Group Management Report

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

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

Dear Shareholders,

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

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

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

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

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

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

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

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

Financial Performance

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

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

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

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

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

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

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

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

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

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

Cash flow and net profit

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

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

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

Sustainability progress

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

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

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

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

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

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

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

Annual General Meeting on 11 October 2022

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

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

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

Business outlook

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

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

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

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

Thanks

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

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

Yours sincerely,

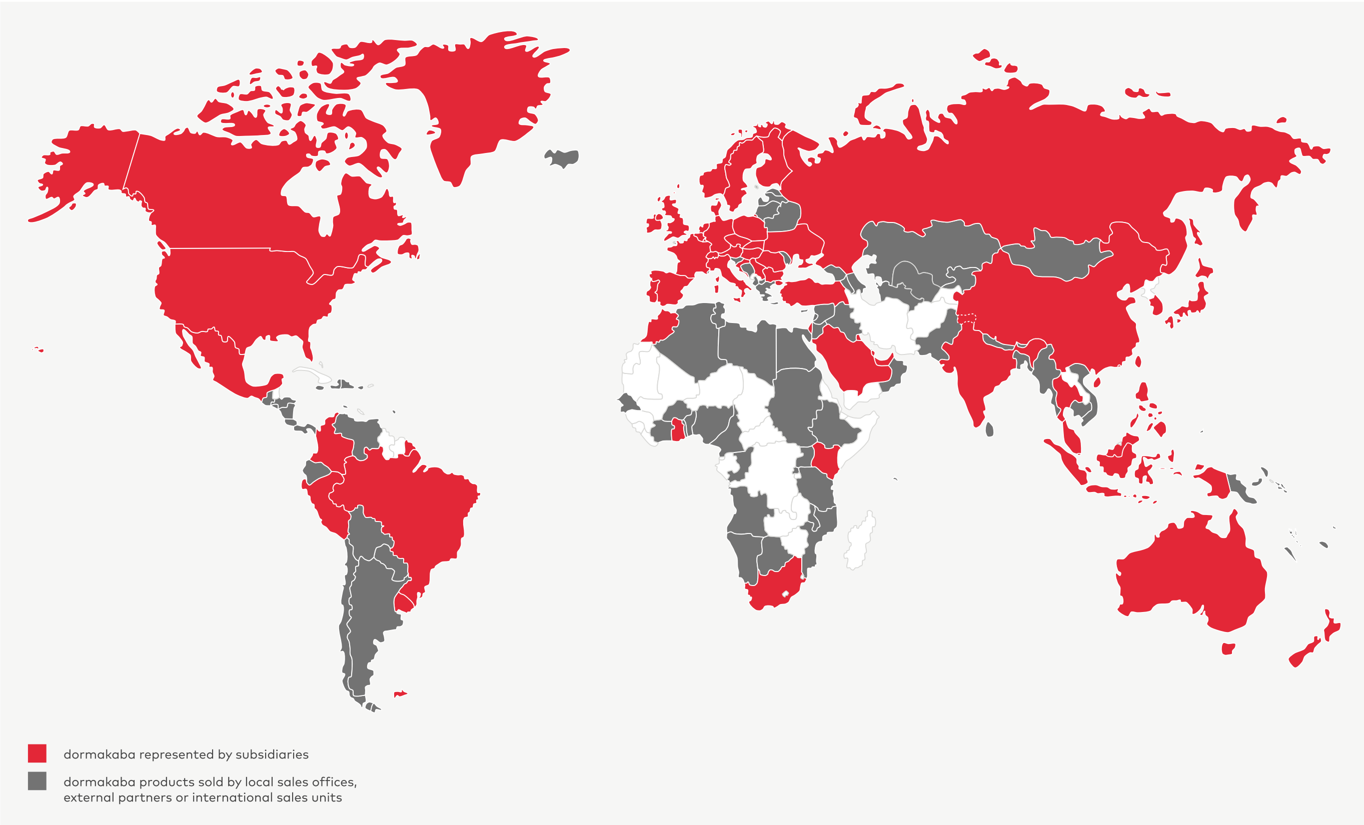
Riet Cadonau
Chairman

Jim Heng Lee
CEO

2021/22 in brief

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

dormakaba worldwide



Region Americas

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

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

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

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

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

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

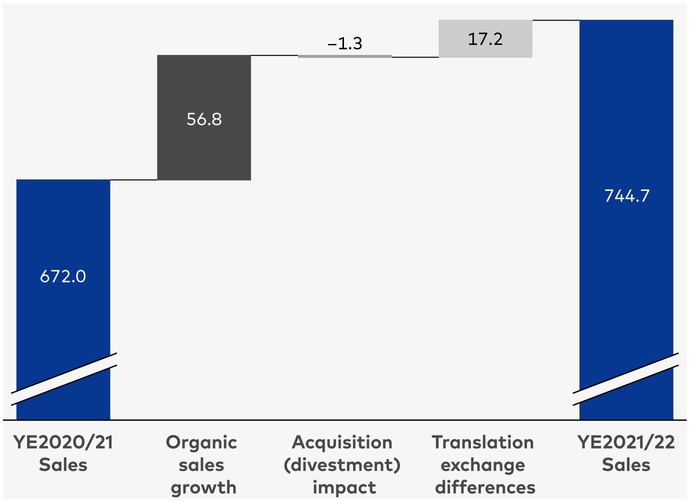
However, visibility continues to be limited due to the continued electronics supply chain constraints, inflationary pressure, and the impact of a potential deterioration in the macroeconomic environment. The Region will continue to increase sales prices to strive to offset higher raw material, freight,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

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

Key figures - Region Americas

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

Sales (CHF million) - Region Americas



Region Asia Pacific

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

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

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

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

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

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

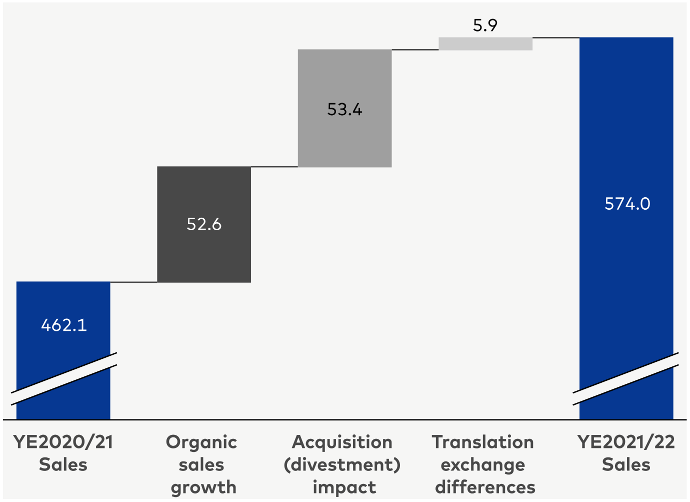
Asia Pacific will continue to increase sales prices where necessary to offset cost inflation. Organic growth will be bolstered by a good project pipeline in the commercial, healthcare, government, residential, and hospitality sectors.

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

Key figures - Region Asia Pacific

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

Sales (CHF million) - Region Asia Pacific



Region Europe & Africa

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

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

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

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

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

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

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

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

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

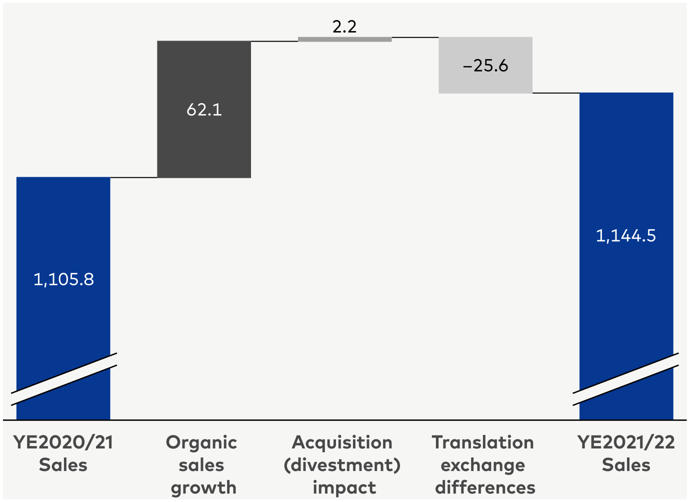
As part of pricing excellence, there will be a particular focus on continued sales price realization to strive to compensate for higher raw material, energy, labor, and freight costs.

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

Key figures - Region Europe & Africa

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

Sales (CHF million) - Region Europe & Africa



Key & Wall Solutions

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

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

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

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

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

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

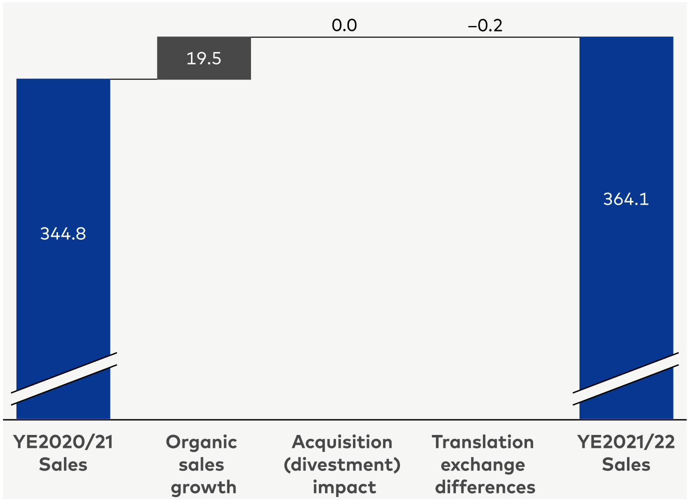
Assuming no further major disruptions related to Covid-19 and no further deterioration of the supply chain, Key & Wall Solutions expects continued organic sales growth in 2022/23 based on a good order intake and backlog. The order book of Movable Walls in particular is promising, with the order backlog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

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

Key figures - Key & Wall Solutions

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

Sales (CHF million) - Key & Wall Solutions



Overview

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

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

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

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

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

Sales

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

Profitability

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

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

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

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

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

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

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

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

Performance of Regions and Key & Wall Solutions

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

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

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

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

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

Financial result, profit before taxes, and income taxes

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

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

Net profit

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

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

Cash flow and balance sheet

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

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

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

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

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

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

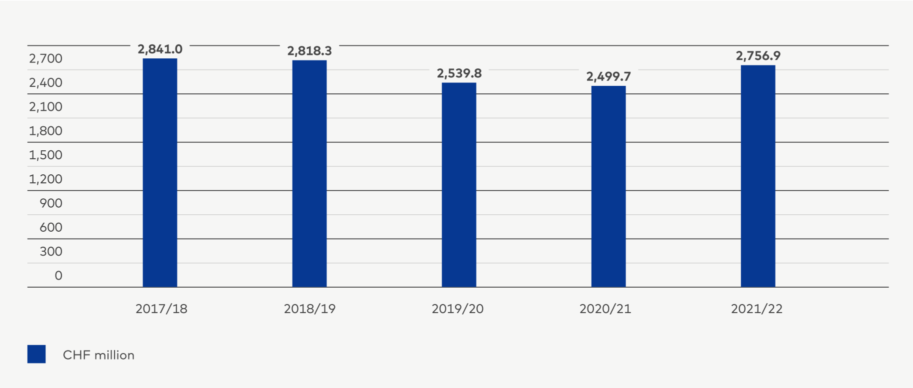
The financial debt profile will be reviewed for diversification potential in the near future both in terms of maturities and instruments. Net financial debt increased by CHF 199.3 million to CHF 708.1 million as of 30 June 2022 (previous year: CHF 508.8 million). Financial leverage, defined as net debt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

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

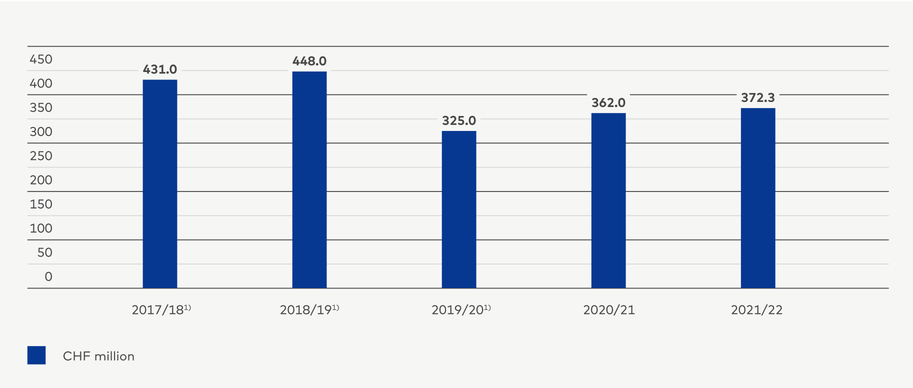
Currency effects

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

Sales

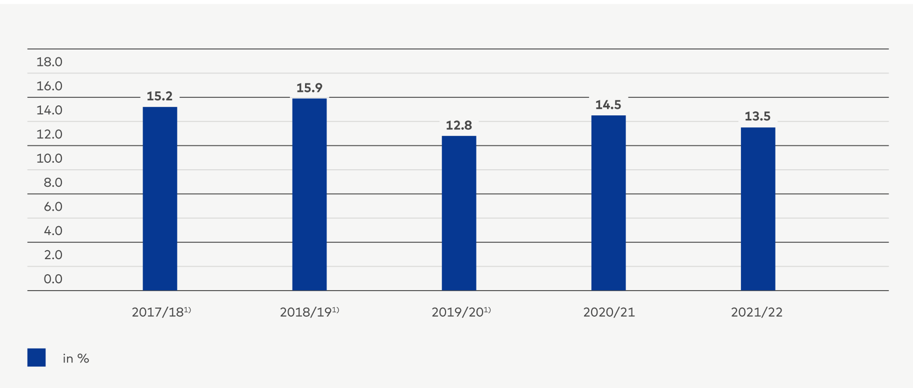


Adjusted EBITDA



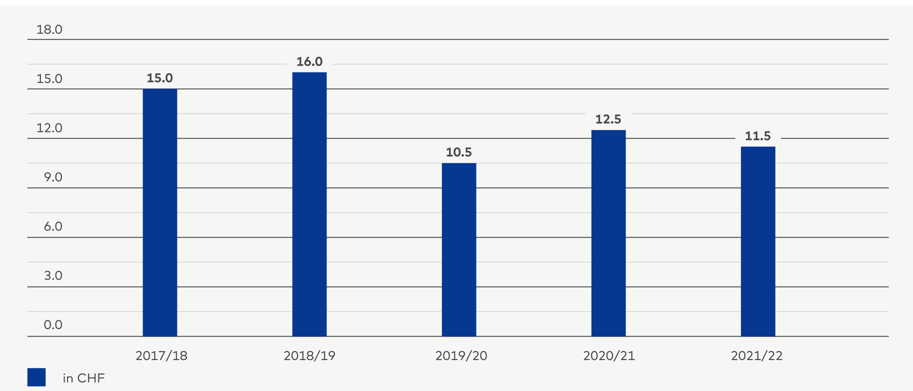
1) In 2017/18, 2018/19, and 2019/20: EBITDA is not adjusted.

Adjusted EBITDA margin



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

Dividend per share

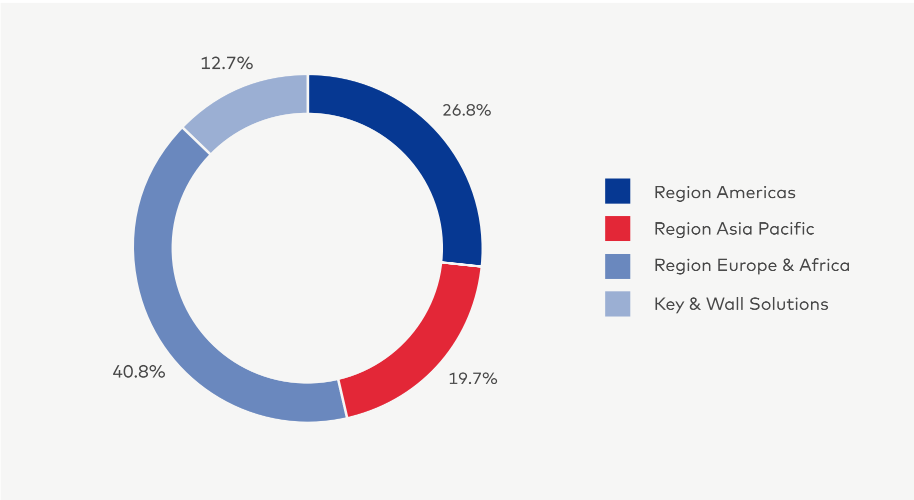


Key figures

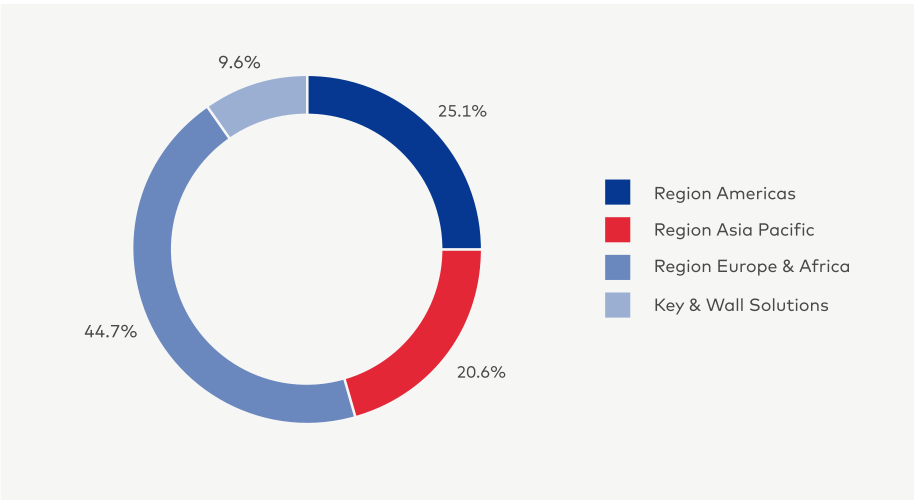
CHF million, except where indicated	Financial year ended 30.06.2022	%	Financial year ended 30.06.2021	%
Net sales	**2,756.9**		**2,499.7**	
Change in sales	257.2	10.3	–40.1	–1.6
Of which translation exchange difference	–3.0	–0.1	–76.6	–3.0
Of which acquisition impact	90.4	3.6	16.6	0.7
Of which divestment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

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

Third-party sales by segments



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



Fundamental information about dormakaba

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

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

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

Business model

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

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

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

Goals and strategies

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

Main Strategy & Portfolio focus

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

Key enablers to strengthen the Core

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

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

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

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

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

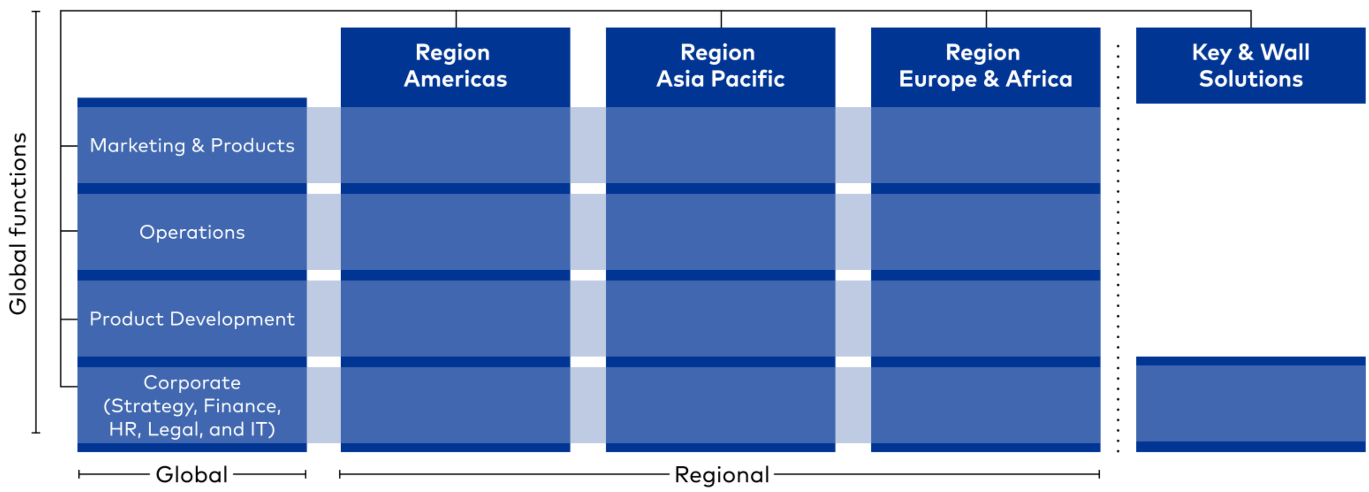
The broad business goals of the Shape4Growth strategy include enhancing growth potential by driving innovation and quality, expanding services businesses, and maintaining or achieving a top-three leadership position in all core countries.

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

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

Operating Model

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



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

Internal management system

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

Compensation system for BoD and EC

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

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

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

Sustainability reporting

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

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

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

Research and development

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

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

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

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

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

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

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

Digital Services

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

Access Automation Solutions

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

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

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

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

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

Macroeconomic and sector-specific conditions

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

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

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

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

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

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

Non-financial performance indicators

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

Customers and products

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

Net Promoter Score

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

Innovation Power:Market Success of New Products

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

Human resources

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

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

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

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

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

Compliance and Human Rights

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

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

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

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

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

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

Environment

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

Supply chain

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

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

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

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

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

Opportunity and risk report

Opportunities

Opportunities from market trends

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

Opportunities from industry consolidation

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

Opportunities from market position

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

Opportunities from the "dormakaba" brand

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

Risk policy, risk management, and risks at dormakaba

Risk policy

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

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

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

Risk management

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

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

a) Internal Control System based on Group accounting

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

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

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

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

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

b) Risk management system

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

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

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

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

Risks faced by dormakaba

a) Risks arising from business transactions

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

b) Opportunities and risks arising from the business model

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

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

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

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

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

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

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

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

c) Personnel risks

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

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

d) IT risks

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

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

e) Legal and tax risks

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

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

f) Compliance risks

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

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

This mission is based on the following strategic goals:

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

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

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

g) Financial risks

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

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

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

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

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

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

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

Assessment of overall risk and opportunity situation

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

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

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

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

Future prospects (forward-looking report)

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

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

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

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

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

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

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

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

Outlook for the financial year 2022/23

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

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

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

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

Capital structure

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