

Financial statements dormakaba Holding AG

Balance sheet

Assets

| in CHF million | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|---------------------------------|---------------------------------------|---------------------------------------|
| Current assets | | |
| Cash and cash equivalents | 0.1 | 0.1 |
| Receivables: third parties | 0.0 | 0.0 |
| Receivables: Group companies | 0.5 | 0.0 |
| Accruals | 0.0 | 0.0 |
| Total current assets | 0.6 | 0.1 |
| Non-current assets | | |
| Investments | 704.9 | 704.9 |
| Loans to Group companies | 173.4 | 170.1 |
| Prepaid expenses | 0.0 | 0.0 |
| Total non-current assets | 878.3 | 875.0 |
| Total assets | 878.9 | 875.2 |

Liabilities and equity

| in CHF million | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|--|---------------------------------------|---------------------------------------|
| Current liabilities | | |
| Other current liabilities: third parties | 1.2 | 0.6 |
| Accruals | 0.2 | 0.0 |
| Total current liabilities | 1.4 | 0.6 |
| Long-term provisions | 13.6 | 14.0 |
| Equity | | |
| Share capital | 0.4 | 0.4 |
| Legal capital reserves | | |
| - reserve from capital contribution | 222.1 | 280.7 |
| Legal reserves | 261.0 | 261.0 |
| Reserves for own shares | 8.6 | 17.6 |
| Treasury shares | -0.2 | -1.0 |
| Statutory retained earnings | | |
| - available earnings carried forward | 310.9 | 270.6 |
| Net profit for the year | 61.1 | 31.3 |
| Total equity | 863.9 | 860.6 |
| Total liabilities and equity | 878.9 | 875.2 |

Income statement

| in CHF million | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|--|---------------------------------------|---------------------------------------|
| Operating revenues | | |
| Income from investments | | |
| - Dividend income | 63.3 | 32.8 |
| Interest from Group loans | 4.3 | 1.8 |
| Other financial income | 0.0 | 0.3 |
| Total operating revenues | 67.6 | 35.0 |
| Operating expenses | | |
| Financial expenses | -2.4 | 0.0 |
| Cost of services provided by Group companies | -0.2 | 0.0 |
| Personnel expenses | -2.2 | -2.2 |
| Other operating expenses | -1.2 | -1.1 |
| Direct taxes | -0.5 | -0.4 |
| Total operating expenses | -6.5 | -3.7 |
| Net profit for the period | 61.1 | 31.3 |

Notes to the financial statements

1. Principles

1.1 General

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

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

1.2 Loans to Group companies and other financial assets

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

1.3 Investments

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

1.4 Dividend income

Dividend income is booked when payment is received.

2. Information on balance sheet positions

2.1 Investments: company, domicile

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

There are no changes to the Investments.

2.2 Loans to Group companies

| Counterparty | Currency | Interest rate | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|---|----------|---------------|---------------------------------------|---------------------------------------|
| dormakaba International Holding AG, Rümplang/CH | CHF | 1.00% | 173.4 | 170.1 |
| Total loans to Group companies | | | 173.4 | 170.1 |

2.3 Long-term provisions

This provision relates to general risks.

2.4 Share capital

As of 30 June 2018, share capital amounted to CHF 420,002.60 divided into 4,200,026 registered shares at a par value of CHF 0.10.

Conditional capital as of 30 June 2018 amounted to CHF 42,438.

In accordance with the resolution of the Annual General Meeting of 17 October 2017, the Board of Directors is authorized to increase the share capital, until no later than 17 October 2019, by a maximum amount of CHF 72,000 by issuing a maximum of 420,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts.

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

2.5 Principal shareholders

| | As at 30.06.2018 | | As at 30.06.2017 | |
|--|--|--------------|--|--------------|
| | No of shares at CHF 0.10 par value | in % | No of shares at CHF 0.10 par value | in % |
| Pool shareholders ¹⁾ | 1,143,508 | 27.2 | 1,153,191 | 27.5 |
| Public shareholders | | | | |
| Other public shareholders | 3,029,069 | 72.1 | 3,021,712 | 71.9 |
| Total public shareholders | 3,029,069 | 72.1 | 3,021,712 | 71.9 |
| Members of the Board of Directors and Members of the Executive Committee ²⁾ | | | | |
| Members of the Board of Directors (non-executive) | 492,619 | 11.8 | 477,192 | 11.4 |
| Members of the Executive Committee | 14,180 | 0.3 | 12,528 | 0.3 |
| Total members of the Board of Directors and Members of the Executive Committee | 506,799 | 12.1 | 489,720 | 11.7 |
| Less double-counting in respect of Pool shareholders who are members of the Board of Directors ³⁾ | -479,350 | -11.4 | -464,597 | -11.1 |
| 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 / Hamburg, Karl-Rudolf Mankel / Ennepetal as well as Martina Bössow / Dubai (UAE), heirs of Anja Bremi, Ulrich Bremi / Zollikon, Balz Dubs / Zurich, Karina Dubs-Kuenzle / Zurich, Kevin Dubs / Zurich, Linus Dubs / Zurich, Anja Flückiger / Forch, Christian Forrer / Bern, Karin Forrer / Muri, Anna Katharina Kuenzle / Thalwil, Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Worb, Andrea Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2) Including related parties

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

2.6 Treasury shares

| | 30.06.2018 in CHF million | 30.06.2018 Number | 30.06.2017 in CHF million | 30.06.2017 Number |
|--|------------------------------|----------------------|------------------------------|----------------------|
| Treasury shares at the beginning of the period | 1.0 | 1,260 | 2.8 | 4,063 |
| Purchased/revalued/sold | -0.8 | -910 | -1.7 | -2,803 |
| Treasury shares at the end of the period | 0.2 | 350 | 1.0 | 1,260 |
| Treasury shares held in other group entities | 8.7 | 12,433 | 17.6 | 21,178 |
| Total Treasury shares at the end of the period | 8.9 | 12,783 | 18.7 | 22,438 |

3. Information on the income statement

3.1 Dividend income

The dividend income for the year was CHF 63.3 million (previous year: CHF 32.8 million).

3.2 Financial income

The financial income came primarily from interest income on the loans granted to Group companies as well as guarantee fees in relation to the bonds issued by dormakaba Finance AG.

3.3 Financial expenses

The financial expenses primarily are related to guarantee fees paid to dormakaba Holding GmbH & Co. KGaA to guarantee on the bond issued by dormakaba Finance AG.

3.4 Other operating expenses

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

3.5 Direct taxes

Direct taxes are comprised of capital taxes and for the prior year also income taxes.

4. Other information

4.1 General information

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

The company is listed on the Swiss Stock Exchange (SIX).

4.2 Full-time equivalents

As of 30 June 2018, dormakaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

| in CHF million | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|----------------|---------------------------------------|---------------------------------------|
| Guarantees | 693.7 | 0.0 |
| Of which used | 0.0 | 0.0 |

The guarantees disclosed relates to the guarantee to the bond holders 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 for VAT purposes as one single entity (Group taxation article 15 Swiss VAT law). If one company is unable to meet its payment obligations to the taxation authorities, the other Group companies within the tax group are jointly and severally liable.

5. Conditional and authorized capital

| | 30.06.2018 CHF 0.10 par value | 30.06.2018 Number | 30.06.2017 CHF 0.10 par value | 30.06.2017 Number |
|--|-------------------------------------|----------------------|-------------------------------------|----------------------|
| Conditional capital at the end of the period | 42,438 | 424,384 | 42,938 | 429,384 |
| Authorized capital at the end of the period | 42,000 | 420,000 | 41,900 | 419,000 |

Conditional capital of CHF 36,000 (CHF 36,000 in the prior year) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,438.40 (CHF 6,938.40 in the prior year) for shares or share options to associates and members of the Board of Directors of which CHF 0 (CHF 0 in the prior year) were exercised in financial year 2017/18.

The authorized capital at year-end amounts to CHF 42,000 (CHF 41,900 in the prior year).

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

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

| | Financial year ended 30.06.2018 | Financial year ended 30.06.2017 |
|------------------------------------|---------------------------------------|---------------------------------------|
| | Number of shares | Number of shares |
| Board of Directors | | |
| Brecht-Bergen Stephanie | 189,958 | 189,868 |
| Chiu Elton SK | 773 | 683 |
| Daeniker Daniel | 1,424 | 1,305 |
| Dörig Rolf | 2,363 | 2,153 |
| Dubs-Kuenzle Karina | 99,483 | 84,861 |
| Graf Ulrich | 6,148 | 6,476 |
| Gummert Hans | 479 | 198 |
| Heppner John | 626 | 510 |
| Hess Hans | 1,360 | 1,270 |
| Mankel Christine | 190,005 | 189,868 |
| Total Board of Directors | 492,619 | 477,192 |
| Executive Committee | | |
| Berninger Alwin | - | |
| Brinker Bernd | 550 | 250 |
| Cadonau Riet | 4,330 | 3,930 |
| Gaspari Roberto | 2,576 | 2,238 |
| Häberli Andreas | 1,505 | 1,185 |
| Jacob Christoph | 132 | 72 |
| Kincaid Michael | 1,012 | 714 |
| Lee Jim-Heng | 1,396 | 1,146 |
| Lichtenberg Jörg | 318 | 167 |
| Malacarne Beat | 867 | 1,425 |
| Sichelschmidt Dieter ¹⁾ | | 150 |
| Zocca Stefano | 1,494 | 1,251 |
| Total Executive Committee | 14,180 | 12,528 |

¹⁾ Member of the Executive Committee until the 31 December 2017

7. Events after the balance sheet date

dormakaba has reached an agreement on the sale of its indirect 40% shareholding in ISEO to the Facchinetti family, who already owns the remaining 60% in the company. Closing of the divestment contract is expected to take place by fall 2018.

Appropriation of balance sheet profits

Proposal for appropriation of available retained earnings as at 30 June 2018

| in CHF million | 2018 | 2017 |
|--|--------------------|--------------|
| Unappropriated retained earnings at the beginning of the period | 301.9 | 288.2 |
| Allocation from/to reserves for own shares | 9.0 | -17.6 |
| Net profit for the period | 61.1 | 31.3 |
| Unappropriated retained earnings at the end of the period | 372.0 | 301.9 |
| Allocation from reserve from capital contribution | 63.0 ¹⁾ | 58.8 |
| Total at the Annual General Meeting's disposal | 435.0 | 360.7 |

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

The Board of Directors will propose the following appropriation of balance sheet profits to the shareholders at the Annual General Meeting of 23 October 2018: distribution from reserve from capital contribution of CHF 63,000,390 (CHF 58,800,364 in the prior year) on the share capital of CHF 420,002 (CHF 420,002 in the prior year), no contribution to other reserves (CHF 0 in the prior year).

Proposal for the distribution to the shareholders

| in CHF million | Proposal to the Annual General Meeting 2018 | Proposal to the Annual General Meeting 2017 |
|--|---|---|
| Proposed distribution from reserve from capital contribution | 63.0 ²⁾ | 58.8 |
| To be carried forward | 372.0 | 301.9 |
| Total at the Annual General Meeting's disposal | 435.0 | 360.7 |

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

After approval of this proposal by the Annual General Meeting the distribution from reserve of capital contribution will be paid out on 29 October 2018 as follows according to instructions received: CHF 15.00 (CHF 14.00 in the prior year) gross per listed registered share at CHF 0.10 par value.