Overview

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

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

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

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

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

Sales

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

Profitability

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

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

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

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

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

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

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

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

Performance of Regions and Key & Wall Solutions

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

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

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

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

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

Financial result, profit before taxes, and income taxes

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

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

Net profit

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

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

Cash flow and balance sheet

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

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

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

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

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

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

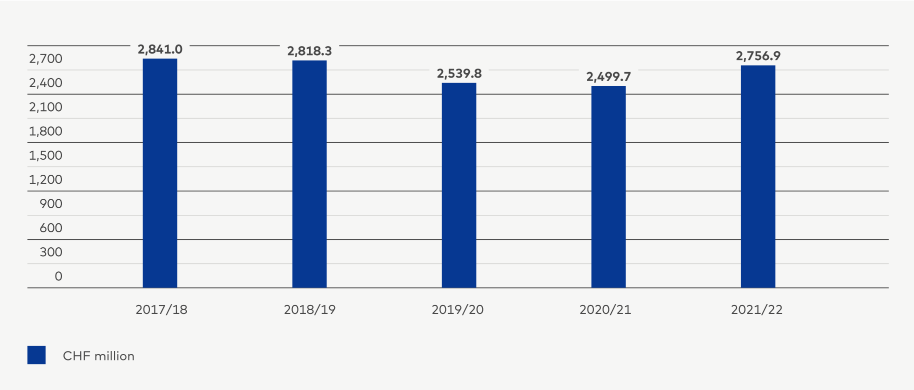
The financial debt profile will be reviewed for diversification potential in the near future both in terms of maturities and instruments. Net financial debt increased by CHF 199.3 million to CHF 708.1 million as of 30 June 2022 (previous year: CHF 508.8 million). Financial leverage, defined as net debt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

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

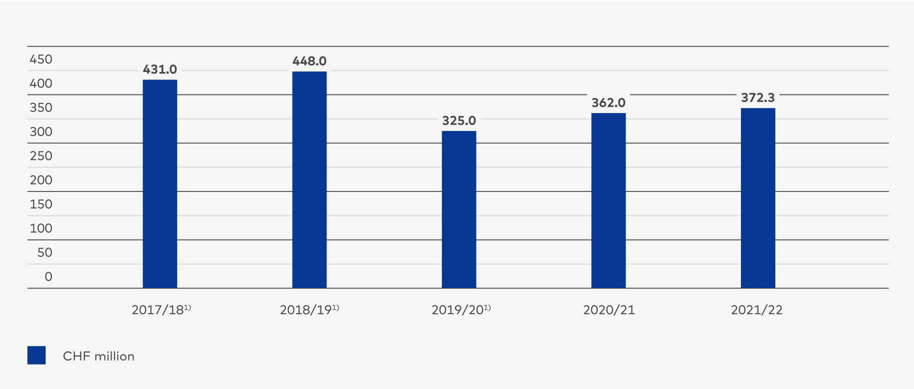
Currency effects

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

Sales

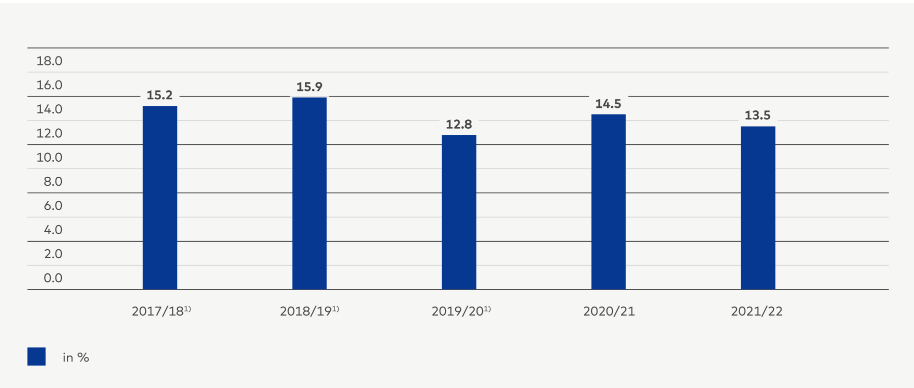


Adjusted EBITDA



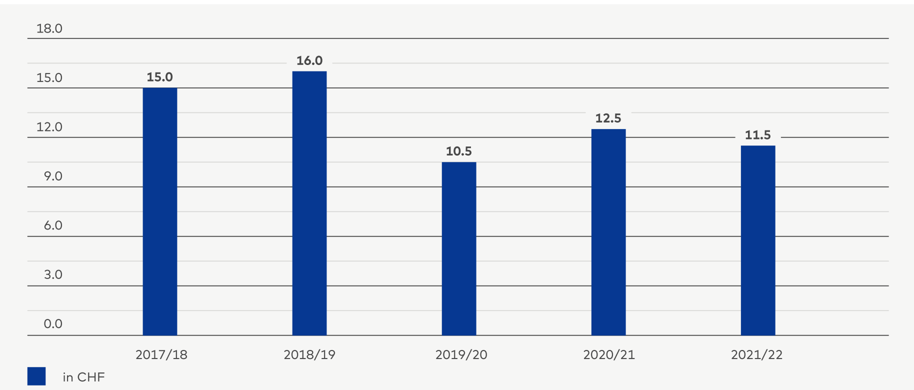
1) In 2017/18, 2018/19, and 2019/20: EBITDA is not adjusted.

Adjusted EBITDA margin



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

Dividend per share

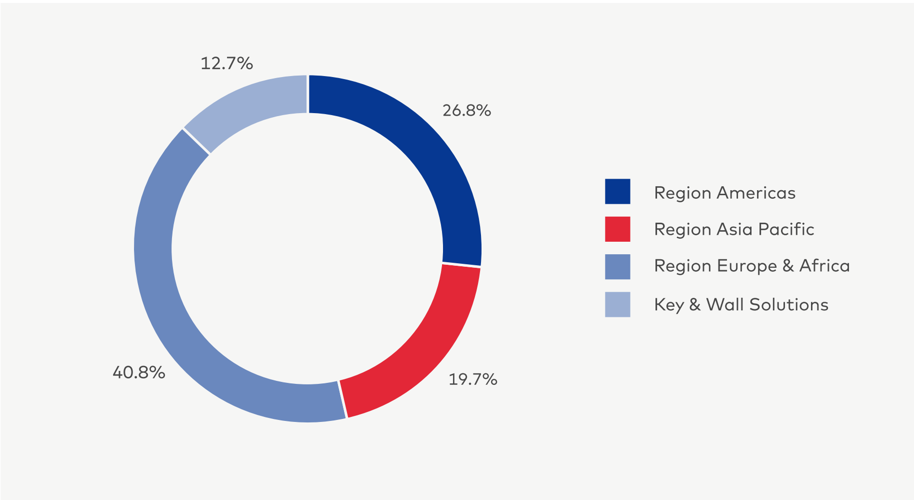


Key figures

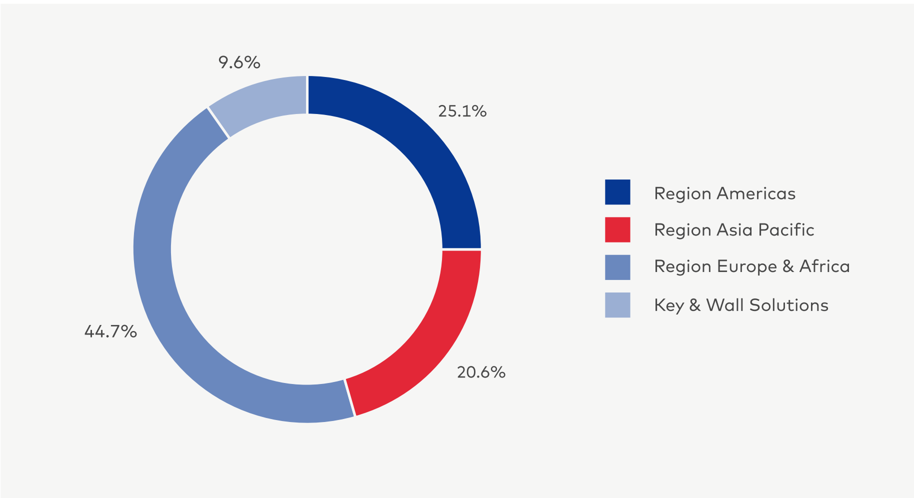
CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Net sales	**2,756.9**		**2,499.7**	
Change in sales	257.2	10.3	–40.1	–1.6
Of which translation exchange difference	–3.0	–0.1	–76.6	–3.0
Of which acquisition impact	90.4	3.6	16.6	0.7
Of which divestment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

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

Third-party sales by segments



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



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