S. Holding Ltd.
Kaba Security Systems Private Limited, Chennai/IN	INR	59,630.8	100	dormakaba India Private Limited
Kilargo Pty. Ltd., Hallam/AU	AUD	1.0	100	DORMA Door Controls Pty. Ltd.
KIWS Property LLC, Delaware/US		N/A	100	dormakaba USA Inc.
Lasservice Midt-Norge A/S, Drammen/NO	NOK	100.0	100	dormakaba Norge A/S
Legic Identsystems AG, Wetzikon/CH	CHF	500.0	100	dormakaba Schweiz AG
Mauer Thüringen GmbH, Bad Berka/DE	EUR	255.7	100	dormakaba EAD GmbH
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	INR	107,510.0	65	dormakaba International Holding AG
Modernfold Inc., Greenfield/US	USD	0.0	100	dormakaba USA Inc.
Modernfold of Nevada LLC., Greenfield/US	USD	0.0	100	Modernfold Inc.
Path Line (China) Ltd., Hong Kong/HK	HKD	113,900.0	100	Wah Yuet Hong Kong Limited
Poksundo GmbH, Villingen-Schwenningen/DE	EUR	50.0	50	dormakaba International Holding GmbH
Rafi Shapira & Sons Ltd., Rishon LeZion/IL	ILS	0.1	30	Dorma- Vertrieb-International GmbH
Resolute Testing Laboratories Pty. Ltd., Hallam/AU	AUD	0.1	100	Kilargo Pty. Ltd.
R.T.R. Services Limited, Derbyshire/GB	GBP	6,270.0	100	DORMA UK Ltd.
Seca Solutions A/S, Sandnes/NO	NOK	3,000.0	100	dormakaba Norge A/S
Silca GmbH, Velbert/DE	EUR	358.0	100	dormakaba Holding GmbH + Co. KGaA
Silca Key Systems S.A., Barcelona/ES	EUR	162.3	100	dormakaba Luxembourg S.A.
Silca S.A.S., Porcheville/FR	EUR	797.7	100	dormakaba France S.A.S.
Silca S.p.A., Vittorio Veneto/IT	EUR	10,000.0	97	dormakaba Luxembourg S.A.
			3	dormakaba Schweiz AG
Silca South America S.A., Tocancipa/CO	COP	4,973,013.8	65.92	dormakaba International Holding AG
			32.52	dormakaba Schweiz AG
Skyfold Inc., Quebec/CA	CAD	113,994.5	100	dormakaba Canada Inc.
Smart Access Solutions Company Ltd., Riyadh/SA	SAR	25.0	100	dormakaba Middle East SPV Limited
Task Sistemas de Computação S.A., Rio de Janeiro/BR	BRL	26,438.7	100	dormakaba International Holding AG
TLHM Co. Ltd., Taiwan/TWN	TWD	270,000.0	100	dormakaba International Holding AG
WAH MEI Access Security Technology Co. LTD. Taishan/CN	USD	15,000.0	100	Wah Yuet Hong Kong Limited
Wah Yuet Hong Kong Limited, Hong Kong/HK	HKD	560,250.0	100	dormakaba Schweiz AG
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	USD	13,289.0	100	Wah Yuet Hong Kong Limited
Wah Yuet Industrial Co. Ltd., Hong Kong/HK	HKD	1,000.0	100	Wah Yuet Hong Kong Limited

Apart from dormakaba Holding AG in Rümlang, none of the companies in the dormakaba Group's scope of consolidation is listed on a stock exchange. The registered shares of dormakaba Holding AG are traded on the SIX Swiss Exchange (security no./ISIN: 1179595/CH 0011795959). As at 30 June 2021, the company's market capitalization was CHF 2,628.4 million.

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

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of dormakaba Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 30 June 2021, the consolidated balance sheet as at 30 June 2021, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 44 to 82) give a true and fair view of the consolidated financial position of the Group as at 30 June 2021 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 12.7 million

We concluded full scope audit work at 49 reporting units in 20 countries. Our audit scope addressed 75% of the Group's revenue. In addition, specified procedures were performed for one reporting unit in one country, addressing a further 2% of the Group's revenue. Reviews were performed for 35 reporting units in 22 countries addressing a further 9% of the Group's revenue.

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

Revenue recognition

Materiality

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

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to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall Group materiality	CHF 12.7 million
How we determined it	5% of the average profit before tax for the last three years
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. The three-year average takes into account the volatility as a consequence of the Covid-19 crisis.

We agreed with the Audit Committee that we would report to them misstatements above CHF 630,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

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

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

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

Revenue recognition

Key audit matter	How our audit addressed the key audit matter
Total consolidated net sales of the financial year 2020/2021 amounted to CHF 2,499.7 million (2019/2020: CHF 2,539.8 million). Refer to note 1.2 "Net sales by region". Net sales includes all sales of goods and services, after deduction of freight expense of goods sold, sales commissions and other sales deductions, such as discounts and rebates. Sales from goods are recognized when all significant risks, rewards of ownership and control is transferred. Sales re-	We obtained an understanding of the Group's policies, processes and methods regarding revenue recognition. During our audit, we analysed the process established to determine revenue recognition and we performed, on a sample basis, the following audit procedures for all full scope reporting components and for the reporting unit subject to specified procedures:

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lated to services are recognized when the service is provided. Distinctive components related to multi-element contracts are recognized separately.

The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.

- We assessed whether the controls relating to the timing of the revenue recognition as per the dormakaba internal control system exist.
- We tested whether revenue is categorized and recognized in line with the dormakaba accounting policy.
- We tested the occurrence and timing of revenue recognition of sales related to products by comparing individual sales transactions to delivery documents.
- We tested the occurrence and timing of revenue related to individual services by comparing sales transactions to contracts, handover certificates or equivalent.

Based on the audit procedures performed, we consider the risk of revenue recognition in an incorrect period to be adequately addressed by Management.

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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- 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 26 August 2021

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Financial statements dormakaba Holding AG

Balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Current assets			
Cash and cash equivalents		0.2	0.1
Other current assets: third parties		0.1	0.0
Total current assets		**0.3**	**0.1**
Non-current assets			
Investments	2.1	704.9	704.9
Loans to Group companies	2.2	171.7	170.9
Total non-current assets		**876.6**	**875.8**
Total assets		**876.9**	**875.9**

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Current liabilities			
Other current liabilities: third parties		1.3	0.7
Accruals		0.1	0.1
Total current liabilities		**1.4**	**0.8**
Long-term provisions	**2.3**	**11.3**	**11.3**
Equity			
Share capital	2.4	0.4	0.4
Legal capital reserves - reserves from capital contributions		71.6	93.5
Legal reserves		261.0	261.0
Reserves for treasury shares	2.6	23.0	31.4
Statutory retained earnings - available earnings carried forward		464.0	411.3
Net profit for the year		44.2	66.2
Total equity		**864.2**	**863.8**
Total liabilities and equity		**876.9**	**875.9**

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Income statement

CHF million	Note	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Operating revenues			
Dividend income from investments	3.1	46.0	67.5
Interest from loans to Group companies		5.3	5.4
Total operating revenues		**51.3**	**72.9**
Operating expenses			
Financial expenses	3.2	–3.6	–3.6
Personnel expenses		–2.0	–1.8
Other operating expenses	3.3	–1.2	–1.0
Direct taxes	3.4	–0.3	–0.3
Total operating expenses		**–7.1**	**–6.7**
Net profit for the period		**44.2**	**66.2**

Notes to the financial statements

1. Principles

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

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

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

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

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

2. Information on balance sheet items

2.1 Investments

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

There are no changes to the investments.

2.2 Loans to Group companies

Counterparty	Currency	Interest rate	Financial year ended 30.06.2021	Financial year ended 30.06.2020
dormakaba International Holding AG, Rümlang/CH	CHF	1.00%	171.7	170.9
Total loans to Group companies			**171.7**	**170.9**

2.3 Long-term provisions
These provisions relate to general risks.

2.4 Share capital
As at 30 June 2021, the share capital amounted to CHF 420,002.60 divided into 4,200,026 registered shares at a par value of CHF 0.10.

Conditional capital as at 30 June 2021 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 22 October 2019, the Board of Directors (BoD) is authorized to increase the share capital by no later than 22 October 2021 up to a maximum amount of CHF 42,000 by issuing a maximum of 420,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts.

No shares were issued out of the authorized capital in the year under review.

2.5 Principal shareholders

	As at 30.06.2021 No. of shares at CHF 0.10 par value	%	As at 30.06.2020 No. of shares at CHF 0.10 par value	%
Pool Shareholders [1]	**1,187,875**	**28.3**	**1,205,449**	**28.7**
Group's treasury shares	**31,259**	**0.7**	**42,810**	**1.0**
Public shareholders				
Other public shareholders	2,951,387	70.3	2,926,306	69.7
Total public shareholders	**2,951,387**	**70.3**	**2,926,306**	**69.7**
BoD and EC members [2]				
BoD members	558,186	13.3	553,987	13.2
EC members	12,088	0.3	17,497	0.4
Less double-counting in respect of Riet Cadonau [3]	–	0.0	–5,840	–0.1
Total BoD and EC members	**570,274**	**13.6**	**565,644**	**13.5**
Less double-counting in respect of Pool Shareholders [4]	–540,769	–12.9	–540,183	–12.9
Total shares	**4,200,026**	**100.0**	**4,200,026**	**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 / Ennepetal, Stephanie Brecht-Bergen / Düsseldorf, as well as Martina Bössow / Meilen, heirs of Ulrich Bremi / Zollikon, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Linus Dubs / Zurich, Anja Flückiger / Herrliberg, Christian Forrer / Bern, heirs of Karin Forrer / Muri, Anna Katharina Kuenzle / Thalwil, Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2) Including related parties.

3) Shareholdings of Riet Cadonau as at 30 June 2021 are included only under BoD members because effective as of 1 April 2021, he stepped down from his position as CEO and EC member, and continued his role as BoD Chair.

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

2.6 Treasury shares

	Financial year ended 30.06.2021		Financial year ended 30.06.2020	
	CHF million	Number of shares	CHF million	Number of shares
Treasury shares at the beginning of the period	0.0	–	0.0	–
Purchase	1.0	1,746	1.1	1,787
Share-based compensation	–0.9	–1,746	–1.0	–1,787
Revaluation	–0.1	–	–0.1	–
Treasury shares at the end of the period	**0.0**	**–**	**0.0**	**–**
Treasury shares held in other Group entities	23.0	31,259	31.4	42,810

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3. Information on the income statement

3.1 Dividend income

The dividend income for the year is CHF 46.0 million (2019/20: CHF 67.5 million).

3.2 Financial expenses

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

3.3 Other operating expenses

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

3.4 Direct taxes

Direct taxes comprise capital taxes and income taxes.

4. Other information

4.1 General information

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

The company is listed on the SIX Swiss Exchange.

4.2 Full-time equivalents

As at 30 June 2021, dormakaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Guarantees	693.7	693.7
Of which used	0.0	0.0

As in the previous year, the guarantees disclosed relate to the guarantee accorded to the bondholders for the bonds issued by dormakaba Finance AG in the total nominal amount of CHF 680.0 million.

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

5. Conditional and authorized capital

	Financial year ended 30.06.2021		Financial year ended 30.06.2020	
	Share capital value in CHF	Number of shares	Share capital value in CHF	Number of shares
Conditional capital at the end of the period	42,438	424,384	42,438	424,384
Authorized capital at the end of the period	42,000	420,000	42,000	420,000

Conditional capital of CHF 36,000 (2019/20: CHF 36,000) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,438.40 (2019/20: CHF 6,438.40) for shares or share options to associates and BoD members of which CHF 0 (2019/20: CHF 0) were exercised in the 2020/21 financial year.

The authorized capital at financial year-end amounts to CHF 42,000 (2019/20: CHF 42,000).

6. Shareholdings of BoD and EC members

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

Number of shares	Financial year ended 30.06.2021	Financial year ended 30.06.2020
BoD		
Birgersson Jens	1,919	347
Brecht-Bergen Stephanie	220,323	220,156
Cadonau Riet [1]	7,015	5,840
Daeniker Daniel	1,854	1,687
Dörig Rolf [2]	2,721	2,626
Dubs-Kuenzle Karina	99,913	99,746
Gummert Hans	929	762
Heppner John	1,117	919
Hess Hans	1,790	1,623
Liu John Y. [3]	72	
Mankel Christine	220,533	220,281
Total BoD	**558,186**	**553,987**
EC		
Berninger Alwin	339	210
Bewick Stephen [4]	312	199
Brinker Bernd	1,964	1,549
Cadonau Riet [1]		5,840
Häberli Andreas	2,530	2,265
Housten Alex	617	564
Kincaid Michael [5]		1,543
Lee Jim-Heng	2,725	2,329
Lichtenberg Jörg [5]		853
Soussan Sabrina [6]	1,233	
Zocca Stefano	2,368	2,145
Total EC	**12,088**	**17,497**

1) BoD and EC member until 31 March 2021. Effective as of 1 April 2021, he stepped down from his position as EC member and continued his role as BoD Chair. Therefore, he is displayed in both groups for the years of membership.
2) BoD member until 20 October 2020.
3) BoD member as of 20 October 2020.
4) EC member as of 1 January 2020.
5) EC member until 30 June 2020.
6) EC Member as of 1 January 2021 and CEO as of 1 April 2021.

7. Events occurring after the balance sheet date

On 23 August 2021, dormakaba signed an agreement to acquire the Australian Reliance Doors and Best Doors Australia Groups (RELBDA), thus strengthening its position in door automation. The group of companies is a well-established provider in the Australian market with reputable brands for residential garage doors, automatic openers, industrial overhead doors as well as related services. RELBDA has manufacturing sites located in Brisbane, Sydney, Melbourne, and Adelaide. This transaction will allow dormakaba to further diversify and expand its footprint into the residential sector of the Australian market by combining the products to integrated solutions for a seamless home access.

On 2 July 2021, dormakaba signed an agreement to acquire Solus Security Systems Pvt Ltd, a market leader for integrated Electronic Access & Data solutions in India. Based in Bangalore (India) with multiple further locations, Solus provides integrated solutions for Access Control, Time and Attendance, Visitor Management, Vehicle Access and Security, as well as the services required for managing these solutions. The transaction was closed on 15 July 2021.

Appropriation of retained earnings

Proposal for the appropriation of available retained earnings as at 30 June 2021

CHF million	Financial year ended 30.06.2021	Financial year ended 30.06.2020
Net profit for the period	44.2	66.2
Allocation from reserves for treasury shares	8.4	7.3
Statutory retained earnings carried forward from previous year	455.6	404.0
Unappropriated retained earnings at the end of the period	**508.2**	**477.5**
Allocation from reserves from capital contributions [1]	26.3	21.9
Total at the AGM's disposal	**534.5**	**499.4**

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

The BoD will propose to the shareholders at the AGM on 12 October 2021 a total distribution of CHF 52.6 million on the basis of the share capital of CHF 420,002 (4,200,026 shares at CHF 0.10) without contribution to other reserves, to be equally paid out from the reserves from capital contributions and statutory retained earnings:

- CHF 26.3 million (2019/20: CHF 22.1 million) from capital contributions without deduction of Swiss withholding tax; and
- CHF 26.3 million (2019/20: CHF 22.1 million) from statutory retained earnings subject to Swiss withholding tax

CHF million	Proposal to the AGM 2021	Approved by the AGM 2020
Distribution from reserves from capital contributions [1]	26.3	21.9
Dividend distribution from statutory retained earnings [1]	26.3	21.9
To be carried forward	481.9	455.6
Total at the AGM's disposal	**534.5**	**499.4**

1) Calculated based on the number of total shares as at 30 June 2021. The total amount of the distribution depends on the number of shares entitled to dividend as at 13 October 2021. Treasury shares are not entitled to dividend payout.

After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 18 October 2021 according to the instructions received: CHF 12.50 (2019/20: CHF 10.50) 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 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 88 to 93) as at 30 June 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

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

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 4.3 million

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

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

Valuation of investments

Materiality

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

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

Audit scope

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

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

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

VALUATION OF INVESTMENTS

Key audit matter	How our audit addressed the key audit matter
As at 30 June 2021, the Company had investments in two subsidiaries in the amount of CHF 704.9 million (prior year: CHF 704.9 million). These investments are stated at cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. Valuation of investments was deemed a key audit matter due to their significance on the balance sheet. The two investments in dormakaba Holding GmbH & Co KGaA and dormakaba Beteiligungs-GmbH represent the largest single asset category on the balance sheet (80% of total assets).	Management performs a review whether indicators for impairment for the investments exist. No such indicators were identified in the process. We tested the valuation of the investments as at 30 June 2021 by performing the following procedures: • We compared the net book values of the investments as at 30 June 2021 to the shareholder's equity of the company concerned. • We compared the book value of equity of the Company to its market capitalisation as at 30 June 2021. We consider management's approach to value the investments as acceptable and reasonable.

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Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 26 August 2021

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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 (dormakaba) in accordance with the SIX Swiss Exchange Directive on Information relating to Corporate Governance as of 30 June 2021 (Directive Corporate Governance, DCG). Unless otherwise stated, the information in this report for the financial year 2020/21 is as of 30 June 2021. dormakaba's corporate governance largely follows the guidelines and recommendations set out in the Swiss Code of Best Practice for Corporate Governance of July 2002 and revised editions of 2007, 2014 and 2016. dormakaba has made some adjustments and simplifications to suit its management and shareholder structure as well as its medium size.

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

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Group structure and shareholders

Group structure

dormakaba's organizational structure consists of the following five segments:

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

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

Shareholders

	As at 30.06.2021 No. of shares at CHF 0.10 par value	%	As at 30.06.2020 No. of shares at CHF 0.10 par value	%
Pool Shareholders [1)]	**1,187,875**	**28.3**	**1,205,449**	**28.7**
Group's treasury shares	**31,259**	**0.7**	**42,810**	**1.0**
Public shareholders				
Other public shareholders	2,951,387	70.3	2,926,306	69.7
Total public shareholders	**2,951,387**	**70.3**	**2,926,306**	**69.7**
BoD and EC members [2)]				
BoD members	558,186	13.3	553,987	13.2
EC members	12,088	0.3	17,497	0.4
Less double-counting in respect of Riet Cadonau [3)]	–	0.0	–5,840	–0.1
Total BoD and EC members	**570,274**	**13.6**	**565,644**	**13.5**
Less double-counting in respect of Pool Shareholders [4)]	–540,769	–12.9	–540,183	–12.9
Total shares	**4,200,026**	**100.0**	**4,200,026**	**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 / Ennepetal, Stephanie Brecht-Bergen / Düsseldorf, as well as Martina Bössow / Meilen, heirs of Ulrich Bremi / Zollikon, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Linus Dubs / Zurich, Anja Flückiger / Herrliberg, Christian Forrer / Bern, heirs of Karin Forrer / Muri, Anna Katharina Kuenzle / Thalwil, Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2) Including related parties.

3) Shareholdings of Riet Cadonau as at 30 June 2021 are included only under BoD members because effective as of 1 April 2021, he stepped down from his position as CEO and EC member, and continued his role as BoD Chair.

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

Major shareholders

The above table sets out the shareholder structure of dormakaba Holding AG on the balance sheet date 30 June 2021 and lists the names of shareholders who have reported holding a stake of 3% or more of voting rights in dormakaba Holding AG. The announcements related to the disclosure notifications made by shareholders based on stock exchange reporting obligations can be found via the search function on SIX Swiss Exchange Disclosure Office's website https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.

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

- 28.3% of the 52.5% in dormakaba Holding GmbH + Co. KGaA, which are directly held by the ultimate parent company dormakaba Holding AG; and
- 47.5% in dormakaba Holding GmbH + Co. KGaA (held by the Mankel/Brecht-Bergen Family).

These shareholdings represent an economic interest of 62.3% in dormakaba.

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

Cross-shareholdings

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

Capital structure

Capital

dormakaba Holding AG's share capital as at 30 June 2021 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 2021, dormakaba Holding AG has authorized capital of CHF 42,000 (corresponding to 10% of the share capital), divided into 420,000 registered shares with a nominal value of CHF 0.10 each, and conditional capital of maximum CHF 42,438.40 (corresponding to 10.10% of the share capital) for issuing bonds or similar instruments (up to a maximum of CHF 36,000, divided into 360,000 registered shares with a nominal value of CHF 0.10 each) and for employee participation programs (maximum CHF 6,438.40, divided into 64,384 registered shares with a nominal value of CHF 0.10 each).

Conditional capital

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

The purchase of registered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the restrictions set out in the Articles of Incorporation. The BoD is entitled to limit or abolish the pre-emptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing the acquisition of companies, parts of companies or equity interests. The share capital of dormakaba Holding AG may be increased by no more than CHF 6,438.40 by issuing to employees and BoD members of dormakaba Holding AG and of Group companies no more than 64,384 registered shares with a nominal value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or BoD members subject to one or more sets of regulations to be defined by the BoD and taking into account individual performance, function, and level of responsibility. The group of beneficiaries and the principles of allocation are disclosed in the Compensation Report. Said registered shares or option rights may be issued to employees or BoD members at a price below the market price. In connection with the issue of option rights to employees and BoD members, the pre-emptive subscription rights of existing shareholders are excluded. The purchase of shares within the context of employee share ownership schemes, 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 shareholders (Annual General Meeting/AGM) of 22 October 2019 created authorized capital and authorized the BoD of dormakaba Holding AG to increase the share capital of dormakaba Holding AG by no more than CHF 42,000 through the issue of a maximum of 420,000 fully paid-up registered shares with a nominal value of CHF 0.10 each by 22 October 2021 at the latest. An increase in installments is allowed. Subscription to and acquisition of new shares and each subsequent transfer shall be subject to the restrictions set out in the Articles of Incorporation. The BoD determines the date of issue of new shares, the issue price, type of payment, conditions of exercising subscription rights, and the start date for dividend entitlement. The BoD can issue new shares by having a bank or third party underwrite them all and then making an offer to existing shareholders. The BoD is authorized to set the issue price of new shares as close as possible to the market value of the shares. The BoD is authorized in this case to restrict or exclude trading with subscription rights. The BoD can let unexercised subscription rights lapse or can take these rights, or the shares for which these rights are granted but not exercised, and place them at market conditions or use them in some other way in the interests of dormakaba Holding AG. The BoD is also authorized to restrict or remove and allocate to third parties shareholders' subscription rights if the shares are being used in connection with the acquisition of companies, parts of companies or participations, or if shares are being placed to finance or refinance such transactions.

The BoD will propose to the AGM on 12 October 2021:

- To renew the existing authorized capital, which will expire on 22 October 2021. If the AGM agrees to this proposal, the BoD will be authorized until no later than 12 October 2023 to increase the share capital of the company by no more than CHF 42,000 through the issue of a maximum of 420,000 fully paid-up registered shares with a nominal value of CHF 0.10 each.
- To limit until 12 October 2023 the total of new registered shares to be issued from authorized and conditional share capital, where the subscription or advance subscription rights were restricted or excluded, to 420,000 new registered shares (i.e. to less than 10% of the currently issued share capital).

Changes in capital in the last three financial years

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

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

CHF million	30.06.2021	30.06.2020	30.06.2019
Equity			
Share capital	0.4	0.4	0.4
Reserves from capital contributions	71.6	93.5	159.9
Legal reserves	261.0	261.0	261.0
Reserves for treasury shares	23.0	31.4	38.7
Unappropriated retained earnings	508.2	477.5	404.0
Total equity	**864.2**	**863.8**	**864.0**

Shares and non-voting shares (Partizipationsscheine)

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

Profit-sharing certificates (Genussscheine)

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

Limitations on transferability and nominee registrations

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

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

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

Convertible bonds and options

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

Board of Directors (BoD)

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

BoD members

The BoD of dormakaba Holding AG has ten members. As at 30 June 2021, all members are non-executive. Other than BoD Chair Riet Cadonau, none of the BoD members have sat on the Executive Committee (EC) of dormakaba Holding AG at any time in the last five financial years. Riet Cadonau has been CEO of dormakaba Group from 2015 to end of March 2021 (and CEO of Kaba Group from 2011 to 2015) and was elected as BoD Chair the first time in 2018.

No BoD members have significant business relations with dormakaba Holding AG. The maximum number of mandates that BoD members are allowed to take on the governing bodies of legal entities outside dormakaba is regulated in section 27 of the Articles of Incorporation. The following table lists the name, year of birth, date of joining the BoD, gender, and nationality of the individual BoD members.

BoD members as of 30 June 2021

Name/Position	Year of birth	Entry	Gender	Nationality
Riet Cadonau (Chair)	1961	2018 [1)]	m	CH
Hans Hess (Lead Independent Director and Vice-Chair)	1955	2012	m	CH
Jens Birgersson	1967	2018	m	SE
Stephanie Brecht-Bergen	1985	2015	f	DE
Daniel Daeniker	1963	2010	m	CH
Karina Dubs-Kuenzle	1963	2001	f	CH
Hans Gummert	1961	2015	m	DE
John Heppner	1952	2013	m	US
John Y. Liu	1964	2020	m	SG
Christine Mankel	1982	2015	f	DE

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

Elections and terms of office

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

Riet Cadonau shall continue to serve as Chair of the BoD subject to his re-election by the upcoming AGM on 12 October 2021. The BoD intends to re-nominate Hans Hess as the Vice-Chair and Lead Independent Director subject to his re-election as BoD member at the upcoming AGM. This measure will continue to ensure that the BoD exercises independent control and supervision for as long as the Chair is not considered independent according to the definition of the Swiss Code of Best Practices for Corporate Governance established by economiesuisse.

As Karina Dubs-Kuenzle will not stand for re-election as member of the BoD at the AGM 2021, the BoD is proposing to the AGM on 12 October 2021 that all other serving members of the BoD be re-elected, and that Thomas Aebischer be elected as new independent member of the BoD.

Internal organization

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

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

The relevant decisions are taken by the whole BoD. The CEO and CFO regularly participate in meetings of the BoD in an advisory capacity. Other EC members are brought in to advise on individual items of the agenda. The agendas for Board meetings are defined by the Chair. Each BoD member may propose agenda items. BoD members always receive documentation prior to Board meetings so they can prepare for discussion of each item on the agenda. The BoD holds discussions with the company's managers and visits one or more dormakaba locations, usually on an annual basis. During the year under review, such visits were suspended due to the Covid-19 pandemic.

The BoD held eight meetings during the financial year 2020/21: one lasted around twelve hours (spread over three days), one lasted around six hours, four lasted four to five hours and two lasted two hours or less. None of the BoD members or committee members missed a meeting held during their term. The following table shows the attendance of the individual BoD members at the Board meetings and of the individual committee members at the committee meetings during the financial year 2020/21:

Attendance at Board and Committee meetings during the financial year 2020/21

	BoD	AC	NCC
Number of meetings held	8	4	6
Riet Cadonau (Chair)	8		
Hans Hess (Lead Independent Director and Vice-Chair)	8	4	6
Jens Birgersson	8	3 [1)]	
Stephanie Brecht-Bergen	8		6
Daniel Daeniker	8	4	
Karina Dubs-Kuenzle	8		
Hans Gummert	8	4	
John Heppner	8		6
John Y. Liu	6 [2)]		
Christine Mankel	8		

1) Jens Birgersson was elected as member of the AC as from the AGM 2020. He attended all three AC meetings held after his election.

2) John Y. Liu was elected as BoD member at the AGM 2020. He attended one Board meeting as guest ahead of his election and all five Board meetings held after his election.

Letter to shareholders
Business performance
Financial performance
Fundamental information about dormakaba
Consolidated financial statements
Financial statements dormakaba Holding AG
Corporate Governance
Compensation Report
Five-year performance overview

Committees

The BoD has formed an Audit Committee (AC) and a Nomination and Compensation Committee (NCC). Members of the NCC are elected at each AGM. Each committee has written terms of reference that define its tasks and responsibilities. The chairs of these committees are elected by the BoD. The committees meet regularly and are obliged to produce minutes as well as recommendations to the regular 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 (AC)

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

- **Daniel Daeniker** (Chair)
- **Jens Birgersson**
- **Hans Gummert**
- **Hans Hess**

The BoD has specified that members of the AC must meet certain requirements with regard to independence and skills and that they must not be EC members. The term of office is until the conclusion of the next AGM; members may be re-elected. The AC meets at least twice a year but will be convened by the chair as often as business requires. During the financial year 2020/21, the AC held four meetings, each lasting between two and three hours. The CFO takes part in the meetings in an advisory capacity, as do, where necessary, the CEO, representatives of the audit firm, representatives of Group Internal Audit and of the Group Accounting Department, and the Group General Counsel. In the financial year 2020/21, representatives of the audit firm participated in two meetings and representatives of Group Internal Audit, the Group General Counsel, and representatives of the Group Accounting Department in four meetings. The AC minutes the deliberations and decisions taken during meetings. The principal responsibilities of the AC are to evaluate risk management and accounting processes, monitor financial reporting and internal auditing, and assess external audits. With regard to external audits, the AC has the following responsibilities:

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

The AC's tasks relating to internal audits include:

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

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

Nomination and Compensation Committee (NCC)

At the AGM 2020, the shareholders approved the BoD's proposal to merge the Nomination Committee and the Compensation Committee to establish a NCC. The NCC consists of three non-executive BoD members:

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

The term of office for each member is until the conclusion of the next AGM; members may be re-elected. The NCC meets at least three times a year. During the financial year 2020/21, the NCC held six meetings, three meetings lasting two to three hours and three meetings lasting around one hour. The BoD Chair, the CEO and the Senior Vice President Group Human Resources usually take part in the meetings in an advisory capacity, as are the Deputy Vice President Global Compensation & Benefits and member(s) of the external executive compensation consultancy, however, limited to compensation topics. They do not attend the parts of the meetings where their own compensation and/or performance are being discussed.

The NCC's main compensation tasks are:

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

The NCC's main nomination tasks are:

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

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

Powers and responsibilities

Management organization

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

Environmental, Social and Governance (ESG)

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

Lead Independent Director

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

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

Chief Executive Officer (CEO)

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

Information from and control over the EC

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

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

Skills and expertise of the BoD

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

The skills matrix includes the following professional skills/expertise, and the assessment is done based on the two top skills of each BoD member:

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

as well as several personal attributes.

All required competencies are represented in the BoD with emphasis on executive leadership experience, corporate governance and compliance as well as strategic industry and technology skills (each with 50% occurrence), followed by financial skills (30%) and digital business model experience (20%). With the proposal of the BoD to the AGM on 12 October 2021 that Thomas Aebischer be elected as new, independent member of the BoD, the BoD intends to further strengthen its competence in Finance as Thomas Aebischer brings broad financial know-how in a global, industrial and publicly listed environment.

Details on age, gender, geographic and tenure diversity can be found in the table BoD members as of 30 June 2021. Details on the range of business sectors represented by the Board members can be found in their biographies.

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

Events after balance sheet date

On 2 July 2021, dormakaba signed an agreement to acquire Solus Security Systems Pvt Ltd, a market leader for integrated Electronic Access & Data solutions in India. Based in Bangalore (India) with multiple further locations, Solus provides integrated solutions for Access Control, Time and Attendance, Visitor Management, Vehicle Access and Security, as well as the services required for managing these solutions. The transaction was closed on 15 July 2021.

On 23 August 2021, dormakaba signed an agreement to acquire the Australian Reliance Doors and Best Doors Australia Groups (RELBDA), thus strengthening its position in door automation. The group of companies is a well-established provider in the Australian market with reputable brands for residential garage doors, automatic openers, industrial overhead doors as well as related services. RELBDA has manufacturing sites located in Brisbane, Sydney, Melbourne, and Adelaide. This transaction will allow dormakaba to further diversify and expand its footprint into the residential sector of the Australian market by combining the products to integrated solutions for a seamless home access.

As Karina Dubs-Kuenzle will not stand for re-election as member of the BoD at the AGM 2021, the BoD is proposing to the AGM on 12 October 2021 that all other serving members of the BoD be re-elected, and that Thomas Aebischer be elected as new independent member of the BoD.

BoD members

as of 30 June 2021

Riet Cadonau

BoD Chair

Swiss citizen

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

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

External activities and interests
Since 2021 member of the BoD of Logitech International S.A.[1] (CH); since 2016 member of the BoD of Georg Fischer AG[1] (CH); since 2013 member of the BoD of Zehnder Group[1] (CH); 2006–2011 member of the BoD of Kaba Group[1] and Griesser Group (CH)

1) listed company

Hans Hess

LID & Vice-Chair
Chair Nomination and Compensation Committee
Member Audit Committee

Swiss citizen

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

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

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

Jens Birgersson

Member Audit Committee

Swedish citizen

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

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

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

Stephanie Brecht-Bergen

Member Nomination and Compensation Committee

German citizen

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

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

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

Daniel Daeniker

Chair Audit Committee

Swiss citizen

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

Career
Since 2019 Senior Partner at Homburger AG (CH), where he became Partner in 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); member of the BoD of Hilti AG, Schaan (FL); Chairman of the Donor Foundation of Avenir Suisse (CH)

John Y. Liu

Singaporean citizen

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

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

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

1) listed company

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 AG (CH); 1997–2016 partner at 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 BoD of FEHBA AG (CH)

Hans Gummert

Member Audit Committee

German citizen

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

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

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

John Heppner

Member Nomination and Compensation Committee

US citizen

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

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

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

Christine Mankel

German citizen

Education
Diplomkauffrau, EBS University (DE)

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

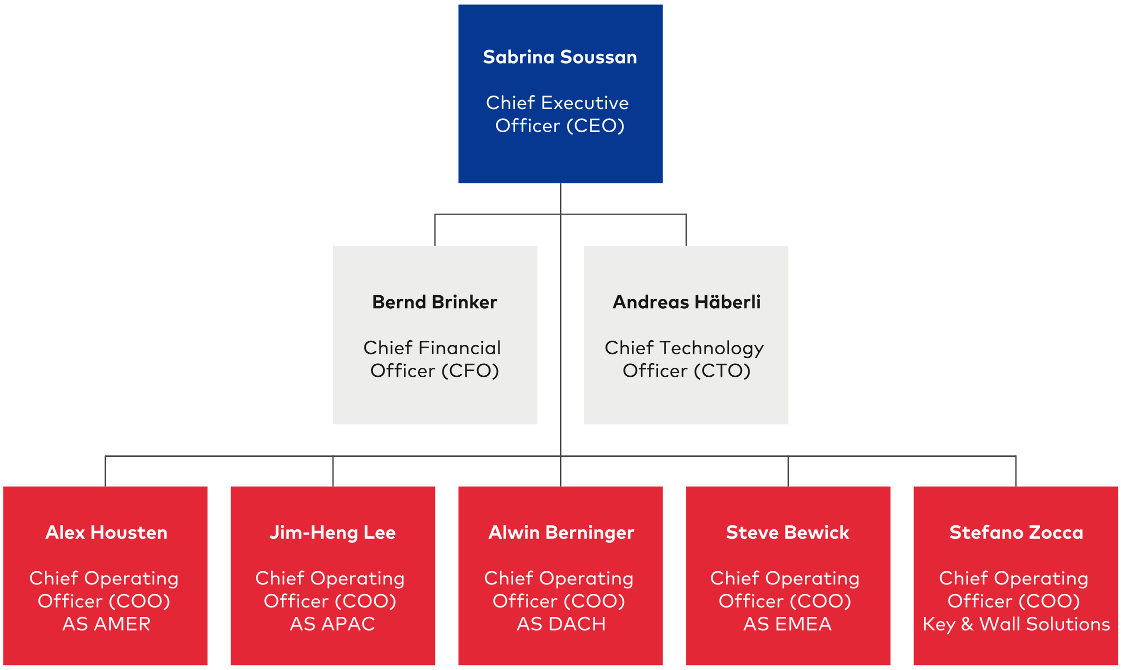
External activities and interests
Since 2008 Management Board member of the foundation "Rudolf Mankel Stiftung" (DE)

Executive Committee (EC)

Management philosophy

dormakaba 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, Legal, Tax and Treasury define and monitor Group-wide standards and are responsible for functional, Group-wide projects. The CFO is responsible for the Group's financial affairs as well as other Group functions such as IT and Investor Relations. The COOs are responsible for the business activities of their respective segments, including product development, production, sales, and services. Group Innovation Management focuses on digitization as well as Intellectual Property Management and is strategically managed at EC level by the CTO (Chief Technology Officer).

EC dormakaba Group as of 30 June 2021



EC members as of 30 June 2021

Name/Position	Year of birth	Entry	Gender	Nationality
Sabrina Soussan CEO	1969	2021	f	FR/DE
Bernd Brinker CFO	1965	2015	m	DE
Alex Housten COO Access Solutions AMER	1980	2020	m	US
Jim-Heng Lee COO Access Solutions APAC	1962	2014	m	SG
Alwin Berninger COO Access Solutions DACH	1969	2018	m	DE
Steve Bewick COO Access Solutions EMEA	1966	2020	m	GB
Stefano Zocca COO Key & Wall Solutions	1963	2011	m	IT
Andreas Häberli Chief Technology Officer	1968	2011	m	CH

EC members

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

During the financial year 2020/21, the following changes within the EC have been made:

- Riet Cadonau, BoD Chair and CEO, stepped down from his role as CEO and as EC member and was succeeded by Sabrina Soussan as of 1 April 2021, as previously announced.

External mandates

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

Management contracts

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

Compensation

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

EC members

as of 30 June 2021

Sabrina Soussan

CEO

German/French citizen

Education
Master of Arts in Mechanical and Aeronautical engineering, E.N.S.M.A Aeronautical and Mechanical Engineering School, Poitiers (FR); Master of Business Administration (MBA), Poitiers and Dublin University

Career
dormakaba Group[1] (CH): since 2021 CEO and member of the EC
Siemens Mobility GmbH (DE): 2018–2020 Co-CEO;
Siemens AG[1] (DE), Mobility Division: 2017–2018 Co-CEO; 2015–2018 CEO Business Unit Mainline Transport/Rolling Stock; 2013–2015 Vice President Commuter and Regional Trains;
Siemens Schweiz AG (CH), Building Technologies Division: 2011–2013 Vice President Sustainability and Energy Management; 2009–2011 Head of Strategy and Marketing for Building Automation;
Continental AG[1] (DE), Powertrain Division: 2008 Managing Director for Gasoline and Diesel Systems Renault-Nissan;
Siemens AG[1] (DE): 2003–2008 Managing Director for Diesel Systems Renault-Nissan at Siemens VDO Automotive, Powertrain Division; 1999–2003 Project Director Ford for Gasoline and Diesel Systems at Siemens Automotive, Powertrain Division; 1997–1999 Supervisor Engine and Vehicle Calibration at Siemens Automotive, Powertrain Division;
Renault SAS[1] (FR): 1994–1997 Engine Researcher & Development Engineer

External activities and interests
Since 2018 member of the BoD ITT Inc.[1] (USA)

Bernd Brinker

CFO

German citizen

Education
Degree in Business Administration (Diplomkaufmann), University of Cologne (DE)

Career
Since 2015 CFO and member of the EC of dormakaba Group[1] (CH); 2014–2015 CFO of Dorma Group (DE);
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

Alex Housten

COO Access Solutions AMER

US citizen

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

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

External activities and interests
Since 2021 member of the Executive Council of Security Industry Association (US); since 2020 member of the BoD of Chicago Fire Department Foundation (US)

1) listed company

Jim-Heng Lee

COO Access Solutions APAC

Singaporean citizen

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

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

Alwin Berninger

COO Access Solutions DACH

German citizen

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

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

Steve Bewick

COO Access Solutions EMEA

British citizen

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

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

1) listed company

Stefano Zocca

COO Key & Wall Solutions

Italian citizen

Education
Economics Degree, Bocconi University (IT)

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

Andreas Häberli

CTO

Swiss citizen

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

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

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

1) listed company

Shareholders' participation rights

Voting rights and proxy voting

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

Majorities required by the Articles of Incorporation

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

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

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

Convocation of the General Meeting of Shareholders and agenda

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

Entries in the share register/invitation to the Annual General Meeting of 12 October 2021

Only shareholders entered in the share register with voting rights by 4 October 2021 will be entitled to vote at the AGM of 12 October 2021. They will receive the invitation to the AGM together with the motions of the BoD. Shareholders cannot attend the AGM 2021 in person but may only be represented by the independent proxy, Law Office Keller Partnership, Zurich. No entries will be made in the share register from 5 to 12 October 2021. Shareholders who sell their registered shares prior to the AGM are not entitled to vote. All information about the AGM 2021 can be found online.

Changes of control and defense measures

Compulsory offer

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

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

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

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

(c) Dissolution of the Shareholder Pool;

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

Clauses on changes of control

If control of dormakaba Holding AG changes hands, dormakaba International Holding AG (joint liability with dormakaba Holding AG) is obliged to pay one member of the senior management (who is not an EC member) a compensation to improve his pension entitlement in the amount of one year's salary (incl. variable salary component) if his employment contract is terminated within a year of the change of control or if he resigns within a year of the change of control.

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

Section 35 of the Articles of Incorporation of dormakaba Holding AG states that according to the transfer agreement (called transfer agreement), which was concluded on 29 April 2015 related to the combination of Kaba Group and Dorma Group, if there is a change of control of dormakaba Holding AG, the Mankel/Brecht-Bergen Family has the right to buy back a 2.6% stake in dormakaba Holding GmbH + Co. KGaA and dormakaba Beteiligungs-GmbH in order to regain control (50.1%) of these companies. A change of control of dormakaba Holding AG happens if a third party (i) holds 33⅓% or more of 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 falls below 25%. Approval of the transfer agreement can be cancelled by resolution of the General Meeting. Such a decision to cancel must be taken (i) following the publication of a public takeover offer to acquire all of the outstanding shares of dormakaba Holding AG and before the end of the offer period and (ii) with a majority of at least 50% of the votes represented. The transfer agreement and its performance were declared valid under takeover law by the Swiss Takeover Board on 22 April 2015.

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

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Auditors

Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers AG, Zurich, has been the auditor for dormakaba Holding AG since 1907, and Group auditor of the dormakaba Group since 1982. The responsible lead auditor took on this function in the 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 statutory and consolidated annual accounts of dormakaba Holding AG.

Auditing fees and additional fees

The fees paid to audit firm PricewaterhouseCoopers for services relating to the audit of the annual financial statements of dormakaba Holding AG and Group companies and the consolidated financial statements of dormakaba Group came to around CHF 2.9 million in the financial year 2020/21. In financial year 2020/21, dormakaba Group also paid expenses in the amount of around CHF 0.3 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 0.11 million of this was for general advisory services relating to acquisition projects and other consulting projects, and around CHF 0.1 million for taxation services (direct and indirect taxes). Another CHF 0.09 million was spent on support for subsidiaries relating to changes and/or implementation of new accounting practice rules or accounting questions and other projects.

Information pertaining to external auditors

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

Information policy

This reporting on the financial year 2020/21 and the financial statements as at 30 June 2021 include the Group Management Report with the consolidated financial statements, the financial statements of dormakaba Holding AG, the Corporate Governance Report, the Compensation Report, and the Sustainability Report. All reporting is available only digitally at www.dk.world/AR2020_21. The HTML format can be printed in PDF format or ordered as a printed copy if required. The share price development, business publications, media releases, and presentations may also be downloaded from www.dormakabagroup.com. Media and analyst conferences or calls take place at least once a year, but usually twice a year. dormakaba typically holds a Capital Market Day at least every second year at which financial analysts and investors can gain a deeper insight into the Group by meeting EC members and management as well as participating in 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 at least every half year. The information on how the business is performing is available at www.dk.world/news and www.report.dormakaba.com. The notifications, reports, and presentations of dormakaba are not continually updated by the company; the statements and data contained therein are therefore valid as of the relevant date of publication. For those wishing to obtain current information, dormakaba Holding AG recommends that they do not refer solely to past publications. A list of the most important dates in the financial year can be found at www.dk.world/events.

Compensation Report

General introduction

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

Introductory notes from the Compensation Committee

dormakaba finished the 2020/21 financial year with good business results that marked an improvement on the previous year. While profitability was in line with the guidance, organic growth was slightly higher. The main reason for the good results development was a strong performance of dormakaba's European and Asian businesses. Further contributing factors were the cost-saving and restructuring measures the company implemented early in the pandemic, and the focus on cash flow.

The company's performance continued to be impacted by the influences surrounding Covid-19. Overall year-on-year organic sales growth came to 1.3%. While organic sales in the first six months were still down at –6.0%, the second half of the financial year saw double-digit organic sales growth of 10.0%, driven notably by a strong fourth quarter. Overall, net sales came to CHF 2,499.7 million (previous year CHF 2,539.8 million). EBITDA reached CHF 353.1 million (previous year CHF 325.0 million) with an improved EBITDA margin of 14.1% on 12.8% in the previous year. Net profit increased to CHF 193.3 million (previous year CHF 164.1 million), primarily because of the significantly improved operating profit and a better net financial result. The improved net profit allows the Board of Directors to propose – based on an unchanged dividend policy – to the Annual General Meeting a dividend of CHF 12.50 per share, which is 19.0% higher than the previous year's CHF 10.50.

Due to the pandemic, all members of the BoD and the EC agreed to take a voluntary and temporary reduction in their monthly base pay from May 2020 ending after six months in October 2020 impacting four months of the reporting period.

At the Annual General Meeting (AGM) 2020, shareholders approved a proposal to merge the Compensation Committee and the Nomination Committee to a new Nomination and Compensation Committee (NCC) to increase the efficiency of the corresponding committee work.

The Nomination and Compensation Committee (previously: Compensation Committee) performed its regular activities throughout the financial year such as the propositions of compensation for the members of the BoD and EC, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the AGM. In addition, as noted in the 2019/20 Compensation Report, the NCC implemented the following changes in response to shareholder feedback received previous AGMs and during regular engagement with shareholders as well as due to alterations in the CEO and BoD Chair roles:

- As of 1 April 2021, Riet Cadonau stepped down from his role as CEO of dormakaba and assumed responsibility as non-executive BoD Chair only. His compensation for the CEO role was discontinued at this time and he is as of then remunerated in his capacity as BoD Chair (for the time of his dual role as BoD Chair and CEO, he was only remunerated in his capacity as CEO). As of this date, Sabrina Soussan assumed the role of CEO and her compensation as CEO as well as the one associated with her onboarding period is described later in this report.
- The BoD compensation structure was modified to accommodate the new non-executive BoD chair role as well as the new committee structure.
- Net working capital and sales growth elements were added to the short-term incentive formula for the CEO and the EC members with functional responsibilities (CFO and CTO [Chief Technology Officer]). This harmonizes the short-term incentive formula across the entire EC by aligning the CEO and Group function leaders with the Chief Operating Officers (COO) and further strengthens their accountability for an efficient management of the company's financial resources and growth driven value creation.
- The mix between restricted shares and performance share units under the long-term incentive was further shifted and the transition to 100% performance share units will be completed with the upcoming grant in September 2021.
- As of September 2020, dormakaba is no longer part of the Swiss Market Index Mid (SMIM). Considering that the performance peer group for Total Shareholder Return (TSR) under the long-term incentive consisted of SMIM companies, the NCC decided to review the peer group and replaced it with the Swiss Performance Index of Industrial Companies (SPI industrials).

At the upcoming AGM, our shareholders will again be asked to prospectively approve the aggregate maximum amounts of compensation of the BoD for the period until the following AGM and of the EC for the financial year 2022/23. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the BoD and to the EC by way of a consultative vote on the Compensation Report 2020/21.

At the AGM 2020, binding votes were conducted on the aggregate maximum compensation amounts for the BoD and for the EC, as well as a consultative vote on the Compensation Report. The shareholders approved the maximum compensation amounts for both the BoD and the EC with approval rates of 94% and 97%, respectively, and the consultative vote on the Compensation Report received an approval rate of 91%. This positive voting outcomes show that the active dialogue engaged with investors was fruitful and that shareholders endorse the compensation system in place at dormakaba. We would like to thank investors for their trust and support.

In the context of the strategic review that was initiated in the second half of the reporting year for the period 2022 to 2027, the NCC will conduct a thorough review of the compensation program in financial year 2021/22, to ensure that it continues to be well aligned with the strategic direction, while continuing to drive performance, motivation, and behaviors that are aligned with the values of dormakaba. The compensation review and its outcome will be described in the 2021/22 Compensation Report.

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

Compensation at a glance

Summary of current compensation system of the BoD

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

Basic compensation

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

* The BoD Chair did not receive any compensation for his function as long as he acted in a dual role as BoD Chair and CEO (until 31 March 2021)

+

Additional compensation

in CHF	Committee Chair	Committee member
Audit Committee	60,000	20,000
Nomination and Compensation Committee	60,000 Previously 45,000 per Committee	20,000 Previously 10,000 per Committee
Lead Independent Director	30,000	

Shareholding ownership guideline

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

Compensation of the BoD in financial year 2020/21

The compensation awarded to the BoD in financial year 2020/21 is within the limits approved by the shareholders at the AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2019 – AGM 2020	2,390,000	1,944,500
AGM 2020 – AGM 2021	2,940,000	To be determined*

* The compensation period is not yet completed, a definitive assessment will be provided in the 2021/22 Compensation Report.

Summary of current compensation system of the EC

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

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

Shareholding ownership guideline

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

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

Compensation of the EC in financial year 2020/21

The compensation awarded to the EC in financial year 2020/21 is within the limits approved by the shareholders at the 2020 AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)*
Financial year 2020/21	18,000,000	13,652,662

* Includes the replacement award for the new CEO in the amount of CHF 1,251,166. Further details can be found in the chapter "Compensation architecture for the EC" under "6. Assessment of actual compensation paid to the EC in the financial year 2020/21".

Performance in financial year 2020/21

dormakaba finished the 2020/21 financial year with good business results that marked an improvement on the previous year. While profitability was in line with the guidance, organic growth was slightly higher. Overall year-on-year organic sales growth came to 1.3%. EBITDA reached CHF 353.1 million (previous year CHF 325.0 million) with an improved EBITDA margin of 14.1% on 12.8% in the previous year. Net profit increased by 17.8% year-on-year to CHF 193.3 million (previous year CHF 164.1 million) primarily because of the significantly improved operating profit and a better financial result. Consequently, the average short-term incentive payout is above prior year's level.

Compensation governance

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

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Basic principles of compensation

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

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

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

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

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

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

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

Managing compensation

Nomination and Compensation Committee (NCC)

At the AGM 2020, the shareholders approved the BoD's proposal to merge the Nomination Committee and the Compensation Committee to establish a Nomination and Compensation Committee (NCC). This supported the view of the BoD that personnel and compensation decisions are preferably prepared by one and the same committee, especially in connection with members of the BoD and the EC.

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

The NCC consists of three BoD members who are elected annually and individually by the AGM for a period of one year. At the AGM 2020, the shareholders elected Hans Hess (Chair), Stephanie Brecht-Bergen, and John Heppner as members of the NCC.

The NCC's main compensation tasks are:

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

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

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

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

red: recommending body

blue: reviewing body

gray: approving body

* Proposals related to the CEO compensation are prepared by the NCC Chair and approved by the NCC.

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

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

The NCC may decide to consult external advisors on specific compensation matters. Agnès Blust Consulting, a company specialized in executive compensation in Swiss listed companies, has been appointed to provide independent advice on specific compensation and governance matters. This firm does not have any non-Human Resources-related mandates with dormakaba.

Shareholders' involvement

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

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

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

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Compensation architecture for the BoD

BoD members 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 BoD remains independent while exercising its supervisory duties towards the EC. The amount of compensation for each function of the BoD is determined annually considering the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally. The last benchmarking analysis was conducted by Agnès Blust Consulting in financial year 2017/18 based on the following peer companies: Autoneum, Bucher Industries, EMS Chemie, Geberit, Georg Fischer, Landis + Gyr, Logitech, Lonza, OC Oerlikon, Sonova, and Sulzer. The results of the analysis had shown that overall, the compensation of the BoD was slightly below market practice.

In view of the evolving requirements on the BoD members' role and considering that the compensation levels of the BoD remained unchanged since 2014 despite being below benchmark, they were increased effective from the AGM 2019 onwards. Aside from the changes described below related to the non-executive BoD Chair function and the new committee constitution, no changes were made to the BoD compensation levels since the AGM 2019.

1. Composition of compensation

Effective 1 April 2021, the BoD Chair stepped down from his dual role and handed over the CEO role to his successor. At this date, the compensation for his CEO role was discontinued and replaced by a compensation for the non-executive BoD Chair role, which consists of an annual fee of CHF 680,000, of which CHF 360,000 is paid in cash and CHF 320,000 in restricted shares (following a similar ratio between cash and share compensation as for the other BoD members). In line with legal requirements, he is insured in the company's pension fund. Both the employee and employer portions of the annual contributions are borne by the BoD Chair himself, therefore no pension cost is paid by the company. The annual fee for the BoD Chair role was determined based on the expected time and effort required to effectively perform this role and with consideration of remuneration levels of defined benchmark companies. The BoD Chair is not eligible to receive any additional committee fees.

The compensation paid to the other members of the BoD comprises a cash payment of CHF 100,000 and an award of CHF 90,000 in restricted shares of dormakaba Holding AG. Additional fees are paid in cash for specific functions such as committee chair and/or committee member of the BoD or for performing special additional tasks assigned by the BoD.

For the term of office from the AGM 2020 until the AGM 2021, the BoD compensation system was modified to accommodate the formation of the Nomination and Compensation Committee (NCC). The Committee Chair fee for the new NCC amounts to CHF 60,000 and the membership fee to CHF 20,000. This structure was determined based on the expected level of time and effort required to effectively run the committee and to be consistent with the existing structure for the Audit Committee. Upon implementation of the NCC, the individual Compensation respectively Nomination Committees and their corresponding fee structures were discontinued.

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

Basic compensation

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

* The BoD Chair did not receive any compensation for his function as long as he acted in a dual role as BoD Chair and CEO (until 31 March 2021)

+

Additional compensation

in CHF	Committee Chair	Committee member
Audit Committee	60,000	20,000
Nomination and Compensation Committee	60,000 Previously 45,000 per Committee	20,000 Previously 10,000 per Committee
Lead Independent Director	30,000	

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

Compensation is paid on a pro rata basis to Board members twice a year. For the term of office from the AGM 2020 until the AGM 2021, the first compensation period ended on 30 April 2021, the second will end on 31 October 2021. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special additional tasks performed on behalf of and assigned by the BoD.

2. Assessment of actual compensation paid to the BoD in the financial year 2020/21

The actual compensation paid to the BoD for the financial year 2020/21 increased compared to the previous year (+9%) mainly because the BoD Chair receives compensation since 1 April 2021 as mentioned above. All members of the BoD voluntarily and temporarily agreed to a 10% reduction of their basic compensation, starting from May 2020 and ending in October 2020. Therefore, four months (July – October 2020) of the reporting period were impacted by this reduction.

At the AGM 2020, the shareholders approved a maximum aggregate amount of CHF 2,940,000 for the BoD for the compensation period from the AGM 2020 until the AGM 2021. The compensation effectively paid for the portion of this term of office included in this Compensation Report (October 2020 – 30 June 2021) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2021/22.

At the AGM 2019, the shareholders approved a maximum aggregate amount of CHF 2,390,000 for the BoD for the compensation period from the AGM 2019 until the AGM 2020. The compensation effectively paid was CHF 1,944,500 and is within the limit approved by the shareholders.

As of 30 June 2021, in compliance with the Articles of Incorporation, no loans or credits were granted to current or former BoD members, or parties closely related to them. Investments held by BoD members or related persons (including conversion and option rights) – if any – are listed here.

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Compensation architecture for the EC

The compensation awarded to EC members 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 EC members to participate in the company's long-term value creation. The overall compensation consists of the following elements:

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

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

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

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

1. Annual base salary

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

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

2. Benefits

As the EC is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits mainly consist of retirement, insurance, and 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 EC members with a Swiss employment contract participate in the occupational pension plans offered to all employees in Switzerland, which consist of a basic pension fund and a supplementary plan for management positions. The benefits offered by the pension fund of dormakaba in Switzerland are in line with benefits provided by other Swiss multinational industrial companies.

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

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

3. Variable compensation

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

3.1 Short-term incentive

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

Following the "We are ONE company" principle, the individual short-term incentive paid to the EC members is strictly based on Group and segment financial objectives and not on individual goals. For the CEO and other EC members (CFO and CTO), the incentive formula relates exclusively to Group results. For the COOs, it relates to segment results and Group results as follows:

	Group	Segment	Rationale
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 AS segments and rewards for the AS collective performance and the individual performance of each AS segment in a balanced manner.
Key & Wall Solutions	30%	70%	Key & Wall Solutions is an independent global segment, 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 segment.

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

The incentive formulas for all EC members are built around the principle of paying a predefined share of profit individually determined for each function, which are additionally modified by a set of multipliers. For the financial year 2020/21, the formula for the CEO and other EC members in Group function roles (CFO and CTO) was harmonized with the formula of the COO functions to include sales growth and net working capital (NWC) multipliers aiming to further strengthen the accountability for the efficient use of the company's financial resources and a growth-driven value creation.

The STI formula is illustrated below.

CEO, CFO, CTO

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

COOs

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

The predefined share of profit is expressed as a percentage of Group net income or as a percentage of segment EBIT. The growth multiplier depends either on a combination of the company's net income growth and the Group sales growth or on the segment's sales growth compared to previous year and is capped at 1.6 in case of substantial growth. The net working capital (NWC) multiplier depends on the Group or segment's change of net working capital compared to previous year and is capped at 1.4 in case of substantial reduction of net working capital.

This formula is aligned to the business strategy of profitable growth because it rewards for bottom-line (Group net income or segment EBIT) as well as top-line results (sales growth) and an efficient management of the company's financial resources.

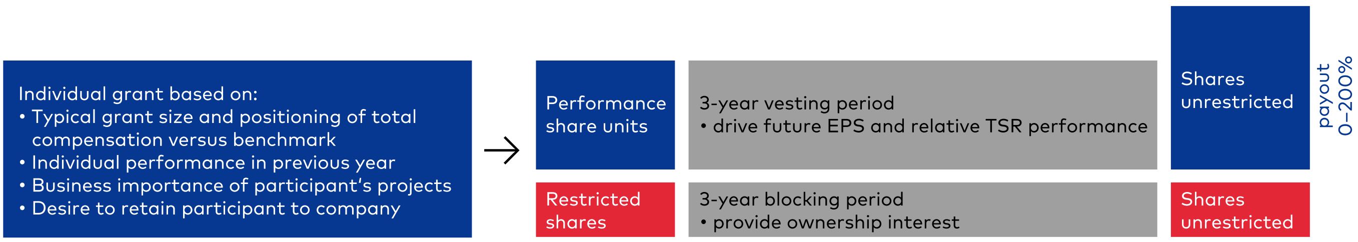
The calculation of the short-term incentive is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system. Effects from acquisitions and divestments as well as other special effects that have a material impact on the financial results, are excluded so that the financial results are comparable to the previous year. There were no significant adjustments made in the reporting year.

3.2 Long-term incentive

The purpose of the long-term incentive is to give the EC an ownership interest in dormakaba and a participation in the long-term performance of the company and thus to align their interests to those of the shareholders.

At the beginning of the long-term incentive plan cycle (grant date), EC members are awarded restricted shares and performance share units of dormakaba based on the following criteria:

- **External benchmark:** typical grant size of long-term incentive for a similar function in the relevant market and positioning of the individual's total direct compensation compared to that benchmark. Total direct compensation includes fixed base salary plus short-term incentive plus allocation under the long-term incentive plan.
- **Individual performance:** measured against predefined priorities in the financial year prior to the grant, as documented within the performance management process. The long-term incentive is the only compensation program that takes into consideration the individual performance of the EC members. For each member, a list of individual strategic priorities is determined before the start of each financial year based on the mid-term plan of the Group, segment or function. At the end of each financial year, the individual performance of the member is measured against those strategic priorities and will be considered for the determination of the grant size of the long-term incentive in the following financial year.
- **Strategic importance:** impact of the EC member's projects on the 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.



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

The long-term incentive award is split into two components: one third is 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 other two-thirds of the award is granted in form of performance share units 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) and the relative TSR of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

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Prior to September 2020, TSR was measured relative to companies of the SMIM – of which dormakaba was part of. Effective 21 September 2020, dormakaba no longer belongs to the SMIM. The NCC subsequently reviewed the performance peer group and concluded that the SPI Industrials is a more appropriate peer group based on the size and relevance of companies in the index. An index was selected as a performance benchmark because of the insufficient number of direct competitors of dormakaba that are publicly listed. Therefore, the SPI Industrials as an index of companies of comparable size listed on the SIX Swiss Exchange was the most appropriate alternative. The long-term incentive award continues to provide for a 100% vesting for performance on median.

The EPS growth target is fully aligned with dormakaba's organic sales growth ambition to outperform weighted GDP growth by 2% points. The vesting formula for both performance indicators is illustrated below, there is no vesting below the threshold levels of performance:

	Threshold performance (25% vesting)	Target (100% vesting)	Cap (200% vesting)
Relative TSR (50%)	25th percentile of peers	Median of peers	83.33th percentile of peers
EPS growth (50%)	70% of target	EPS growth 2% points above GDP growth	140% of target

The vesting formula has been designed in line with market practice for Swiss publicly traded companies to combine pay for performance compensation principles and reach alignment with the long-term shareholder interest. It has both challenging targets and no excessive leverage. To reach the target, the company needs to outperform half of the peers in respect of relative TSR and needs to outperform GDP growth by 2% points on the EPS condition. While there is no payout below the threshold levels of performance, a partial payout is still possible for a performance between the threshold and the target. On the other side, an extraordinary performance is required to reach the cap of 200%.

Restricted shares and performance share units are usually awarded annually in September. In case of voluntary termination by the participant restricted shares remain blocked and the performance share units are forfeited without any compensation. If a participant is terminated for cause, restricted shares that are blocked at the time of termination must be returned to the company and the performance share units are forfeited without any compensation. In case of termination without cause or retirement, restricted shares remain blocked, and the performance share units are subject to a pro rata vesting at the regular vesting date. In case of disability, 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 based on a performance assessment by the BoD (see also Corporate Governance Report 'Changes of control and defense measures'). The conditions for the award of shares and performance share units are governed by the stock award plans of dormakaba.

Shares awarded in reporting periods 2020/21 and 2019/20 have come from dormakaba treasury.

The long-term incentive awards are subject to clawback and malus provisions since 2019. In certain circumstances, such as in the case of financial restatement due to material non-compliance with financial reporting requirements or of fraudulent behavior or substantial willful misconduct, the BoD may decide to suspend the vesting or forfeit any granted long-term incentive award (malus provision) or to require the reimbursement of vested shares delivered under the long-term incentive (clawback provision).

The mix between restricted shares and performance share units under long-term incentive will continue to be shifted and the transition to a fully performance based long-term incentive will be completed in the financial year 2021/22. The grant in September 2021 will consist of 100% performance share units and the allocation of restricted shares will be discontinued.

4. Employment contracts

The EC members are employed under employment contracts of unlimited duration that are subject to a notice period of up to twelve months. EC members are not contractually entitled to sign-on awards, termination payments or any change of control provisions other than the accelerated vesting and/or unblocking of share awards mentioned above. The employment contracts of the EC members may include non-competition clauses for a duration of up to a maximum of two years. In cases where the company decides to activate the non-competition provisions, the compensation paid in connection with such non-competition provisions may not exceed the monthly base salary, or half of the total compensation, for a period of twelve months.

5. Shareholding ownership guideline

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

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

To calculate whether the minimum holding requirement is met, all vested shares are considered regardless of whether they are restricted or not. However, unvested performance share units are excluded from the calculation. The NCC reviews compliance with the share ownership guideline on an annual basis. In the event of a substantial rise or drop in the share price, the BoD may, at its discretion, review the minimum ownership requirement.

6. Assessment of actual compensation paid to the EC in the financial year 2020/21

In comparison to the previous year, total direct compensation (TDC) of the EC increased by 4%. There are several factors that impacted the level of actual compensation paid to the EC in the 2020/21 financial year, which are summarized below.

- **Changes in EC composition:** Riet Cadonau stepped down as CEO on 31 March 2021. His successor, Sabrina Soussan, joined the company as designated CEO on 1 January 2021 and took over as CEO as of 1 April 2021, leading to concurrent CEO level compensation payment for a three-month period. As part of her onboarding, Sabrina Soussan received one-time relocation support as well as a replacement award in lieu of the forfeited compensation at the previous employer. Further details can be found below.
- **Base salary changes:** considering the pandemic none of the EC members' target base salaries were adjusted at the beginning of the reporting period as part of the regular compensation review. In the context of the pandemic and as a sign of solidarity with the global workforce, the EC members voluntarily agreed to a reduction in monthly base salary of 10%, starting from May 2020 and ending in October 2020, hence affecting four months of the reporting period. Overall, the annual basic compensation paid out decreased by 6%.
- **STI payout:** the STI payout formula is based on performance improvements versus previous year (and not on the achievement of budgeted targets). The STI payout of the EC members reflects the underlying financial performance in the reporting year, especially the increase in the Group net income which is the main driver of the STI payout for the CEO and EC members with global responsibility (CFO, CTO). All segments (COOs) contributed to the organic growth and an improved profitability compared to the previous year (improved EBITDA margin) except for AS AMER. In the reporting year, the STI payout of EC members is 96% of the annual base salary on average (previous year 70%). A payout of 78% of annual base salary (on average) for the EC members corresponds to the level of originally expected performance for the financial year 2020/21. For the former CEO, the STI payout is capped to 150% of annual base salary (pro-rated for the time spent in the role), as foreseen by the Article of Incorporation 24. For the new CEO, a pre-determined STI amount was paid out for

the period of her onboarding as designated CEO (1 January to 31 March 2021) as per her employment contract. As of 1 April, the regular STI calculation methodology applied.

- **LTI grant in September 2020:** to determine the individual grant size (nominal value), the allocation criteria in place for several years (described under section 3.2) such as individual performance in the previous year, strategic importance of the projects under responsibility, position against benchmark and retention need were considered. Based on those factors, the LTI grant size of two EC members was slightly increased compared to previous year. For the departing CEO and the other EC members, the LTI grant size remained unchanged compared to previous year. The strategic priorities of the CEO for financial year 2019/20 (considered for determining the grant size in the reporting year) are detailed below and have been implemented successfully.

Strategic priorities of the CEO (financial year 2019/20)*

Business performance	Achieve business performance in line with guidance.
Business development	Selectively establish further acquisitions/divestments in accordance with the defined strategic priorities.
Group innovation	Drive the digitization initiatives (cloud-based solutions) and implement Information Security Management System (ISMS).
Supply chain management	Deliver the defined procurement savings and execute the agreed Industry 4.0 initiatives.
Organization	Ensure succession plans for key positions, strengthen leadership teams and develop/retain key talents. Sustainability: prepare for Science Based Targets initiative (SBTi). IT: continue to implement the defined IT strategy.

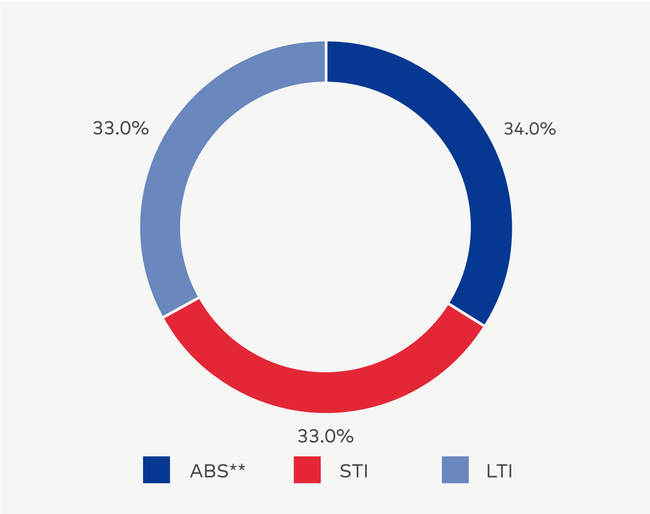
* This information is disclosed in summarized form for confidentiality reasons.

The replacement award for the new CEO relates to the forfeited equity compensation at the previous employer and was fully granted in the form of equity. The replacement award amounts to CHF 619,583 in restricted shares and CHF 631,583 in PSU granted at the hiring date on 1 January 2021. The shares are subject to a blocking period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively. The PSU are subject to a vesting period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018, 2019 and 2020, vesting in 2021, 2022 and 2023 respectively) and broadly reflect those of the forfeited awards at the previous employer.

The performance share units granted under the long-term incentive in September 2017 vested in September 2020 based on the EPS growth over the three-year vesting period at a vesting level of 96.1%. The share price at vesting amounted to CHF 527.00 compared to CHF 975.00 at grant.

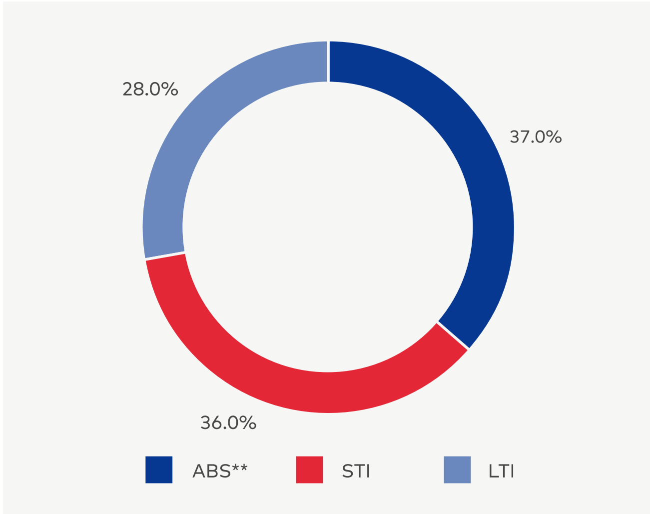
Variable compensation forms a major part of total direct compensation (TDC). The percentage of overall compensation paid to the EC as variable compensation in the reporting year was 67% (excluding benefits and social security contributions) and increased (previous year 62%) due to increase predominantly in STI payout. Variable compensation paid out in shares accounted for 30% of the TDC (previous year 33%), which is in line with the compensation strategy to award 30% or more of total compensation in equity-based compensation by applying increases primarily on the long-term incentive component rather than on the other compensation elements.

CEO*



* Based on new CEO annual target compensation mix
** Annual Base Salary

EC*



* EC excl. CEO
** Annual Base Salary

At the AGM 2019, the shareholders approved a maximum aggregate amount of CHF 18,000,000 for the EC for the financial year 2020/21. The compensation effectively awarded of CHF 13,652,662 is within the limit approved by the shareholders. This includes the replacement award for the new CEO in the amount of CHF 1,251,166. Further details can be found above.

As of 30 June 2021, in compliance with the Articles of Incorporation, no loans or credits were granted by dormakaba to current or former EC members, or parties closely related to them. Investments held by EC members or related persons (including conversion and option rights) – if any – are listed here.

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Compensation to the BoD and EC

Financial year 2020/21

Compensation [1]

	Basic compensation	Additional compensation (committees, special tasks)	Social benefits [2]	Total (CHF)	of which in shares (CHF) [3]
BoD					
Birgersson Jens Member Audit Comittee (since AGM 2020)	183,667	13,333	–	197,000	110,578
Brecht-Bergen Stephanie Member Nomination Committee (until AGM 2020) Member Nomination and Compensation Committee (since AGM 2020)	183,667	16,667	–	200,333	86,537
Cadonau Riet Chair of the Board	170,000	–	12,942	182,942	79,390
Daeniker Daniel Chair Audit Committee	183,667	60,000	17,167	260,834	86,537
Dörig Rolf (BoD member until AGM 2020) Chair Compensation Committee (until AGM 2020) Member Nomination Committee (until AGM 2020)	57,000	25,000	5,736	87,736	26,869
Dubs-Kuenzle Karina	183,667	20,000	14,305	217,972	86,537
Gummert Hans Member Audit Committee Member Compensation Committee (until AGM 2020)	183,667	88,452	–	272,119	86,537
Heppner John Member Nomination and Compensation Commitee (since AGM 2020)	183,667	26,667	–	210,333	95,305
Hess Hans Vice-Chair of the Board Lead Independent Director Chair Nomination and Compensation Committee (since AGM 2020) Chair Nomination Committee (until AGM 2020) Member Audit Committee Member Compensation Committee (until AGM 2020)	183,667	108,333	21,103	313,103	86,537
Mankel Christine	183,667	–	–	183,667	110,578
Liu John Y. (BoD member since AGM 2020)	126,667	–	8,839	135,506	59,669
Total BoD	**1,823,000**	**358,452**	**80,093**	**2,261,545**	**915,074**

1) The Chair of the Board receives compensation in his role since April 2021, covering three months of the reporting period. For as long as he was in his dual capacity as the CEO and Chair of the Board, he did not receive any compensation for his role as the Chair of the Board. Compensation for the employer representative on the Swiss pension fund (Karina Dubs-Kuenzle) of CHF 20,000 p.a. and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 65,119 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and remains stable vis-à-vis the previous year, however, fluctuates in CHF due to currency exchange.

2) In line with the Swiss legal requirements under the respective law (BVG), the Chair of the Board is insured in the company pension fund. The employer cost of the pension benefits are deducted from the cash board fee disclosed above. The Chair of the Board is hence financing both the employee and employer contributions to the pension fund via a deduction on the cash board fee so that the insurance in the pension fund is cost-neutral to the company.

3) The compensation for the reporting period is paid out in three installments (November 2020, May 2021, and November 2021). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 424.24 for the shares transferred in November 2020 and CHF 620.40 for the shares transferred in May 2021).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social / pension contributions [1]	Total aggregate amount	STI [2]	LTI [3]	Social / pension contributions	Total aggregate amount	
EC members								
Cadonau Riet [4) 5)]	596,274	133,753	730,027	956,250	1,280,281	269,821	2,506,352	3,236,379
Sabrina Soussan [6]	425,004	107,869	532,873	525,000	-	95,646	620,646	1,153,519
Other EC	2,415,866	766,853	3,182,719	2,355,028	1,821,187	652,664	4,828,879	8,011,598
Subtotal	**3,437,144**	**1,008,475**	**4,445,619**	**3,836,278**	**3,101,468**	**1,018,131**	**7,955,877**	**12,401,496**

1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances for two new EC members to facilitate their relocation following their appointment to the EC role. Fringe benefits amount to CHF 61,817 for the former CEO, to CHF 30,440 for the new CEO and CHF 436,069 for the other EC members.
2) The short-term incentive reported will be paid after the end of the reporting year.
3) The total grant value of the LTI includes CHF 751,608 in restricted shares and CHF 2,012,114 in performance share units (PSU). The fair value on the grant date is CHF 584 per restricted share. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions..
4) In accordance with his employment contract from 2011, the former CEO receives a guaranteed allocation of 550 shares (worth CHF 337,750) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2021 as listed in the table 'Shares held by BoD and EC' as they were not yet allocated by the end of the financial year (grant date of 1 September 2021). However, they have been included in the long-term incentive compensation figure with a share price of CHF 614.09 (average closing price of May/June 2021).
5) In line with the contractual agreement in place which foresee a partial forfeiture of PSU, CHF 527,086 of the award granted to the CEO in September 2020 forfeits.
6) The replacement award in equity relating to the forfeited compensation at the previous employer for the new CEO is not included in the compensation table. The replacement award amounts to CHF 619,583 in restricted shares and CHF 631,583 in PSU granted at the hiring date on 1 January 2021. The shares are subject to a blocking period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively. The PSU are subject to a vesting period of 8 months, 1 year and 8 months, and 2 years and 8 months, respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018, 2019 and 2020, vesting in 2021, 2022 and 2023, respectively) and broadly reflect those of the forfeited awards at the previous employer.

Compensation paid to former members of the EC

In the reporting period compensation in the amount of CHF 487,381 was paid to two former members of the EC which is not included in the compensation table. The amount includes the fixed salary, benefits as well as the pro rata STI payment which are contractually due during the notice period. It also includes an LTI grant to one former member of the EC who has not left the company.

Financial year 2019/20

	Compensation 1)				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits	Total (CHF)	of which in shares (CHF) 2)
BoD					
Birgersson Jens	180,167	–	–	180,167	148,785
Brecht-Bergen Stephanie Member Nomination Committee (since AGM 2019)	180,167	6,667	–	186,833	128,486
Cadonau Riet Chair of the Board	–	–	–	–	–
Daeniker Daniel Chair Audit Committee	180,167	60,000	16,835	257,001	84,613
Dörig Rolf Chair Compensation Committee Member Nomination Committee	180,167	75,000	17,902	273,069	84,613
Dubs-Kuenzle Karina	180,167	20,000	13,988	214,154	84,613
Gummert Hans Member Audit Committee Member Compensation Committee Member Nomination Committee (until AGM 2019)	180,167	96,487	–	276,654	84,613
Heppner John	180,167	–	–	180,167	94,737
Hess Hans Vice-Chair of the Board Lead Independent Director Chair Nomination Committee Member Audit Committee Member Compensation Committee	180,167	103,333	20,294	303,794	84,613
Mankel Christine	180,167	–	–	180,167	148,785
Total BoD	**1,621,500**	**361,487**	**69,019**	**2,052,006**	**943,857**

1) Compensation for the employer representatives on the Swiss pension fund (Rolf Dörig, Karina Dubs-Kuenzle) of CHF 20,000 p.a. each and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 64,153.04 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and is lower compared to the previous period due to him leaving the Supervisory Board of ISEO.

2) The compensation for the reporting period is paid out in three installments (November 2019, May 2020, and November 2020). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 635.70 for the shares transferred in November 2019 and CHF 482.12 for the shares transferred in May 2020).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social / pension contributions 1)	Total aggregate amount	STI 2)	LTI 3) 4)	Social / pension contributions	Total aggregate amount	
EC members								
Cadonau Riet	818,142	175,249	993,391	859,294	1,016,401	328,687	2,204,381	3,197,772
Other EC 5)	2,856,665	1,113,745	3,970,410	1,909,994	2,129,375	717,718	4,757,087	8,727,497
Subtotal	**3,674,807**	**1,288,994**	**4,963,801**	**2,769,288**	**3,145,776**	**1,046,405**	**6,961,468**	**11,925,269**

1) Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances for two new EC members to facilitate their relocation following their appointment to the EC role. Fringe benefits amount to CHF 31,882 for the CEO and CHF 625,174 for the other EC members.

2) The short-term incentive reported will be paid after the end of the reporting year.

3) The grant value of the LTI includes CHF 1,606,294 in restricted shares and CHF 1,539,481 in performance share units (PSU). The fair value on the grant date is CHF 667.50 per restricted share. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.

4) In accordance with his employment contract from 2011, the CEO receives a guaranteed allocation of 550 shares (worth CHF 285,979) which are blocked for three years. These shares are not yet included in the shares held as of 30 June 2020 as listed in the table 'Shares held by BoD and EC' as they were not yet allocated by the end of the financial year (grant date of 1 September 2020). However, they have been included in the long-term incentive compensation figure with a share price of CHF 519.96 (average closing price of May/June 2020).

5) Includes the compensation for the (designated) COO AS AMER, who joined the company on 1 April 2020 as designated COO and assumes COO and EC responsibility as of 1 July 2020. His compensation for the period from 1 April to 30 June 2020 comprises base salary, pro rata STI and LTI, and a one-time relocation allowance. The replacement awards in cash and equity relating to the forfeited compensation at the previous employer are not included. The replacement award in cash for forfeited cash compensation at the previous employer amounts to CHF 109,422. The replacement award in equity amounts to CHF 246,581 in restricted shares and CHF 161,063 in PSU to compensate for part of the forfeited LTI at the previous employer. The shares and PSU have been granted at the hiring date on 1 April 2020. The shares are subject to a blocking period of 1 year and 5 months and 2 years and 5 months, respectively. The PSU are subject to a vesting period of 1 year and 5 months and 2 years and 5 months respectively, based on the EPS and rTSR performance conditions used in the dormakaba LTI plan. The blocking period of the shares and the vesting period of the PSU mirror the restriction periods of the outstanding plans at dormakaba (LTI grants 2018 and 2019, vesting in 2021 and 2022, respectively) and broadly reflect those of the forfeited awards at the previous employer.

Shares held by BoD and EC

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

Number of shares	Financial year ended 30.06.2021	Financial year ended 30.06.2020
BoD		
Birgersson Jens	1,919	347
Brecht-Bergen Stephanie	220,323	220,156
Cadonau Riet [1)]	7,015	5,840
Daeniker Daniel	1,854	1,687
Dörig Rolf [2)]	2,721	2,626
Dubs-Kuenzle Karina	99,913	99,746
Gummert Hans	929	762
Heppner John	1,117	919
Hess Hans	1,790	1,623
Liu John Y. [3)]	72	
Mankel Christine	220,533	220,281
Total BoD	**558,186**	**553,987**
EC		
Berninger Alwin	339	210
Bewick Stephen [4)]	312	199
Brinker Bernd	1,964	1,549
Cadonau Riet [1)]		5,840
Häberli Andreas	2,530	2,265
Housten Alex	617	564
Kincaid Michael [5)]		1,543
Lee Jim-Heng	2,725	2,329
Lichtenberg Jörg [5)]		853
Soussan Sabrina [6)]	1,233	
Zocca Stefano	2,368	2,145
Total EC	**12,088**	**17,497**

1) BoD and EC member until 31 March 2021. Effective as of 1 April 2021, he stepped down from his position as EC member and continued his role as BoD Chair. Therefore, he is displayed in both groups for the years of membership.
2) BoD member until 20 October 2020.
3) BoD member as of 20 October 2020.
4) EC member as of 1 January 2020.
5) EC member until 30 June 2020.
6) EC Member as of 1 January 2021 and CEO as of 1 April 2021.

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

We have audited the Compensation Report of dormakaba Holding AG for the year ended 30 June 2021. 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 146 to 150 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

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 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Beat Inauen	Sandra Burgstaller
Audit expert Auditor in charge	Audit expert

Zürich, 26 August 2021

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Information for investors as at 30 June 2021

CHF million, except where indicated	2020/21	2019/20	2018/19	2017/18	2016/17
Net sales	**2,499.7**	**2,539.8**	**2,818.3**	**2,841.0**	**2,520.1**
Organic growth in %	1.3	–6.9	1.3	2.6	4.3 *
Earnings before depreciation and amortization (EBITDA)	**353.1**	**325.0**	**448.0**	**431.0**	**387.3**
EBITDA in % of net sales	14.1	12.8	15.9	15.2	15.4
Earnings before interest and tax (EBIT)	**274.3**	**253.2**	**375.0**	**364.3**	**327.0**
EBIT in % of net sales	11.0	10.0	13.3	12.8	13.0
Net profit	**193.3**	**164.1**	**252.5**	**238.7**	**224.6**
Net profit in % of net sales	7.7	6.5	9.0	8.4	8.9
Net profit after minorities	**100.8**	**84.6**	**131.8**	**123.8**	**116.4**
Basic earnings per share (in CHF)	24.2	20.4	31.6	29.6	27.8
Diluted earnings per share (in CHF)	24.1	20.3	31.5	29.5	27.7
Dividend per share (in CHF) [1]	12.50	10.50	16.00	15.00	14.00
Payout ratio in %	51.7	51.6	50.5	50.2	50.3
Cash generated from operations	384.5	407.9	372.8	367.2	354.7
Net cash from operating activities	**313.5**	**328.1**	**280.7**	**268.9**	**265.3**
Operating cash flow margin in %	12.5	12.9	10.0	9.5	10.5
Net cash used in investing activities	–95.5	–232.4	–67.8	–231.8	–964.5
Free cash flow (net) before dividend	218.0	95.7	212.9	37.1	–699.2
Net cash flows from financing activities	–231.9	–65.8	–223.9	–129.8	654.1
Of which dividends paid	–43.7	–66.5	–62.2	–58.6	–50.4
Personnel expenses	1,022.3	1,027.7	1,055.1	1,045.6	933.3
Average number of full-time equivalent employees	14,989	15,676	15,811	16,433	16,250
Total assets	**1,869.8**	**1,808.6**	**1,909.0**	**1,982.3**	**1,909.0**
Total assets in % of net sales	74.8	71.2	67.7	69.8	75.8
Property, plant, and equipment in % of net sales	17.4	17.4	16.5	16.1	16.4
Inventories in % of net sales	18.0	17.5	16.1	15.2	16.3
Receivables in % of net sales	17.0	15.3	17.7	17.7	18.3
Net working capital [2]	**641.6**	**631.9**	**753.2**	**705.7**	**648.0**
Net working capital in % of net sales	25.7	24.9	26.7	24.8	25.7
Net debt	**508.8**	**667.7**	**651.4**	**701.2**	**627.6**
Net debt/EBITDA	1.4	2.1	1.5	1.6	1.6
Interest coverage (EBITDA / interest expense, net)	19.0	9.2	11.0	10.5	25.0
Shareholders' equity	**264.9**	**141.3**	**258.5**	**187.0**	**183.1**
Return on equity (ROE) in %	73.0	116.1	97.7	127.6	122.7
Shareholders' equity per share (in CHF)	63.4	34.0	61.8	44.6	43.5

1) In 2020/21: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.

2) As from 2018/19, the definition of the net working capital was aligned with the internal and the segment reporting. In order to enable a fair comparison with the current-year data, all previous year information has been adjusted. dormakaba defines net working capital as trade receivables plus inventories, minus the sum of trade payables, advances from customers, and deferred income.

* Based on pro forma sales previous year

Information for investors per share data

		2020/21	2019/20	2018/19	2017/18	2016/17
Capital stock						
Registered shares at CHF 0.10 par value	No	4,200,026	4,200,026	4,200,026	4,200,026	4,200,026
Outstanding shares at end of financial year	No	4,168,767	4,157,216	4,145,317	4,187,243	4,177,588
Weighted average number of shares outstanding (diluted)	No	4,178,883	4,159,736	4,179,989	4,195,507	4,208,743
Par value of average outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Par value of year-end outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Shareholders as at 30 June (registered)	No	9,413	9,389	9,195	8,874	7,525
Figures per share (fully diluted)						
EBITDA per share (Group)	CHF	84.5	78.1	107.2	102.7	92.0
Earnings per share (Group)	CHF	24.1	20.3	31.5	29.5	27.7
Shareholders' equity per share (Group)	CHF	63.4	34.0	61.8	44.6	43.5
Price per share						
– high	CHF	657.0	737.0	781.5	1,001.0	888.0
– low	CHF	416.0	396.4	579.0	674.0	659.0
– 31 December	CHF	502.5	692.5	593.0	907.5	757.0
– 30 June	CHF	630.5	516.5	707.5	694.5	833.0
Market capitalization						
– high	CHF m	2,738.9	3,063.9	3,239.6	4,191.4	3,709.7
– low	CHF m	1,734.2	1,647.9	2,400.1	2,822.2	2,753.0
– 30 June	CHF m	2,628.4	2,147.2	2,932.8	2,908.0	3,479.9
Dividend yield						
– low [1)]	%	1.9	1.4	2.0	1.5	1.6
– high [1)]	%	3.0	2.6	2.8	2.2	2.1

1) In 2020/21: under the precondition that the shareholder approves the dividend proposed at the Annual General Meeting.

Disclaimer

This communication contains certain forward-looking statements including, but not limited to, those using the words "believes", "assumes", "expects" or formulations of a similar kind. Such forward-looking statements reflect the current judgement of the company, involve risks and uncertainties, and are made on the basis of assumptions and expectations that the company believes to be reasonable at this time but may prove to be erroneous. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks, uncertainties and other factors outside of the company's and the Group's control which could lead to substantial differences between the actual future results, the financial situation, the development or performance of the company or the Group and those either expressed or implied by such statements. Except as required by applicable law or regulation, the company accepts no obligation to continue to report, update or otherwise review such forward-looking statements or adjust them to new information, or future events or developments.

For definition of alternative performance measures, please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2020/21 of dormakaba.

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Rümlang/Switzerland, 26 August 2021

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