Annual Report

Financial Year 2022/23
dormakaba Holding AG

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Annual Report 22/23

Group Management Report

Strong organic growth driven by price and continued sequential improvements


Svein Richard Brandtzæg (Chairman) and Jim-Heng Lee (CEO)

Dear Shareholders,

I am pleased to address you for the first time as Chairman of the Board of dormakaba and report to you, together with our CEO, on the progress and results of our company for the financial year 2022/23.

This year was marked by some important milestones. First and foremost, we achieved our short-term goals, improving sequentially over the course of the past two half-years. Second, we have made some significant moves to ensure the successful implementation of our Shape4Growth (S4G) strategy to attain our mid-term strategic and financial targets. Streamlining our organizational setup, we are sharpening our focus on key markets and core businesses and further simplifying our processes to improve operational efficiency. Furthermore, we have announced a transformation program designed to make the company more agile, customer-focused, and profitable to make sure that we are able to compete for top positions and deliver strong, reliable financial performance going forward.

dormakaba achieved strong organic sales growth of 8.4%, with an 3.4% absolute rise in adjusted EBITDA and a stable adjusted EBITDA margin of 13.5% in the financial year 2022/23. This result was in line with our guidance and was supported by a stronger and robust second half-year performance and improvement in all sales regions.

Price realization, strict cost management, procurement optimization, and stable volume growth, particularly in the US commercial market, all contributed to the positive development. External headwinds – including cost inflation in Europe, high attrition in the US, and de-stocking along the construction industry supply chain – affected profitability and inhibited even higher organic growth. The company's cash flow position improved significantly, thanks to effective reduction of working capital in both receivables management and in manufacturing inventories.

Adjusted EBITDA rose to CHF 384.8 million (previous year: CHF 372.3 million) and the adjusted EBITDA margin was 13.5% (previous year: 13.5%). These figures reflect the year's strong price realizations and improvements in operational efficiency, partially offset by a negative product mix and increased functional costs, mainly relating to strategic investments in growth and profitability initiatives. Stronger performance in the second half of the financial year helped to overcome these headwinds.

Continued investment in digitalization and related product innovation has positioned dormakaba well to provide its customers with effective solutions to their fast-evolving needs for safe, secure, and sustainable buildings. The financial year 2022/23 saw a wide array of new product launches around the globe, many of which were showcased and awarded at the two leading Trade Fairs in our industry, ICS West 2023 in Las Vegas, and Bau 2023 in Munich.

Throughout the financial year 2022/23, dormakaba continued the execution of its S4G strategy. The new operating model implemented during the previous financial year was further refined in March 2023 by the announcement of a streamlined organizational setup, reducing the number of the Executive Committee members from nine to six to simplify and improve the speed of processes and thus, further benefit customer-centricity. The company introduced two new roles to strengthen its commercial and innovation capabilities: a Chief Commercial Officer (CCO) and a Chief Innovation Officer (CIO). Under the lead of the new CCO, dormakaba will intensify its emphasis on core markets where it holds strong competitive positions and optimize its go-to-market approach. The introduction of a CIO role allows dormakaba to focus all global engineering capabilities and R&D efforts under one lead, working with one global strategy and roadmap to serve customers with an improved time-to-market. The leadership team was further strengthened by welcoming Christina Johansson as new Chief Financial Officer (CFO).

With this focused and leaner set-up, we are confident that the S4G transformation program communicated in early July 2023 will succeed. The program represents an important step to achieve better profitability and sustainable volume growth. Among other goals it aims to further consolidate the global production footprint, to reduce the supplier base and to improve sourcing capabilities, as well as to optimize the setup of general administration functions such as Finance and Human Resources by leveraging shared service centers. The program is projected to deliver combined cost savings of a yearly run-rate improvement of up to CHF 170 million by the end of 2025/26, enabling us to free up capacity for further investments in growth and innovation. At the same time, the program comes with an estimated net reduction of approximately 800 full-time equivalent positions worldwide. All the organizational changes will come into effect step-by-step starting in 2023/24 once negotiations with the respective workers' representatives have been completed in a socially responsible manner.

Financial performance

dormakaba's net sales rose by 3.3% to CHF 2,848.8 million in the financial year 2022/23 (previous year: CHF 2,756.9 million). Organic sales growth contributed 8.4% (of which 6.9% relates to pricing) to the overall increase. The impact on sales growth from acquisitions and divestments was –0.5%, and currency translation effects were –4.0%.

Adjusted EBITDA increased by 3.4% to CHF 384.8 million (previous year: CHF 372.3 million). The adjusted EBITDA margin was 13.5% (previous year: 13.5%). Positive contributions to margins from strong price realizations and increased operational efficiency were partly offset by a negative product mix, higher functional costs from strategic investments in growth and profitability, customer inventory destocking, the residual impact of inflation on freight, labor, and energy costs, and adverse currency exchange effects.

Items affecting comparability totaled CHF –59.0 million at the EBITDA level (previous year: CHF –30.3 million). These costs principally relate to the organizational transformation program (CHF 42.4 million) and IT optimization (CHF 14.1 million).

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

dormakaba saw solid demand in most of its markets during the financial year 2022/23, with satisfactory order intakes and backlogs. All business segments made positive contributions to organic growth.

Organic sales in Region Americas rose by 10.5% to CHF 781.8 million, driven by higher sales prices, steady US commercial construction activity, and robust growth in multi-housing. Adjusted EBITDA increased to CHF 145.7 million (previous year: CHF 130.2 million), while the adjusted EBITDA margin improved to 18.6% (previous year: 17.5%). Price realization compensated for inflationary pressures; dormakaba also realized efficiencies in the sales process, reaping benefits from an internal reorganization executed earlier in the financial year.

Organic sales in Region Asia Pacific rose by 2.2% and stood at CHF 572.2 million year-on-year, mainly influenced by the lack of recovery in the Chinese market and a decrease of orders in the OEM business in H2. Adjusted EBITDA declined to CHF 92.6 million (previous year: CHF 101.2 million), with an adjusted EBITDA margin of 16.2% (previous year: 17.6%) mainly driven by lower plant outputs.

Organic sales for Region Europe & Africa grew by 8.0% to CHF 1,166.5 million year-on-year, driven by strong price increases and volume growth. Adjusted EBITDA decreased to CHF 219.8 million (previous year: CHF 232.6 million), which represents an adjusted EBITDA margin of 18.8% (previous year: 20.3%). The reduced margin resulted from a lower global demand for door hardware that led to a decrease in plant outputs.

Organic sales in Key & Wall Solutions grew by 12.1% to CHF 395.0 million year-on-year. Adjusted EBITDA margin substantially improved and concluded at 18.0% (previous year: 13.8%). This increase was mainly driven by a strong growth of profitable sales in the US market where Business Unit Movable Walls was able to leverage the situation of a changed competitive landscape. Simultaneously, Business Unit Key Systems was able to increase adjusted EBITDA margin by offsetting inflationary pressure with strong price realization.

Cash flow and net profit

Cash flow from operations increased to CHF 363.4 million (previous year: CHF 188.4 million). The operating cash flow margin (net cash flow from operating activities as a percentage of sales) increased to 10.1% (previous year: 4.6%) mainly due to tightly managed – and therefore decreasing net working capital. Free cash flow recovered from CHF –31.6 million to CHF 176.6 million.

dormakaba closed the financial year 2022/23 with a net profit of CHF 88.5 million (previous year: CHF 38.8 million). The net profit figure for the current year reflects a negative impact of CHF 59.5 million from goodwill amortization. dormakaba decided to fully apply the revised Swiss GAAP FER standard (FER30) starting in financial year 2022/23. This led to a change in regarding the standard's accounting policy choice for goodwill accounting to increase transparency and improved comparability regarding acquired businesses. Goodwill is now being capitalized and amortized in the income statement.

The Board will propose to the 2023 Annual General Meeting (AGM) that a dividend of CHF 9.50 per share be paid out for the financial year 2022/23 (previous year: CHF 11.50). This corresponds to a payout ratio of 51.9%, taking into account the costs related to organizational transformation but excluding the effects of the revised goodwill accounting described above.

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Sustainability progress

dormakaba is committed to an industry-leading sustainability framework as part of its S4G strategy, with over 30 ambitious ESG targets. The financial year 2022/23 saw positive performance in several key indicators.

dormakaba's sustainability innovations included a sensor-controlled automatic door system that significantly improves a building's energy balance, reduces costs, and ensures greater user safety. A new Door Efficiency Calculator lets customers include sustainability factors when choosing suitable automatic doors for their buildings. These innovations received a highly positive reception at the BAU 2023 trade fair. Integrating a comprehensive list of sustainability criteria in their design phase met dormakaba's 2023 target for all new product development and optimization to comply with its circularity policy.

dormakaba achieved its annual target to reduce its Scope 1+2 carbon emissions by 4,004 tCO2 in line with the IPCC's global <1.5°C pathway. Since January 2023, the company's Chennai (India) manufacturing facility has operated 440 solar panels with a capacity of 240 kilowatts peak (kWp), providing enough on-site solar energy to cover 100% of its electricity needs – just a part of dormakaba's 50% overall increase in on-site solar energy generation.

dormakaba is well-positioned to respond to the new requirements of rapidly evolving global sustainability regulations. The EU Corporate Sustainability Reporting Directive, the German Supply Chain Due Diligence Act, and mandatory requirements to apply recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) in various jurisdictions are just some of the factors changing the way companies do business. As a first step in alignment with the TCFD, dormakaba has made public its climate transition plan in the Sustainability Report 2022/23.

Changes in the Board of Directors (BoD)

As of 1 May 2023, Svein Richard Brandtzæg took over as Chairman from Riet Cadonau, who left the Board at end of April. At the same time Thomas Aebischer assumed the role of Vice-Chair. Board member Daniel Daeniker will step down as of the AGM on 5 October 2023. All other members will stand for re-election for another one-year term of office, ending the next AGM. The BoD and the Executive Committee (EC) are highly appreciative of the very valuable contributions Daniel Daeniker has made to the development of dormakaba during his tenure. We wish him all the best for his future endeavors.

The Board of Directors intends to propose Ines Pöschel (55) and Till Reuter (55) for election as new members at the upcoming AGM. Further information on the proposed new Board members can be found at dk.world/news. Through the changes that have taken place since the last AGM in 2022, the position of the Chair as well as the positions of all committee Chairs are assigned to independent and non-executive Board members.

Further, the company proposes to increase the quota of women at the BoD by an additional 10% with these nominations. Based on a long-term proactive succession planning process with sustainable renewal of experienced Board members, dormakaba intends to further increase this quota in the future.

Business outlook

The current business environment remains strongly characterized by uncertainties and a lack of visibility. Geopolitical risks continued to be on a high level, particularly in Asia and Europe (especially from the war in Ukraine). Further increasing interest rates in the fight on inflation might continue to slow down general economic growth including new construction activities.

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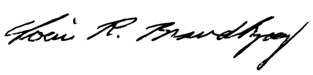
Based on a healthy order intake and orderbook at the end of 2022/23, dormakaba however expects to continually improve sales on year-on-year basis. For 2023/24, the company expects organic growth to be in line with its 3–5% mid-term guidance and profitability with a sequential improvement above 2022/23 performance.

We remain focused on the rigorous execution of the Shape4Growth transformation which includes both growth and cost management measures such as pricing, expense management through footprint optimization and organizational efficiency.

Thanks

We and the other members of the Board of Directors and the Executive Committee want to take this opportunity to express our appreciation for the commitment and dedication of our employees to the call to transform our company. We are aware that these are challenging times for a significant number of our employees and are all the more appreciative of their continued high level of engagement and contributions. A warm-hearted "thank you" to all colleagues for your resilience and time invested to make our joint vision a reality. We are deeply grateful to our customers, whose needs are at the center of all that we do and whose loyalty is key to our success. And we renew our warmest thanks to our shareholders for their continued trust in the potential of our company to accelerate sustainable and profitable growth.

Yours sincerely,



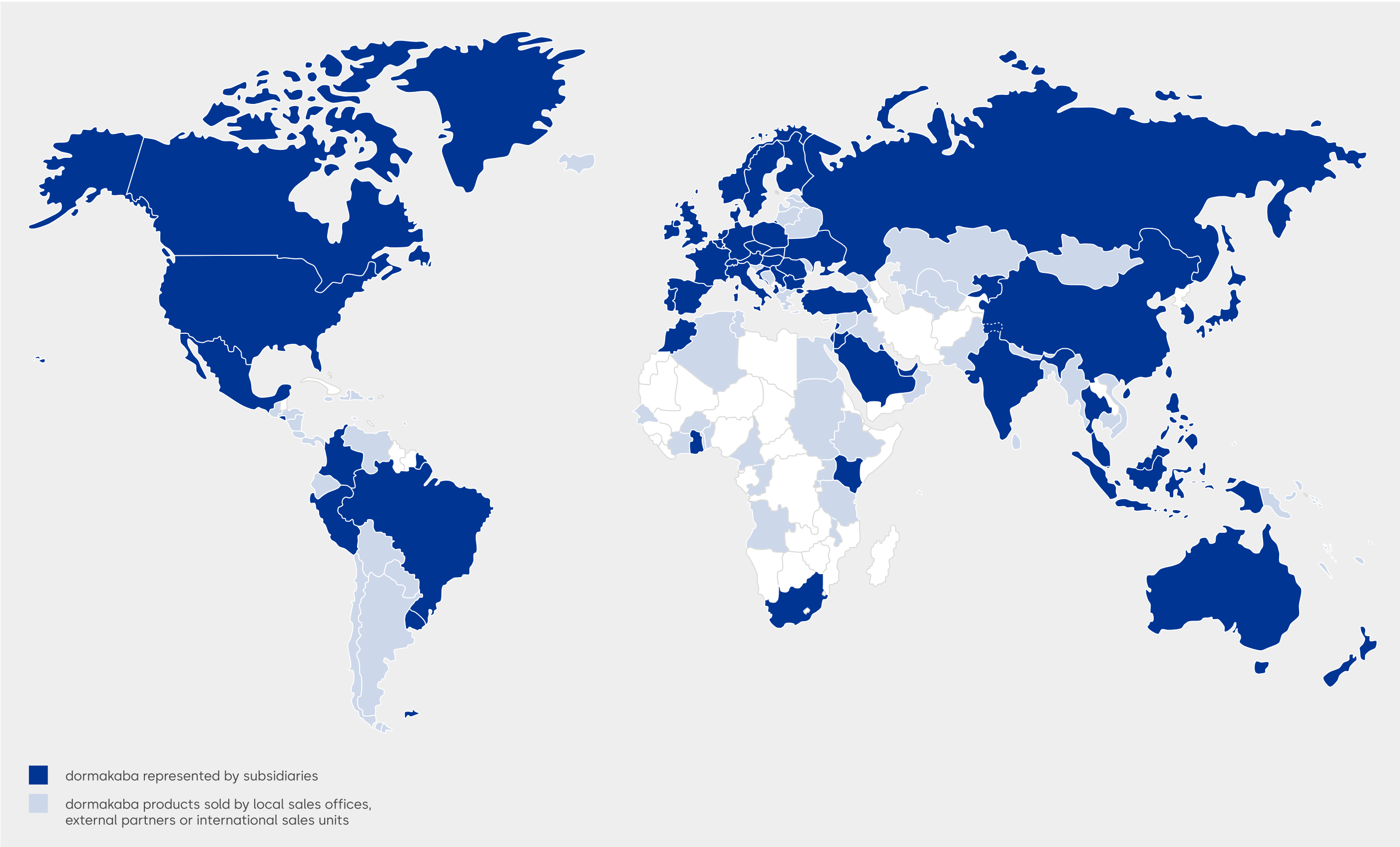
Svein Richard Brandtzæg
Chairman

Jim Heng Lee
CEO

2022/23 in brief

- Net sales of CHF 2,848.8 million, growth of 3.3%
- Organic sales growth of 8.4%
- Adjusted EBITDA increased by 3.4% to CHF 384.8 million with an adjusted EBITDA margin of 13.5%
- Net profit of CHF 88.5 million
- Operating cash flow margin increased to 10.1%
- Dividend proposal of CHF 9.50 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 operating model valid until and including 30 June 2023.

Region Americas achieved total sales of CHF 781.8 million in the financial year 2022/23 (previous year: CHF 744.7 million). Organic sales growth was a strong 10.5%, with accelerated growth in the second half. Pricing contributed 7.8% to sales growth, offsetting inflationary pressure. The increase was driven by double-digit growth in the US, which benefited from a catch-up in price realization and strong volume growth contributions, notably from vertical markets for electronic airport, multi-housing, and hospitality security solutions.

All Product Clusters contributed to the top-line development except for Door Closers (excluding recently launched innovations such as the EHD9000). The Lodging business experienced strong growth across retrofit projects in hospitality and new construction installations in multi-housing, where dormakaba gained market share. Despite a decline in the crypto-currency ATM market, the Safe Locks business contributed strongly to the Region's overall growth. While the supply chain normalized and freight issues abated, the operating environment remained challenging due to labor availability challenges in the US. Electronic Access & Data recovered from the impact of historic scarcity of electronic components over the past few years, and now enjoys more normal supply conditions.

In the financial year 2022/23 dormakaba launched three major innovations in the Americas, supporting its focus on core product offerings:

- The Lyazon multifamily housing access integration platform, enabling API-based interoperability between the leading property technology offerings and dormakaba's Saffire multifamily housing system
- The BEST EHD9000 door closer: dormakaba's global door closer body platform in a region-specific housing with market leading features for installation ease, and exceptional product durability
- The Alvarado Argus V60 optical sensor barrier, enabling physical sensor barrier access control in spaces that were previously un-addressable due to space constraints (e.g., elevator lobbies)

All three new products were featured in the prestigious ISC West innovation showcase, with the EHD9000 and Alvarado Argus V60 winning awards. These innovations contributed to the strong regional result in financial year 2022/23 and set the ground for continued growth of dormakaba's latest market offerings.

Adjusted EBITDA improved to CHF 145.7 million (previous year: CHF 130.2 million) resulting in an adjusted EBITDA margin of 18.6% (previous year: 17.5%). The margin was positively impacted by price realizations which offset inflation, including higher costs for services and personnel. Additionally, dormakaba realized efficiencies in the sales process, thanks to an internal reorganization executed early in the fiscal year which reallocated territory and solution sales resources to improve customer reach and internal processing effectiveness.

As part of its execution of the Shape4Growth strategy, Region Americas increased investment in specification writers, whose number was increased during the year, and tools to support their market success. Total specification writing and specification output per FTE increased significantly in the year.

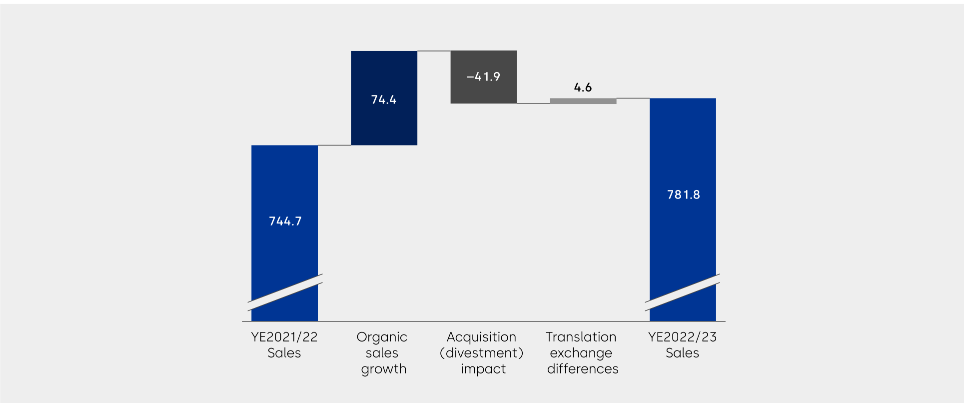
Overall sales showed good volume growth, with the second half of the financial year contributing strongly. The positive effects on margins more than offset inflationary pressures and a one-time inventory cost. Region Americas saw a substantial improvement in profitability in the second half-year of 200 basis points (vs first half-year 2022/23).

Key figures – Region Americas

CHF million, except where indicated	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%	Change on previous year in %
Net sales third parties	772.2		736.8		4.8
Intercompany sales	9.6		7.9		
Total segment sales	**781.8**		**744.7**		**5.0**
Change in segment sales	37.1	5.0	72.7	10.8	
Of which translation exchange differences	4.6	0.6	17.2	2.6	
Of which acquisition impact	0.0	0.0	0.0	0.0	
Of which divestment impact	–41.9	–5.6	–1.3	–0.2	
Of which organic sales growth	**74.4**	**10.5**	**56.8**	**8.3**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**145.7**	**18.6**	**130.2**	**17.5**	**11.9**
Average number of full-time equivalent employees	1,534		1,730		

[1] dormakaba changed the Group internal accounting principles for IT cost allocation. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

Sales (CHF million) – Region Americas



Region Asia Pacific

Region Asia Pacific comprises 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 operating model valid until and including 30 June 2023.

Region Asia Pacific achieved total sales of CHF 572.2 million in the 2022/23 financial year compared to CHF 574.0 million in the previous year. Organic sales growth was CHF 12.1 million, a 2.2% year-on-year increase. Organic growth was secured by good growth in the Pacific market (including growth in the RELBDA business); additionally, airport projects in China and India supported overall sales. The project business in India showed strong sales in the first half of the financial year. The Asian OEM business recorded a decrease in orders in the second half-year, impacting regional sales. Overall, the second half-year was weaker in sales than the very good first half of 2022/23.

All major markets contributed to growth. India, Pacific, and the Middle East continued to post strong double-digit growth. Greater China recorded a substantial decline in sales, still being impacted by post Covid-19 effects. Door Hardware, Entrance Systems, Lodging Systems, and Mechanical Key Systems recorded double-digit growth.

Total adjusted EBITDA decreased to CHF 92.6 million (previous year: CHF 101.2 million), with an adjusted EBITDA margin of 16.2% (previous year: 17.6%). While the region showed good price realization, volumes stagnated. Margins benefited from a slightly better product mix resulting from decreased OEM sales; however, plant outputs in Asia Pacific decreased. This led to a negative impact on EBITDA as costs could not be reduced quickly enough to fully offset the volume drop.

From 1 July 2023 onwards, the OEM business of Wah Yuet (CN) and THLM (TW) will be reported in the Key & Wall Solutions and OEM segment.

Key figures – Region Asia Pacific

CHF million, except where indicated	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%	Change on previous year in %
Net sales third parties	542.5		543.1		–0.1
Intercompany sales	29.7		30.9		
Total segment sales	**572.2**		**574.0**		**–0.3**
Change in segment sales	–1.8	–0.3	111.9	24.2	
Of which translation exchange differences	–26.1	–4.5	5.9	1.3	
Of which acquisition impact	12.2	2.2	55.8	12.0	
Of which divestment impact	0.0	0.0	–2.4	–0.5	
Of which organic sales growth	**12.1**	**2.2**	**52.6**	**11.3**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**92.6**	**16.2**	**101.2**	**17.6**	**–8.5**
Average number of full-time equivalent employees	3,561		3,527		

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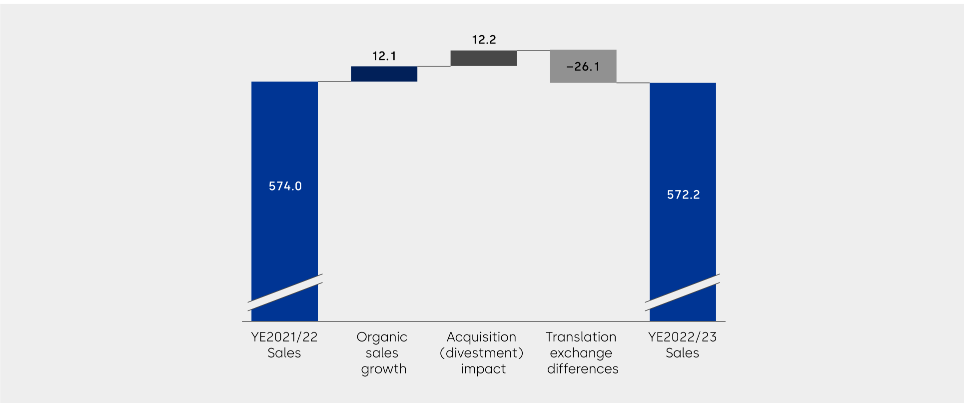
Sales (CHF million) – Region Asia Pacific



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 operating model valid until and including 30 June 2023.

Europe & Africa achieved total sales of CHF 1,166.5 million for the 2022/23 financial year (up 1.9% from CHF 1,144.5 million in 2021/22 financial year). Sales growth was substantially up in the second half of 2022/23, driven equally by volume and pricing. Organic sales growth of 8.0% was driven by a strong price increase realization of 5.6%.

All major markets contributed to the development of organic growth, which was mainly driven by the performances of core markets including Germany with double-digit growth, and Switzerland and UK & Ireland with mid-single-digit growth. Netherlands and Italy also achieved double-digit growth rates. Netherlands benefited from a weaker base in the past financial year.

Sales growth in France and Sub-Sahara Africa was lower, due to a lack of large projects compared to the previous year in addition to partial destocking activities of door closers in France and weaker underlying macro-economic conditions within Sub-Sahara Africa. As a consequence, and in line with dormakaba's Shape4Growth strategy, the legal entity in Kenya is currently in the process of being closed. The market will be served through an export model.

Entrance Systems recorded double-digit growth. Lodging Systems and Mechanical Key Systems also contributed to growth. Door Hardware, in particular door closers, were below prior-year level partially due to destocking in some European channels.

Adjusted EBITDA was CHF 219.8 million, translating to a margin of 18.8% putting it 150 basis points below the 2021/22 financial year. The benefit of overall strong price realization, which offset inflationary pressure and additional cost control measures, could not cover the negative contribution from the plants. This negative impact was mainly driven by a lower global demand for Door Hardware in the financial year 2022/23.

Key figures – Region Europe & Africa

CHF million, except where indicated	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%	Change on previous year in %
Net sales third parties	1,152.5		1,125.7		2.4
Intercompany sales	14.0		18.8		
Total segment sales	**1,166.5**		**1,144.5**		**1.9**
Change in segment sales	22.0	1.9	38.7	3.5	
Of which translation exchange differences	–70.4	–6.1	–25.6	–2.3	
Of which acquisition impact	21.7	2.0	34.6	3.3	
Of which divestment impact	–14.2	–1.2	–32.4	–2.9	
Of which organic sales growth	**84.9**	**8.0**	**62.1**	**5.9**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**219.8**	**18.8**	**232.6**	**20.3**	**–5.5**
Average number of full-time equivalent employees	4,093		3,932		

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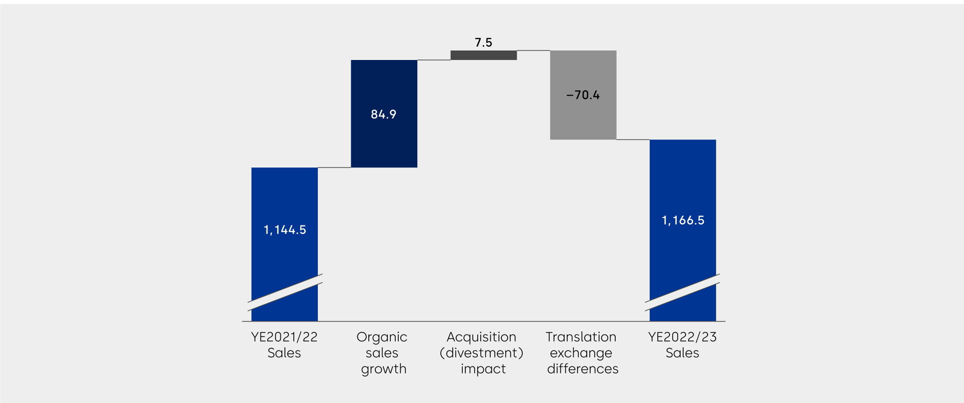
Sales (CHF million) – Region Europe & Africa



Key & Wall Solutions

In the financial year 2022/23, Key & Wall Solutions generated total sales of CHF 395.0 million (previous year: CHF 364.1 million). The segment grew organically by 12.1% for the full year, exceeding the growth rate of the prior year (5.7%).

Both Business Units the Key Systems and Movable Walls recorded good financial performances in the reporting period. Key Systems grew 3.9% organically, showing good demand in the Keys and Automotive Solutions business lines, while Key Cutting Machines recorded lower demand in major markets compared to the financial year 2021/22.

Sales for the Business Unit Movable Walls recorded double-digit growth in the financial year 2022/23. The improvement was mainly driven by a good conversion into sales of a Covid-related project backlog, in addition to strong market share gains in the US and excellent price realization throughout all regions. Consequently, organic growth for the full financial year was 24.0% (previous year: –0.6%).

Adjusted EBITDA for Key & Wall Solutions substantially improved during the year as well, at CHF 71.1 million for the full financial year compared to CHF 50.3 million for 2021/22 (a gain of 41.4%). The adjusted EBITDA margin increased by 420 basis points for the full year 2022/23 to 18.0% (previous year: 13.8%).

The adjusted EBITDA of the Business Unit Key Systems increased to 16.2% (previous year: 15.3%). The Business Unit was able to offset inflationary pressures with higher sale prices.

The adjusted Movable Walls Business Unit EBITDA margin increased significantly due to strong growth in profitable US market sales. The Business Unit was able to leverage the changed competitive landscape. As a result, adjusted EBITDA increased significantly by 860 basis points to 20.2% (previous year: 11.6%).

From 1 July 2023, the Key & Wall Solutions business segment integrated dormakaba's OEM (original equipment manufacturer) production operating under the new name Key & Wall Solutions and OEM. This will allow dormakaba to harvest synergies in the area of OEM manufacturing by leveraging the existing global experience in the Key & Wall Solutions segment stemming from the automotive business line.

Key figures – Key & Wall Solutions

CHF million, except where indicated	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%	Change on previous year in %
Net sales third parties	381.6		351.3		8.6
Intercompany sales	13.4		12.8		
Total segment sales	**395.0**		**364.1**		**8.5**
Change in segment sales	30.9	8.5	19.3	5.6	
Of which translation exchange differences	−11.7	−3.2	−0.2	−0.1	
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	**42.6**	**12.1**	**19.5**	**5.7**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**71.1**	**18.0**	**50.3**	**13.8**	**41.4**
Average number of full-time equivalent employees	1,905		1,918		

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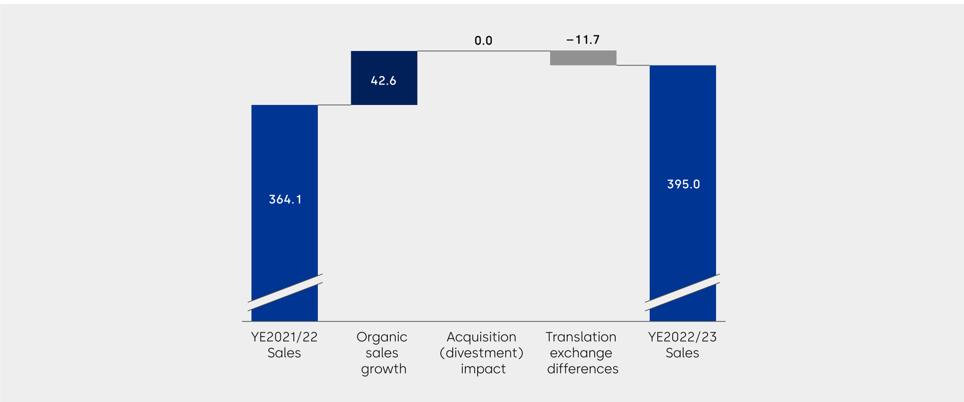
Sales (CHF million) – Key & Wall Solutions



Outlook

Market development and geographies

Despite the level of uncertainty that arose over the course of 2022/23, relating in particular to inflation and the effects stemming from the ongoing war in Ukraine, dormakaba expects macro-economic factors to remain stable for the commercial construction industry.

In the 2023/24 financial year, the company expects continued organic growth in the Americas based on healthy order intake, a strong order book, and continued pricing activities. Growth will be further supported by increased focus on specification, strong project pipelines with major brands, and a beneficial market development in K-12 education, Government, Multi-housing and Hospitality verticals.

For Region Asia Pacific, the company expects moderate growth in the financial year 2023/24. China will eventually emerge from the negative impacts resulting from Covid-19 and related strict policies and is expected to return gradually to normal growth of business. The Pacific market has a strong pipeline and predicts continued growth in healthcare supported by a strong commercial market with refurbishments and repurposing of buildings. India will continue its focus on infrastructure development supported by strong economic growth indicators.

The uncertain economic environment in Europe limits forward visibility. However, the outlook across Europe & Africa remains broadly positive with order intake surpassing sales revenue during the year, resulting in a high single-digit increase of orders at hand. As Germany, Switzerland, and UK & Ireland represent three of the five focus countries, they will benefit from additional initiatives under the transformation program, announced on 3 July 2023, adding to the ongoing initiatives of sales excellence, price realization, and consolidation of smaller countries as well as operational efficiency gains. Talent acquisition remains a significant issue in many European markets which could hinder dormakaba's ability to capitalize on the healthy order book and pipeline.

Key & Wall Solutions and OEM expects continued organic sales growth in 2023/24 based on a good order intake and backlog. The order book of Movable Walls shows a strong backlog in Europe and the Americas, remaining at a record level. Key Systems sees weak demand for Key Cutting Machines which may continue in the foreseeable future. Overall, the segment expects Business Unit Key Systems to remain stable and Business Unit Movable Walls to continue growing.

The company therefore expects that 2023/24 financial year will show organic growth in line with its mid-term target range of 3-5% along with a continuation of the sequential improvement in its adjusted EBITDA margin.

Financial Overview

The annual report 2022/23 incorporates two changes in accounting principles, leading to a restatement of the previous period in comparison to last year's report:

- The revised Swiss GAAP FER "Consolidated Financial Statements" (FER 30) has already been adopted as of financial year 2022/23. The reassessment of accounting policies under the new standard resulted in a change in the accounting policy for goodwill. In order to increase transparency and comparability of acquired companies, goodwill is now capitalized and amortized in the income statement.
- From July 2022, dormakaba simplified its internal IT cost allocation principles in alignment with the Shape4Growth (S4G) corporate strategy. IT costs are now allocated to regions and functions by number of users, as a share of the total costs, increasing transparency in segment performance and the functional cost. In the past, charges to regions and functions were based on consumed services within a catalogue.

For more information, please refer to the "Consolidated Financial Statements Chapter 5.1 Change in accounting principles and restatement of previous period" section of this report.

The financial year 2022/23 was characterized by strong organic growth which was most pronounced in the Regions Americas, and Europe & Africa, and the Key & Wall Solutions segment. Asia Pacific continued to experience the effects of a slower development in China, where Covid-related lockdowns until January 2023 and cash constraints affected the construction industry. While supply chains recovered, inflationary pressure remained high in Europe and the US. Despite these headwinds, dormakaba was able to show a sequential improvement in profitability over the year, especially from the first to the second half of the financial year.

dormakaba increased absolute net sales by 3.3% to CHF 2,848.8 million in 2022/23 (previous year: CHF 2,756.9 million); organic sales increased by CHF 217.4 million, or 8.4% (impact from acquisitions & divestments: -0.5%, translation exchange effects: -4.0%). Absolute adjusted EBITDA increased by 3.4% to CHF 384.8 million (previous year: CHF 372.3 million); adjusted EBITDA margin remained at the level of the previous year at 13.5%. Net profit of CHF 88.5 million (previous year: CHF 38.8 million (restated)) was impacted by the change in goodwill accounting mentioned above, as well as by expenses linked to strategy implementation, including the conception of the S4G transformation program announced on 3 July 2023.

The transformation program represents an important step towards achieving better profitability and sustainable volume growth. It is designed to ensure that the company's mid-term financial targets are attained: annual organic sales growth of 3-5% for each future financial year, a 16% to 18% adjusted EBITDA margin achieved in 2025/26 financial year, and a ROCE of above 30% starting from the 2025/26 financial year. This program is projected to deliver estimated combined cost savings with a yearly run-rate basis of approximately CHF 170 million per year by the end of 2025/26. One-off costs of approximately CHF 225 million and a one-time additional CAPEX investment of around CHF 100 million in IT and operations will be incurred starting in 2023/24. The main impact on Items Affecting Comparability (IAC) will materialize in the same year. For 2022/23, there was an impact on items affecting comparability of CHF 59.0 million.

Sales

dormakaba increased absolute net sales by 3.3% to CHF 2,848.8 million in 2022/23 (previous year: CHF 2,756.9 million). Organic sales growth made the largest contribution (8.4%) to the overall sales increase, of which 6.9% represents pricing. In addition, portfolio adjustments (inorganic growth) added -0.5% to higher net sales, while currency translation effects had a negative impact of 4.0% on the top line.

Profitability

Absolute adjusted EBITDA increased by 3.4% and amounted to CHF 384.8 million (previous year: CHF 372.3 million). This includes a negative currency translation effect of CHF 14.6 million as well as a positive effect from acquisitions and divestments of CHF 9.4 million.

The gross margin for the reporting period was 39.9%, an increase on the previous year's level of 39.2% (restated). Strong realization of price increases offset inflationary pressure on raw materials and labor costs.

Continuing investment in strategy implementation, initial investment for the new transformation program, and increased sales and marketing activities impacted sales, marketing, and general administration costs. At CHF 767.3 million, these were above the previous year's level of CHF 715.3 million and represented 27.0% of sales.

The adjusted EBITDA margin for financial year 2022/23 was 13.5% (previous year: 13.5%). Profitability improved sequentially during the financial year (second half-year 2022/23: 14.0%, first half-year 2022/23: 13.0%). Due to higher sales volumes, tight cost management, and increased sales prices, which more than offset inflationary pressures including higher raw material, labor, and energy costs.

Total items affecting comparability amounted to CHF –118.5 million on EBIT (previous year: CHF –190.4 million, restated). These were mainly related to goodwill amortization and the implementation of the Shape4Growth strategy and included CHF 59.5 million depreciation and amortization (previous year: CHF 160.1 million), CHF 56.5 million in reorganization and restructuring expenses (previous year: CHF 32.1 million), and CHF 2.5 million in other exceptional items (previous year: CHF 0.3 million). Items affecting comparability did not include any gain or loss on divestment of businesses (previous year: CHF -2.1 million).

EBIT increased by CHF 86.0 million to CHF 189.0 million (previous year: CHF 103.0 million), and the EBIT margin was at 6.6% compared to 3.7% in the previous year.

Performance of Regions and Key & Wall Solutions

In financial year 2022/23, dormakaba continued to experience good demand in most markets, with price increase realization driving strong organic growth. Even better growth was impeded by labor shortages in key markets, especially in the service and installation business affecting the finalization of construction projects, and destocking activities in the door hardware business (door closers) which impacted sales in Europe in the first half of the financial year and in North America in the second half.

Organic sales growth in the **Region Americas** (North and South America) increased by 220 basis points to 10.5% in the financial year 2022/23. Growth was driven by continued recovery in the US commercial construction market (particularly in renovation and replacement), by good growth in hospitality and multi-housing, and by market share gains. The adjusted EBITDA margin of 18.6% (previous year: 17.5%) stemmed from better price realization and organizational efficiency gains from Shape4Growth initiatives. Margins were further supported by a favorable product mix.

Organic sales in **Region Asia Pacific** grew by 2.2% year-on-year, secured by good growth in the Pacific Area (including growth in the RELBDA business), as well as airport projects in China and India supporting overall sales. The project business in India showed strong sales in the first half of the financial year which more than compensated for weaker growth in China where the economy still suffered under restricted investment and cautious consumer expenditure stemming from Covid-19. The adjusted EBITDA margin was 16.2% (previous year: 17.6%). The region showed good price realization but volumes stagnated and plant outputs in Asia Pacific decreased, resulting in a negative impact on EBITDA.

Organic sales for **Region Europe & Africa** grew by 8.0% year-on-year. All markets except France and Sub-Sahara experienced strong growth and good price realization despite continuing project delays due to external construction site activity being low. The adjusted EBITDA was 18.8% (previous year: 20.3%). Higher sales volumes and price increases could not fully offset the negative impact of lower plant utilization in door hardware due to destocking activities.

Organic sales in **Key & Wall Solutions** experienced double-digit growth of 12.1% year-on-year. Organic sales of 24.0% for Business Unit Movable Walls resulted mainly from exceptional performance in the US supported by market share gains due to changes in the local competitive landscape. Business Unit Key Systems experienced organic sales growth of 3.9% year-on-year. The adjusted EBITDA margin for the segment was 18.0% (previous year: 13.8%). Both Business Units contributed to the increase in EBITDA margin with most of the growth stemming from Movable Walls.

Financial result, profit before taxes, and income taxes

The net financial result for the financial year 2022/23 amounted to CHF −47.4 million (previous year: CHF −28.4 million) due to higher interest rates in 2022/23.

Profit before taxes increased to CHF 142.2 million (previous year: CHF 74.9 million). Income taxes for the financial year increased to CHF 53.7 million (previous year: CHF 36.1 million). The effective income tax rate of 37.8%, (previous year: 48.5%) is significantly impacted by the amortization of goodwill.

Net profit

dormakaba closed the financial year 2022/23 with a net profit of CHF 88.5 million (previous year: CHF 38.8 million). Based on an unchanged dividend policy that aims to maintain a minimum payout ratio of 50% of consolidated net profit after minority interests, the Board of Directors proposes that CHF 9.50 per share be paid out for financial year 2022/23 (previous year: CHF 11.50), corresponding to a payout ratio of 51.9%.

Cash flow and balance sheet

Cash flow from operations increased to CHF 363.4 million (previous year: CHF 188.4 million) mainly resulting from tight net working capital management, focusing on inventories and trade receivables. As a result, inventories decreased by 9.2% to CHF 487.7 million (previous year: CHF 537.0 million), and accounts receivables totaled to CHF 461.2 million (previous year: CHF 482.8 million).

Net cash from operating activities of CHF 288.4 million (previous year: CHF 127.3 million) represented a good operating cash flow margin of 10.1% (previous year: 4.6%). Cash flow from investing activities of CHF −111.8 million (previous year: CHF −158.9 million) was mainly driven by investments in property, plant, and equipment totaling CHF 61.5 million (previous year: CHF 52.7 million). Cash flow from financing activities amounted to CHF −177.8 million (previous year: CHF −0.4 million) resulting from repayments of current borrowings.

As a result, free cash flow recovered to CHF 176.6 million, significantly above the previous year (CHF −31.6 million).

As of 30 June 2023, total assets stand at CHF 1,946.5 million. Of these current assets, cash and cash equivalents amount to CHF 122.1 million, while inventories stand at CHF 487.7 million (25.1% of total assets; previous year: 25.9%); trade receivables decreased to CHF 461.2 million (23.7% of total assets; previous year: 23.3%). Non-current assets consist mainly of property, plant, and equipment worth CHF 398.1 million (20.5% of total assets; previous year: 19.8%).

Total liabilities at financial year-end totaled CHF 1,611.9 million (82.8% of total assets; previous year: 82.6%), of which CHF 320.1 million is accounted for by the corporate bond due in October 2025. A CHF 275.0 million Swiss domestic bond was issued in October 2022. With the collected funds and own cash on hand, the CHF 300 million "bridge to bond" credit facility with a major Swiss bank that was secured in June 2022 was fully repaid.

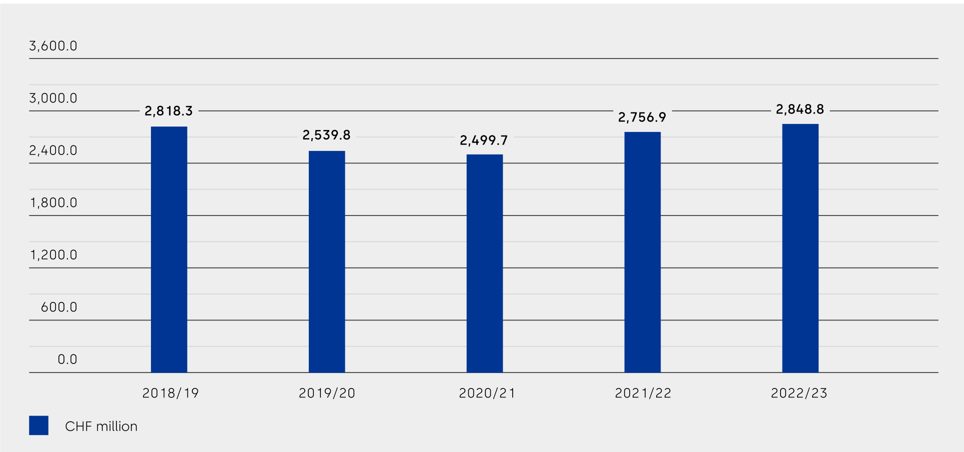
Net financial debt decreased by CHF 111.2 million to CHF 596.9 million as of 30 June 2023 (previous year: CHF 708.1 million). Financial leverage, defined as net debt relative to adjusted EBITDA, was 1.6x (30 June 2022: 1.9x net debt/adjusted EBITDA). The company fully complies with the syndicated credit facility covenant.

As of 30 June 2023, the company's equity stands at CHF 334.6 million, which represents an equity ratio of 17.2% (previous year: CHF 360.6 million or 17.4%).

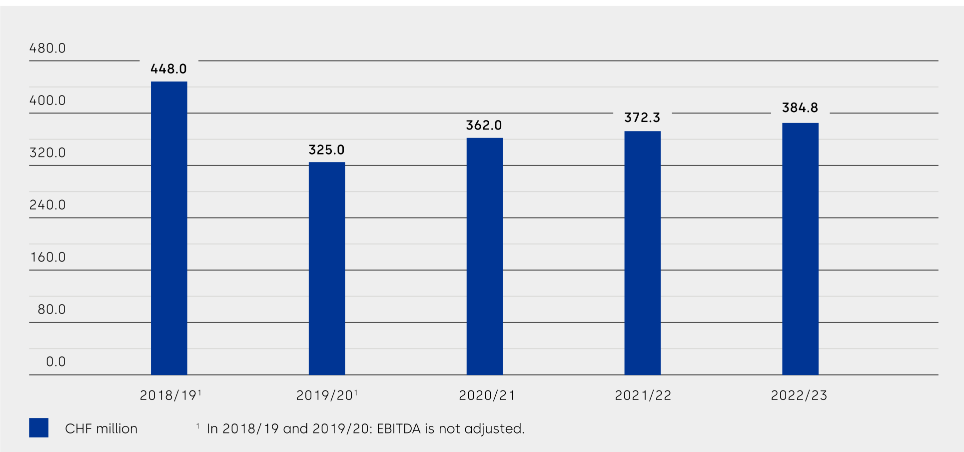
Currency effects

During the financial year 2022/23, the average euro exchange rate against the Swiss franc decreased by 6.5% from 1.050 to 0.982. The average Swiss franc exchange against the US dollar rose slightly from 0.932 to 0.939. Most other major currencies appreciated against the Swiss franc, including the Canadian dollar by 4.8%, the British pound by 9.0%, and the Chinese renminbi by 6.2%. Currency translation had a negative impact of CHF 109.2 million on net sales and a negative impact of CHF 14.6 million on adjusted EBITDA.

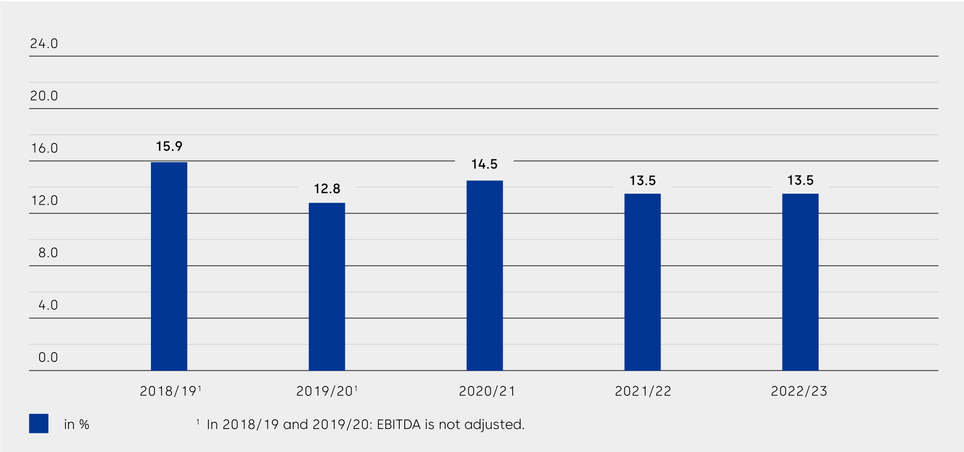
Sales



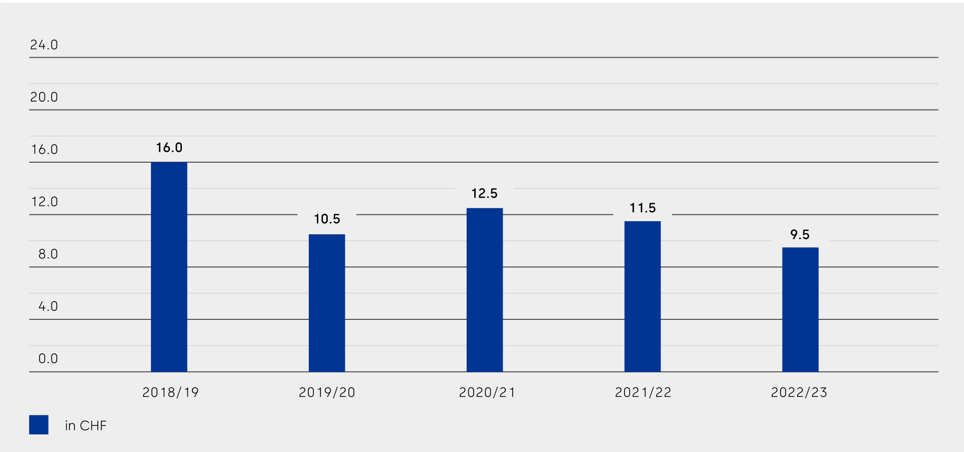
Adjusted EBITDA



Adjusted EBITDA margin



Dividend per share

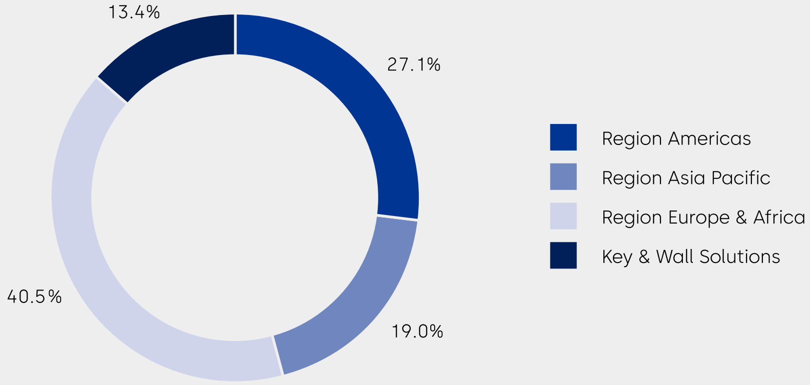


Key figures

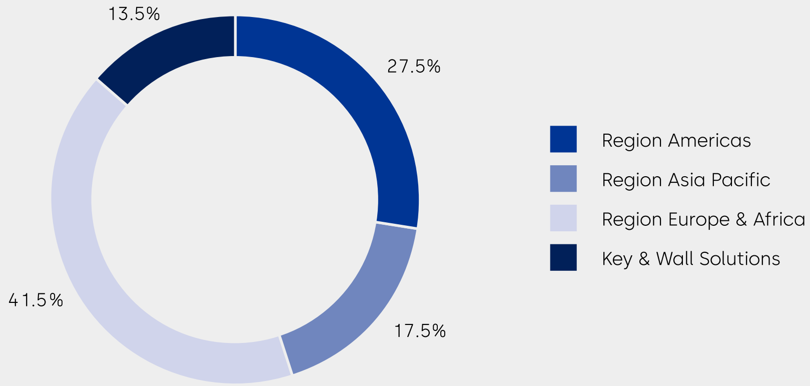
CHF million, except where indicated	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[2]	%
Net sales	**2,848.8**		**2,756.9**	
Change in sales	91.9	3.3	257.2	10.3
Of which translation exchange difference	–109.2	–4.0	–3.0	–0.1
Of which acquisition impact	33.9	1.3	90.4	3.7
Of which divestment impact	–50.2	–1.8	–20.9	–0.8
Of which organic sales growth	**217.4**	**8.4**	**190.7**	**7.7**
Adjusted EBITDA (Operating profit before depreciation and amortization)	**384.8**	**13.5**	**372.3**	**13.5**
Adjusted EBIT (Operating profit)	**307.5**	**10.8**	**293.4**	**10.6**
Profit before taxes	142.2	5.0	74.9	2.7
Net profit	88.5	3.1	38.8	1.4
Dividend per share (in CHF)[1]	9.5		11.5	
Other key figures				
Total assets	1,946.5		2,071.9	
Net debt	596.9		708.1	
Market capitalization	1,683.0		1,740.3	
Average number of full-time equivalent employees	15,519		15,495	

1 Financial year ended 30.06.2023: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.
2 dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

Third-party sales by segments



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



Corporate Information

dormakaba Holding AG is the parent company of dormakaba Group, which was formed by the merger on 1 September 2015 of two previously unaffiliated enterprises: the family-owned German company Dorma Holding and the Swiss Kaba Group. Following the merger, dormakaba Holding AG owns 52.5% of dormakaba Holding GmbH + Co. KGaA, an intermediate holding company that comprises all the operating entities of the Group and is fully consolidated in the financial statements prepared by the parent company. Minority interests are shown separately as part of equity capital. dormakaba Holding AG's consolidated financial statements are reported in Swiss francs (CHF) and for the financial year that runs from 1 July 2022 to 30 June 2023. They are prepared in accordance with Swiss GAAP FER, 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).

Beyond its obligations under Swiss GAAP FER, dormakaba Holding AG produces a Group Management Report that meets the requirements of the Swiss Code of Obligations (Schweizer Obligationenrecht, OR), particularly Art. 961c; of Section 315 of the German Commercial Code (Deutsches Handelsgesetzbuch, HGB); and of Standard 20 of the German Accounting Standards (Deutscher Rechnungslegungs Standard Nr. 20, DRS20).

[1] Section (§) 290 of the German Commercial Code (Deutsches Handelsgesetzbuch, HGB) requires dormakaba Holding GmbH + Co KGaA to prepare consolidated financial statements, and § 315 obliges it to prepare a Group Management Report. However, § 292 exempts dormakaba Holding GmbH + Co KGaA 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 have been produced in accordance with the relevant provisions of the HGB.

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 secure access to premises, buildings, and rooms. With a clear portfolio segmentation, dormakaba concentrates on global core businesses such as Access Automation Solutions (door operators, sliding doors, and revolving doors), Access Control Solutions (connected devices and engineered solutions), Access Hardware Solutions (door closers, exit devices, and mechanical key systems), and services. The company is also a market leader for Key Systems (key blanks, key cutting machines, and automotive solutions such as transponder keys and programmers), as well as Movable Walls including acoustic movable partitions and horizontal and vertical partitioning systems.

dormakaba has a long tradition of innovation and engineering expertise. It strives to be an innovation leader that 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 around 130 countries and is present in all relevant markets through production sites, distribution and service offices, and collaboration with local partners.

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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. The company aims to create shareholder value while also furthering the interests of other stakeholders: most importantly its customers, as well as technology and distribution partners, employees, and associates.

dormakaba's corporate strategy – Shape4Growth (S4G) – is about transforming the company, shaping it to its full potential, and accelerating profitable growth. It does so by building on five strategic pillars:

Main Strategy and Portfolio Focus

- Accelerating profitable growth: To strengthen commercial and innovation capabilities. The regional layers were dissolved: all Access Solutions business, starting 1 July 2023, is now the responsibility of the Chief Commercial Officer (CCO), with the company's seven key markets (USA/Canada, Germany, Australia, Switzerland, UK/Ireland, China, and India) reporting directly to the CCO.
- Focus on customer centricity: The customer is at the heart of everything we do. As a result, dormakaba invests in tailoring services to the needs of our customers and specification capabilities, as well as reducing complexity in the operating model. Furthermore, the company puts sustainability at the center of its business model: Recognizing that sustainable operations are key to continued growth, Shape4Growth sets out an industry-leading sustainability framework with ambitious targets across three strategic areas: Planet, People, and Partnerships.
- Improve operational excellence and gain scale: dormakaba strives to continuously improve efficiency and effectiveness across the entire value chain. To support that, the company is driving a more global management of functions (e.g. HR, Finance, Operations) and driving economies of scale by bundling our activities across markets and functions. Furthermore, dormakaba is harmonizing its processes driven by global operating standards, optimized operating procedures, and investments in machines and technology to enable people and processes, as well as quality and efficiency.
- Realize effective capital deployment: Innovation is a key priority for dormakaba and the foundation that secures the company's future success by clearly differentiating ourselves from competition and delivering on true customer needs. dormakaba will pursue innovation with an increased focus on technologies, products and markets that offer the highest growth and profit potential. In addition, we continue to diligently manage our portfolio of businesses, products, and locations to reduce complexity, gain scale, and enable attractive returns on capital employed.
- Customer-centric and high-performance culture: dormakaba plays to win – fostering a culture that focuses on the customer and on high performance. We act as one global dormakaba team with effective, cross-functional collaboration enabled by transparency and accountability, and supported by state-of-the-art processes and technology.

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Operating Model

Shape4Growth includes a change in dormakaba's operating model. The model builds on a more globalized management of our Operations and Product Development (Innovation) functions to secure efficiencies of scale and business synergies. This setup will be extended to globally managed Finance and HR functions.

The Executive Committee has been streamlined in line with the strategy and as of 1 July 2023 consists of the CEO, CFO, and COO plus a newly-appointed Chief Commercial Officer (CCO) and Chief Innovation Officer (CIO), along with the President Key & Wall Solutions and OEM.

The CCO will lead all Access Solutions market organizations. Those in the 5+2 core markets report directly, while the remaining markets are managed as three country clusters for greater efficiency. Customer excellence functions such as Strategic Marketing, Sales & OEM, Services, and the Product Management for Access Hardware Solutions and Access Automation Solutions are also under the CCO's lead.

Product Development, along with the combined Access Control Solutions and EntriWorX product management organization, remain the responsibility of the CIO. This distinction reflects the different requirements of mature versus emerging businesses – more mature product segments in Access Hardware Solutions and Access Automation Solutions move closer to the core markets and customers, enabling disruptive innovation in less mature and more dynamic segments. A detailed description of the new operating model appears in the Notes to the Consolidated Financial Statements for financial year 2022/23.

Management responsibilities

Strategic leadership of dormakaba is exercised 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, combined with the company's Articles of Incorporation and Organizational Regulations. The BoD delegates responsibility for day-to-day management of the business to the Chief Executive Officer (CEO), supported by the Executive Committee (EC). The powers and functions of the EC are set out in the Organizational Regulations. Further details of the internal management system are provided in the Corporate Governance Report 2022/23.

Compensation for the BoD and EC

The principles governing compensation for the BoD and EC are set out in the Articles of Incorporation. These include: the basic principles of compensation for the BoD (Article 23); the basic principles of compensation for the EC (Article 24); a binding vote on compensation at the General Meeting of Shareholders (Article 22); the maximum additional amount of compensation for new EC members (Article 25); agreements with members of the Board of Directors and the Executive Committee, and notice periods for the members of the Executive Committee (Article 26); and their credits and loans (Article 28).

The Compensation Report, which provides further details on the compensation system and on compensation paid out in the financial year 2022/23, is available here.

Sustainability reporting

Responding to the needs and expectations of society, customers, and employees, dormakaba has made a long-term commitment to fostering sustainable development along its entire value chain, recognizing its economic, environmental, and social responsibilities to current and future generations.

The company's sustainability framework is based on a rigorous materiality assessment: Monitoring global trends and engaging with key stakeholders, dormakaba has identified ten material topics that are most relevant for stakeholders and where the company has the highest potential impact. The framework outlines sustainability standards and measures for the period from 2021 to 2027, grouping topics according to three broad categories: People, Planet, and Partnerships.

The dormakaba Sustainability Report 2022/2023, prepared in accordance with Global Reporting Initiative (GRI) standards, contains detailed information on the company's sustainability framework, measures, and progress. The information published on dormakaba's sustainable economic activities is in line with the EU's Taxonomy Regulation. dormakaba is taking active steps to comply with forthcoming regulations on non-financial reporting, including the Swiss ordinance on disclosure based on the indirect counter-proposal to the Responsible Business Initiative, and the recommendations of the Task Force on Climate Related Financial Disclosures. The Sustainability Report is supplemented by annually issued reports on related matters, such as the Modern Slavery Statement, the Communication on Progress to the UN Global Compact, and in the submission to the Carbon Disclosure Project.

Research and development

The key to dormakaba's sustainable profitable growth is its strength in innovation. As of 1 July 2023, dormakaba will be putting even more focus on its innovative strengths: The newly established role of Chief Innovation Officer will lead all global engineering capabilities and be responsible for dormakaba's innovation strategy, including the platform and connectivity initiatives through the EntriWorX ecosystem. The company continuously develops new products, solutions, and services, supported by a substantial annual investment in R&D.

In the last two financial years, dormakaba has submitted applications for more than 100 technical patent families. Employees around the world contribute to the Group's innovation and product development, increasingly using data-driven ecosystems to create solutions that will satisfy future needs of customers and markets. The company has also set up a range of technology partnerships to realize the potential of its offerings in vertical markets such as airports, healthcare, lodging, and multi-housing.

The new operating model introduced under the Shape4Growth strategy means that all R&D and product development efforts are now organized as one global function. This has led to a range of initiatives to rationalize dormakaba's product offerings onto common hardware and software platforms, reducing time-to-market while increasing efficiency in product development. The company continues to enhance the value of digital transformation through sophisticated service offerings, including the first comprehensive support package covering the full life cycle of its products: not just planning and installation, but continuous, digitally provided day-to-day services. Further, dormakaba is building on its newly introduced security operating model by continuously improving of our management processes in accordance with international standards for information security such as ISO 27001.

Continued investment in digitalization and related product innovation has positioned the company well to provide its customers with effective solutions to their fast-evolving needs for safe, secure, and sustainable buildings. The adoption of seamless, touchless access and mobile solutions, originally prompted by the Covid-19 pandemic, has accelerated further, opening opportunities for dormakaba in attractive vertical markets such as healthcare and multi-housing.

dormakaba continues to embed sustainability in the core of its product development. Several sustainability innovations have been brought to the market, including an energy efficiency calculator and a novel sensor system for automatic doors to optimize each building's energy consumption.

This financial year has seen a wide array of new product launches around the globe including the following business areas: Digital Services, Access Control, Access Automation, Access Hardware Solutions together with Key Systems and Movable Walls.

In digital services, dormakaba has launched a range of linked products based on the **9240 EntriWorX Unit**, which coordinates and controls communication between devices and the **Exos** access management system. The **EntriWorX Setup App** distributes "digital twin" data from a door planned in **EntriWorX Planner** to commission the physical door for its intended function. The **EntriWorX Door Insights** web app gives customers a self-service option to monitor installations and receive help in resolving minor issues. EntriWorX Supported Service allows more major problems to be resolved remotely by dormakaba experts, and provides on-site technicians with all the information required. dormakaba Lyazon integrates with third-party systems, giving fluid control over access points using the customer's preferred platform. Meanwhile, Exos with KONE People Flow offers combined software-based elevator and access control.

The **Saffire EVO Lock,** another new launch, connects directly through Wi-Fi to provide an easy-to-use, secure, and flexible access control solution, using mobile BLE credentials, RFID Cards/Fobs or PIN codes for access to residential units or common doors.

New access automation products include the **Argus V60,** a space-saving speed gate with proprietary tailgating sensory technology; it allows installation in the smallest spaces and has won international security and design awards. The RC Touch touchscreen remote control allows simultaneous or individual control of up to ten access-control units equipped with the new Connector One expansion unit, which provides a LAN interface to integrate doors and security gates into modern OPC UA standard smart building systems.

New access hardware includes the **ES PROLINE** range of drive systems for automatic sliding doors, with modular features allowing use in almost all applications. This system has been launched in central European markets and has a global launch scheduled for August 2023. In the institutional market, the **EHD9000** extra heavy-duty cast-iron rack-and-pinion closer competes directly with the leading North American market closer product.

Flexy represents a semi-industrial solution for key systems executing automatically different key working phases including milling, dimple drilling, and bitting operations. The machine is driven directly by 3D CAD information. It is completely reconfigurable and customizable based on specific needs of different industries and users. In the professional automotive locksmithing market, dormakaba's cloud cloning solutions can duplicate 99% of the transponders for around 99% of the cloneable vehicle keys in global circulation.

Finally, **Skyfold Prisma** is the first and only vertical folding acoustic glass partition; its beta installation is scheduled for the second quarter of the 2023/24 financial year. Skyfold Prisma ensures confidentiality for meetings, classes, and collaboration while providing unencumbered sightlines and natural illumination.

Market conditions

In the financial year 2022/23 dormakaba operated in a business environment that was characterized by various factors. On the positive side, demand in the commercial construction area remained at a high level in all regions and the company closed the year with a good order intake and backlog in all regions. This enabled dormakaba to increase organic growth to 8.3% in the financial year 2022/23.

The macroeconomic environment showed a recovery in supply chains with shipping costs and suppliers' delivery times going back to pre-Covid levels in late 2022. As a consequence of the recovery in the supply chain, some customers and distributor destocked their inventories during 2022/23, which impacted demand in Europe in the first half of 2022/23 and in the Americas in the second half. Meanwhile, the risk for further disruptions and resulting insecurities remained high due to the ongoing war in Ukraine. Demand in China recovered compared to the prior year but was still below expectations due to Covid-19 restrictions and shutdowns. Shortages in labor and a highly competitive employment situation in the US caused delays especially in the Project and Services business. Inflationary pressure remained high causing central banks especially, in the US and Europe to increase interest rates frequently. dormakaba successfully continued to increase sales prices to offset inflation, driving sequential improvement of profitability in all sales regions in the second half of the financial year 2022/23 despite the first half being historically stronger.

The impacts of the war in Ukraine and further accelerated inflation continued to slow down GDP growth development. In the first and second quarters of the financial year 2022/23, GDP in the G20 countries recorded quarter-on-quarter growth of 1.3% and 0.3%, respectively (OECD, 2022). In the third quarter of the financial year 2022/23, GDP growth slightly recovered, at 0.9% with the biggest quarter-on-quarter changes occurring in China, Brazil, and India (OECD, 2023).

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 2022/23 can be found in the Financial Performance section of this Group Management Report and in the Consolidated Financial Statements for the financial year 2022/23.

Non-financial performance indicators

dormakaba has defined a set of strategic non-financial performance indicators for the current strategy cycle. These were introduced during the Capital Markets Day in November 2021 and are continuously tracked, although not used for operational control. The main non-financial performance indicators are the following:

Customers and products

Customer satisfaction and product quality are crucial for dormakaba as a brand that stands for its high-quality products. Customer satisfaction is assessed through regular dialog as well as through local surveys.

Net Promoter Score (NPS)

This is a well-known metric that measures customer loyalty and satisfaction through one simple KPI: the likelihood of a customer recommending dormakaba. The NPS is collected on an annual basis through surveys covering all customer groups and product clusters in core markets. The results are monitored by management to identify any changes necessary to drive improvement in customer satisfaction.

Innovation Power

This metric captures how successful innovations are in relevant markets, and therefore how R&D efforts contribute to the overall success of the Group. As a KPI, it has become part of the Group incentive program, helping to ensure that innovation processes are well aligned to customer needs.

Human resources

Two indicators, Employee Engagement and Diversity & Inclusion, help to track dormakaba's success in its transformation towards a customer-centric and performance-oriented work culture that fosters accountability and ownership and enables professional growth.

dormakaba measures its Employee Engagement Index through periodic global surveys, the most recent of which was conducted in February 2023. Over 12,000 employees participated, responding to 32 questions on topics such as Me & My Work Environment, My Manager, Engagement, Shape4Growth, Inclusion, and Wellbeing. The results showed an Employee Engagement Index of 71% and an Employee Enablement Index of 74%.

dormakaba is committed to diversity in employment and has established concrete targets to improve the gender balance of management teams, including 33% of managers to be women by 2027, and 25% women in succession planning for senior management positions by the same date. There is further information on the targets and initiatives in the Sustainability Report.

Compliance and human rights

As a matter of course, dormakaba complies with all applicable laws and regulations at local, national, and international levels. Its internal company directives, based on a binding Group-wide Code of Conduct, apply globally and cover internal processes as well as relations with external partners, including customers, authorities, and suppliers. dormakaba has developed a range of measures and processes to prevent abuses and ensure that responsibilities are met; these measures and processes are continuously reviewed and refined. The Code of Conduct is available, in several languages, to all employees on the Group Intranet and to external stakeholders on the dormakaba website. All dormakaba employees participate in mandatory Code of Conduct training sessions.

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The Code of Conduct and the Supplier Code of Conduct confirm dormakaba's commitment to respecting human rights. The Group's Human Rights Due Diligence (HRDD) framework and material topics are further described in its Statement of Commitment on Human Rights, which aligns with international standards, including the UN Guiding Principles on Business and Human Rights, and which will be revised to reflect the forthcoming requirements under the German Supply Chain Due Diligence Act.

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. In the financial year 2022/23, 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, the Statement of Commitment on Human Rights has been revised to reflect new requirements coming from the German Supply Chain Due Diligence Act, which will apply to dormakaba as of 2024. There is further information on human rights in the Sustainability Report 2022/23.

Environment

As a manufacturer, dormakaba inevitably consumes resources and generates waste and emissions; environmental issues are therefore highly relevant along the Group's entire value chain. In September 2021/22, dormakaba adopted its Environment Policy Directive, which defines its fundamental requirements and regulations for environmental performance. The directive has since been updated with new product development standards to reflect dormakaba's commitment to a circular economy. A detailed overview of the company's sustainability work and key benchmarks, including greenhouse gas emissions, energy consumption, water consumption, and waste management, is available in the Sustainability Report 2022/23.

Supply chain

dormakaba maintains a comprehensive, globally consistent procurement policy, based on detailed analysis of its own needs and rigorous assessment of current and potential suppliers, supported where necessary by on-site quality audits.

The dormakaba Supplier Code of Conduct outlines minimum requirements relating to human rights, fair working conditions, environmental responsibility, and business ethics, among other criteria. Supply chain risk assessment is based on seven families of indicators: energy and emissions; effluents and waste; occupational health and safety; materials; training and education; freedom of association; and human rights. dormakaba assesses suppliers' sustainability performance in collaboration with EcoVadis, the world's most trusted business sustainability ratings provider, and requires improvement plans where assessment results are unsatisfactory.

Further information is available in the Supplier Sustainable Development chapter of the Sustainability Report 2022/23.

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Opportunity & 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 in order 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 its 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, section Goals and Strategies). 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 (see bullet points below). 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 ensure 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 2022/23.

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 achieving 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 2022/23 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 cybersecurity 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 cybersecurity 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 mid-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 aimed at information technology as well as operational technology, 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.

Transnational activities might continue to be impacted by supply chain disruptions, while transportation prices remain at a high level. Shortages of certain commodities and components as well as energy have a negative impact on prices and availability. The war in Ukraine continues to exacerbate these tendencies, as do recent tensions relating to the Taiwan situation. For the time being, central banks' monetary policies remain on the stricter side, with further interest rate hikes to be expected especially, by the European Central Bank.

To adequately react to changes that might occur from a macroeconomic downturn, dormakaba implements 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.

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Many industries face serious skills 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

dormakaba's success depends on skilled and committed employees. The most significant personnel risks therefore involve skills shortages, where vacant positions cannot be filled properly, or competent employees leave the company. These risks are addressed through extensive employer branding initiatives, expanded talent acquisition practices, improved benefits and succession management, and through individual, targeted employee development programs.

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 for provision of redundant data and systems. dormakaba uses advanced threat protection solutions and operates a security operations center to further mitigate cybersecurity risks. A global information security management system (ISMS) in accordance with 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.

e) Legal and tax risks

As a globally active group of companies, dormakaba is exposed to the risk of legal disputes involving such matters as product liability, competition and antitrust law, or intellectual property rights. Group-wide standards, training, and controls are in place to mitigate this risk.

Similarly, international business activities can give rise to potential tax-related risks. To identify and manage such tax risks, dormakaba sets directives and manuals based on a defined tax policy set by the Board of Directors. Intra-Group transactions can raise issues about the applicable tax jurisdiction: dormakaba applies the "arm's length" principle of the OECD (Organization for Economic Cooperation and Development), which dictates tax payment 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.

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f) Compliance risks

All business activities have their compliance risks, especially when the business model involves worldwide production and sales, growth into new markets, and international procurement. Significant compliance risks include bribery and corruption, infringements of antitrust and competition law, fraud, preferential treatment of business partners out of personal motives, violation of intellectual property protection rights, and shortages of products or their improper installation.

The mission of Group Compliance is to support dormakaba management and employees in taking appropriate decisions, consistent with applicable laws and corporate regulations, and in acting with integrity. Its Compliance Management System meets the most stringent certification demands according to best practice standards. A Group Directive covering the main activities of dormakaba provides a full set of relevant internal rules and regulations and is regularly updated. In addition to the mandatory Code of Conduct trainings for all dormakaba employees, those whose roles expose them to compliance risks receive further training in antitrust and anticorruption measures.

g) Financial risks

dormakaba is exposed to the various financial risks that are part of doing business internationally, including default on trade receivables, liquidity and credit risks, and pricing risks from interest-rate and currency fluctuations.

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 2021 to 30 June 2022, 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.

The bridge-to-bond credit facility with a major Swiss bank signed in June 2022 was repaid with a successful debt capital market issuance of a CHF 275 million bond for 2022-2027 in September 2022. The new CHF bond, besides the existing CHF 320 million bond for 2017-2025, ensures a solid and well-balanced long- & short-term maturity structure of dormakaba’s debt portfolio.

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 with 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 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.

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Forward-looking Report

Future prospects (forward-looking report)

The 2023/24 financial year has started with a normalization of the global supply chain. However, continuing concerns about the geopolitical and macroeconomic outlook remain present. Year-on-year, global GDP growth is projected to decline from 3.5% in 2022 to 3.0% in 2023 and 2024 (IMF World Economic Outlook, July 2023). With the war in Ukraine continuing, the widespread uncertainty continues to yield inflation of costs and the potential for a food crisis on a broader scale with the related risk of widespread unrest. Energy and commodity prices have dropped significantly since their peak in 2022 and supply chains normalized. While strong actions taken by authorities to contain turbulences in US and Swiss banking led to a reduction of turmoil in the financial sector, inflation is expected to remain above target for 2023 in 96 percent of economies with inflation targets. Both movements led to a decrease in headline inflation in most countries. However, strong growth of wages in labor-intense markets together with weak productivity growth, core inflation remains on a high level and showing a more gradual decline. As a consequence, central banks in Europe and the Americas have continued to increase rates while signaling further increases to come. For East Asian economies in particular meanwhile, core inflation has remained low, with the Chinese central bank cutting policy interest rates and the Bank of Japan keeping interest rates close to zero.

Global growth is expected to slow down in 2023 to 3.0%, remaining at that level in 2024. Due to a shift in composition towards domestic services, world trade growth is projected to decline significantly from 5.2% in 2022 to 2.0% in 2023 before rising again in 2024. While the slowdown is expected to be most visible in the most advanced economies, especially in the European Union, United Kingdom and the US, Asian economies outside China continue to outperform global growth trends (IMF World Economic Outlook, July 2023).

As a globally operating company, dormakaba will always be exposed to a wide range of risks and opportunities in the regions it operates in. To optimize its risk profile, dormakaba remains focused on gaining scale and optimizing its global presence to further improve the company's risk exposure, while leveraging business opportunities that emerge from global trends. The pursuit of the company strategy Shape4Growth including the recently announced transformation program, will set the company up to move toward a stronger focus on customer centricity driven by operational efficiency and optimal capital utilization. This gives dormakaba the capability to address increasing differentiation in its industry, fulfilling the demand for smart, seamless, and secure access solutions that not only meet increasingly rigorous sustainability criteria but leverage them for unique business opportunities.

dormakaba's technical and commercial development will remain driven by the following fundamental industry trends:

- 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 digitalization 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 together with the increasing demand for seamless access and sustainable solutions continue to impact all of dormakaba's activities, starting from strategy definition and execution 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, as well as solutions that offer a positive impact on more sustainable buildings. dormakaba is well equipped with its key products and interoperable and interconnected solutions to realize growth potential, for example in seamless and touchless access solutions. The company is also open to considering investments in the ongoing consolidation of the industry, which is likely to accelerate.

Outlook for the financial year 2023/24

The current business environment remains strongly characterized by uncertainties and a lack of visibility. Geopolitical risks continue to be at a high level, particularly in Asia and Europe (esp. from the war in Ukraine). Further increasing of interest rates in the fight against inflation might continue to slow general economic growth including new construction activities.

Based on a healthy order intake and order book at the end of 2022/23, dormakaba expects to continually improve on year-on-year basis. For 2023/24, the company expects organic growth to be in line with mid-term guidance and profitability above its 2022/23 performance.

dormakaba will remain focused on the rigorous execution of its Shape4Growth transformation which includes both growth and cost management measures such as pricing, expense management through footprint optimization and organizational efficiency.

Capital structure

Detailed information on dormakaba Holding AG's capital structure can be found in the Corporate Governance Report 2022/23.

Corporate Governance Report

General framework

This report on corporate governance sets out the principles of management and control at the highest level of the dormakaba Group (dormakaba) in accordance with the Directive on Information relating to Corporate Governance (Directive Corporate Governance, DCG) of SIX Exchange Regulation AG. Unless otherwise stated, the information in this report for the financial year 2022/23 is as of 30 June 2023. dormakaba's corporate governance largely follows the guidelines and recommendations set out in the Swiss Code of Best Practice for Corporate Governance of July 2002 and revised editions of 2007, 2014, and 2023. dormakaba has made some adjustments and simplifications to suit its management and shareholder structure as well as its medium size.

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

On 1 January 2023, the revision of the corporate law entered into force. The main goals of the revision are to modernize corporate governance by strengthening shareholder rights and to provide companies with more flexibility regarding their share capital. The Board will propose amendments to the Articles of Incorporation at the Annual General Meeting of shareholders in October 2023 accordingly.

Group structure and shareholders

Group structure

In line with the Shape4Growth strategy to boost profitable volume growth, dormakaba is about to further optimize its organizational structure.

Until the end of the financial year 2022/23, it consisted of the three regional segments within Access Solutions (AS): Americas, Asia-Pacific, and Europe & Africa – supported by Global Functions: Marketing & Products, Operations, and Product Development – as well as the segment Key & Wall Solutions (KWS).

As of 1 July 2023, the organizational structure was simplified and now consists of dormakaba's core global commercial business Access Solutions – supported by Global Functions – Operations, and Innovation. The Original Equipment Manufacturer business (OEM) of Region Asia-Pacific was moved to Key & Wall Solutions, being renamed to Key & Wall Solutions and OEM (KWO).

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

Shareholders

	As at 30.06.2023 No. of shares at CHF 0.10 par value	%	As at 30.06.2022 No. of shares at CHF 0.10 par value	%
Pool Shareholders[1]	**1,170,496**	**27.9**	**1,174,323**	**28.0**
Group's treasury shares	**13,577**	**0.3**	**21,624**	**0.5**
Public shareholders				
SEO Management AG	126,059	3.0		
Other public shareholders	2,870,417	68.3	2,976,773	70.9
Total public shareholders	**2,996,476**	**71.3**	**2,976,773**	**70.9**
BoD and EC members[2]				
BoD members	228,434	5.4	458,795	10.9
EC members	11,938	0.3	9,699	0.2
Total BoD and EC members	**240,372**	**5.7**	**468,494**	**11.1**
Less double-counting in respect of Pool Shareholders[3]	–220,895	–5.2	–441,188	–10.5
Total shares	**4,200,026**	**100.0**	**4,200,026**	**100.0**

1 The following persons are party to the pool agreement dated 29 April 2015, updated 7 December 2021: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA / Ennepetal, Mankel Family Office GmbH / Ennepetal, KRM Beteiligungs GmbH / Ennepetal, Christine Mankel / Ennepetal, CM Beteiligungs-GmbH / Ennepetal, CM-Familienstifung / Düsseldorf, Laetitia Brecht-Bergen / Düsseldorf, Leander Brecht-Bergen / Düsseldorf, Stephanie Brecht-Bergen / Düsseldorf, SBB Beteiligungs-GmbH / Ennepetal, as well as Martina Bössow / Meilen, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Kim Dubs / Zurich, Linus Dubs / Zurich, Amy Flückiger / Herrliberg, Anja Flückiger / Herrliberg, Beat Flückiger / Herrliberg, Flo Flückiger / Herrliberg, heirs of Karin Forrer / Bern , Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Basil Ullmann / Zollikon, Lynn Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2 Including related parties.

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

Major shareholders

The above table sets out the shareholder structure of dormakaba Holding AG on the balance sheet date of 30 June 2023 and lists the names of shareholders who have reported holding a stake of 3% or more of the voting rights in dormakaba Holding AG. The announcements related to the disclosure notifications made by shareholders based on stock exchange reporting obligations can be found via the search function on SIX Exchange Regulation's website here.

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

- 27.9% of the 52.5% in dormakaba Holding GmbH + Co. KGaA, which is directly held by the ultimate parent company dormakaba Holding AG; and
- 47.5.% in dormakaba Holding GmbH + Co. KGaA (held by the Mankel/Brecht-Bergen Family).

These shareholdings represent an economic interest of 62.1% in dormakaba.

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

Cross-shareholdings

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

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Capital structure

Capital

dormakaba Holding AG's share capital as of 30 June 2023 is CHF 420,002.60, divided into 4,200,026 fully paid-up registered shares with a nominal value of CHF 0.10 each. As at 30 June 2023, dormakaba Holding AG has authorized capital of CHF 42,000 (corresponding to 10% of the share capital), divided into 420,000 registered shares with a nominal value of CHF 0.10 each, and conditional capital of maximum CHF 42,438.40 (corresponding to 10.10% of the share capital) for issuing bonds or similar instruments (up to a maximum of CHF 36,000, divided into 360,000 registered shares with a nominal value of CHF 0.10 each) and for employee participation programs (maximum CHF 6,438.40, divided into 64,384 registered shares with a nominal value of CHF 0.10 each).

The total of new registered shares to be issued from authorized and conditional share capital, where the subscription or advance subscription rights were restricted or excluded (see below), is limited until 12 October 2023 to 420,000 new registered shares (i.e. to less than 10% of the currently issued share capital).

Conditional capital

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

The purchase of registered shares by exercise of conversion and/or option rights, as well as every subsequent transfer of registered shares, is subject to the restrictions set out in the Articles of Incorporation. The BoD is entitled to limit or abolish the pre-emptive subscription right of shareholders in connection with the issue of bonds or similar instruments with conversion and/or option rights if such instruments are issued for the purpose of financing the acquisition of companies, parts of companies, or equity interests. The share capital of dormakaba Holding AG may be increased by no more than CHF 6,438.40 by issuing to employees and BoD members of dormakaba Holding AG and of Group companies no more than 64,384 registered shares with a nominal value of CHF 0.10 each, which must be fully paid up. The subscription rights of existing shareholders to such new shares are excluded. Registered shares or option rights in this respect will be issued to employees or BoD members subject to one or more sets of regulations to be defined by the BoD and taking into account individual performance, function, and level of responsibility. The group of beneficiaries and the principles of allocation are disclosed in the Compensation Report. Said registered shares or option rights may be issued to employees or BoD members at a price below the market price. In connection with the issue of option rights to employees and BoD members, the pre-emptive subscription rights of existing shareholders are excluded. The purchase of shares within the context of employee share ownership schemes and any subsequent transfers of such shares are subject to the restrictions set out in the Articles of Incorporation.

Authorized capital

The annual general meeting of shareholders (Annual General Meeting/AGM) of 12 October 2021 created authorized capital and authorized the BoD of dormakaba Holding AG to increase the share capital of dormakaba Holding AG by no more than CHF 42,000 through the issue of a maximum of 420,000 fully paid-up registered shares with a nominal value of CHF 0.10 each by 12 October 2023 at the latest. An increase in installments is allowed. Subscription to and acquisition of new shares and each subsequent transfer shall be subject to the restrictions set out in the Articles of Incorporation. The BoD determines the date of issue of new shares, the issue price, type of payment, conditions of exercising subscription rights, and the start date for dividend entitlement. The BoD can issue new shares by having a bank or third party underwrite them all and then making an offer to existing shareholders. The BoD is authorized to set the issue price of new shares as close as possible to the market value of the shares. The BoD is authorized in this case to restrict or exclude trading with subscription rights. The BoD can let unexercised subscription rights lapse or can take these rights, or the shares for which these rights are granted but not exercised, and place them at market conditions or use them in some other way in the interests of dormakaba Holding AG. The BoD is also authorized to restrict or remove and allocate to third parties shareholders' subscription rights if the shares are being used in connection with the acquisition of companies, parts of companies or participations, or if shares are being placed to finance or refinance such transactions.

The BoD will propose to the AGM on 5 October 2023:

- To replace the existing authorized capital, which will expire on 12 October 2023, by a capital range pursuant to article 653s of the Swiss Code of Obligations. If the AGM agrees to this proposal, the BoD will be authorized to increase or reduce the share capital of the company once or several times within the capital range between CHF 378,002.60 (lower limit) and CHF 462,002.60 (upper limit) until no later than 5 October 2028 or until the earlier expiry of the capital range. The capital increase or reduction may be effected by issuing up to 420,000 fully paid registered shares with a nominal value of CHF 0.10 each or by cancelling up to 420,000 registered shares with a nominal value of CHF 0.10 each, as applicable, or by increasing or reducing the nominal value of the existing registered shares within the limits of the capital range or by simultaneous reduction and re-increase of the share capital.
- Until 5 October 2028 or an earlier expiry of the capital range, the total number of newly issued registered shares which may be issued with the restriction or withdrawal of (advance) subscription rights (i) from conditional share capital pursuant to § 3a of the Articles of Incorporation, and (ii) from the capital range, shall not exceed 420,000 new registered shares (i.e. to less than 10% of the currently issued share capital).

Changes in capital in the last three financial years

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

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

CHF million	**30.06.2023**	**30.06.2022**	**30.06.2021**
Equity			
Share capital	0.4	0.4	0.4
Reserves from capital contributions	21.4	45.5	71.6
Legal reserves	261.0	261.0	261.0
Reserves for treasury shares	9.1	16.0	23.0
Unappropriated retained earnings	571.8	539.6	508.2
Total equity	**863.7**	**862.5**	**864.2**

Shares and non-voting shares (Partizipationsscheine)

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

Profit-sharing certificates (Genussscheine)

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

Limitations on transferability and nominee registrations

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

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

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

Convertible bonds and options

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

Board of Directors (BoD)

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

BoD members

The BoD of dormakaba Holding AG currently has nine members as Riet Cadonau stepped down per 30.04.2023. All members are non-executive. None of the BoD members have sat on the Executive Committee (EC) of dormakaba Holding AG at any time in the last five financial years.

No BoD members have significant business relations with dormakaba Holding AG. The maximum number of mandates that BoD members are allowed to take on the governing bodies of legal entities outside dormakaba is regulated in § 27 of the Articles of Incorporation.

Based on the principles of the Swiss Code of Best Practice for Corporate Governance established by economiesuisse, all BoD members are independent.

The following table lists the name, year of birth, date of joining the BoD, gender, and nationality of the individual BoD members.

BoD members as of 30 June 2023

Name/Position	Year of birth	Entry	Gender	Nationality
Svein Richard Brandtzaeg (Chair)	1957	2022	m	NO
Thomas Aebischer (Vice-Chair)	1961	2021	m	CH
Jens Birgersson	1967	2018	m	SE
Stephanie Brecht-Bergen	1985	2015	f	DE
Daniel Daeniker	1963	2010	m	CH
Hans Gummert	1961	2015	m	DE
John Y. Liu	1963	2020	m	SG
Kenneth Lochiatto	1963	2022	m	US
Michael Regelski	1965	2022	m	US

Elections and terms of office

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

As part of the renewal of the BoD, Riet Cadonau (62) stepped down as Chairman and member of the BoD as of 30 April 2023. Daniel Daeniker (60) will not stand for re-election as member of the BoD at the upcoming AGM on 5 October 2023. The BoD is proposing Ines

Pöschel (55) and Till Reuter (55) to be elected as new independent members. Further, the BoD is proposing to the AGM that all other serving members of the BoD be re-elected.

Internal organization

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

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

The relevant decisions are taken by the whole BoD. The CEO and CFO regularly participate in meetings of the BoD in an advisory capacity. Other EC members are brought in to advise on individual items of the agenda. The agendas for Board meetings are defined by the Chair based on an annual standard agenda defined by the BoD. Main topics of each ordinary BoD meeting are:

- Report by the CEO;
- State of the business, including performance and forecast;
- Projects update, including M&A;
- Reports by the Chairs of the committees.

Further standard agenda topics are:

- **February meeting:** Report on the EC strategy/medium-term plan workshop; succession planning at BoD and EC level and management development; Financial statements and Interim Report of last half-year;
- **June meeting:** Strategy update; annual budget and medium-term plan; skills/expertise assessment of BoD members;
- **August meeting:** Financial statements and Annual Report of last financial year; AGM agenda and motions;
- **October meeting:** Constitution of the BoD and its committees; Sustainability Report of last financial year;
- **December meeting:** Annual BoD schedule;
- Regular updates by Global Functions such as HR, IT, and Product Development.

During the year under review, key BoD topics beyond the standard items were the review of the implementation of the strategy and operating model Shape4Growth as well as personnel matters at BoD and EC level.

The BoD held eleven meetings during the financial year 2022/23: two lasted more than fifteen hours (spread over two days), two lasted more than eight hours (one of them spread over two days), one lasted more than six hours, and six lasted four hours or less. Three of the BoD members missed one (or more) extraordinary meeting(s) held during their term. The following table shows the attendance of the individual BoD members at the BoD meetings and of the individual committee members at the committee meetings during the financial year 2022/23:

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Attendance at BoD and committee meetings during the financial year 2022/23

	BoD	AC	NCC
Number of meetings held	**11**	**4**	**7**
Svein Richard Brandtzaeg (Chair)[1]	6		5
Thomas Aebischer (Vice-Chair)	11	4	
Jens Birgersson	8	4	
Stephanie Brecht-Bergen	11		7
Daniel Daeniker	10	4	
Hans Gummert	11	4	
John Y. Liu	11		
Kenneth Lochiatto[2]	6		5
Michael Regelski[3]	5		

1 Svein Richard Brandtzaeg was elected as member of the BoD and the NCC as from the AGM 2022: He attended one BoD meeting as guest ahead of his election, as well as all six BoD meetings and all five NCC meetings held after his election.
2 Kenneth Lochiatto was elected as member of the BoD and the NCC as from the AGM 2022: He attended one BoD meeting as guest ahead of his election, as well as all six BoD meetings and all five NCC meetings held after his election.
3 Michael Regelski was elected as member of the BoD as from the AGM 2022: He attended one BoD meeting as guest ahead of his election, as well as five BoD meetings held after his election.

Committees

The BoD has formed an Audit Committee (AC) and a Nomination and Compensation Committee (NCC). Members of the NCC are elected at each AGM. Each committee has written terms of reference that define its tasks and responsibilities. The chairs of these committees are elected by the BoD. The committees meet regularly and are obliged to produce minutes as well as recommendations to the regular BoD meetings. Committee meeting agendas are defined by the committee chair. Members of the committees receive documentation prior to the meetings so they can prepare for discussion of agenda items.

Composition of Committees of the Board of Directors

Name (Nationality)	Audit Committee (AC)	Nomination and Compensation Committee (NCC)
Svein Richard Brandtzaeg (NO)		C
Thomas Aebischer (CH)	C	
Jens Birgersson (SE)	M	
Stephanie Brecht-Bergen (DE)		M
Daniel Daeniker (CH)	M	
Hans Gummert (DE)	M	
John Y. Liu (SG)		
Kenneth Lochiatto (US)		M
Michael Regelski (US)		

C(hairperson), V(ice Chairperson), M(ember)

Audit Committee (AC)

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

- **Thomas Aebischer** (Chair)
- Daniel Daeniker
- Jens Birgersson
- Hans Gummert

The BoD has specified that members of the AC must meet certain requirements with regard to independence and skills and that they must not be EC members. The term of office is until the conclusion of the next AGM; members may be re-elected. The AC meets at least twice a year but will be convened by the Chair as often as business requires. During the financial year 2022/23, the AC held four meetings, each lasting between two and three hours. The CFO takes part in the meetings in an advisory capacity, as do, where necessary, the CEO, representatives of the audit firm, representatives of Global Internal Audit and of the Global Accounting department, and the Chief Legal Officer. In the financial year 2022/23, representatives of the audit firm, of Global Internal Audit, the Chief Legal Officer, and representatives of the Global Accounting department participated in all four meetings. The AC minutes the deliberations and decisions taken during meetings. The principal responsibilities of the AC are to evaluate risk management and accounting processes, monitor financial reporting and internal auditing, and assess external audits. With regard to external audits, the AC has the following responsibilities:

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

The AC's tasks relating to internal audits include:

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

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

The agendas for the AC meetings are defined by its Chair based on an annual standard agenda. Main topics of the meetings are:

- Legal report on major litigations and key legal risks;
- External and internal audit plans;
- Internal audit reviews and status of implementation of audit action items;
- Risk management reports;
- Financial statements, audit and ICS reports, Group Management and Corporate Governance Report, Interim Report (full financial year and/or half-year);
- Compliance Report;
- Performance review of external auditor.

During the year under review, key AC topics beyond the standard items were the implementation of the Shape4Growth strategy and the status of implementation of audit action items.

Nomination and Compensation Committee (NCC)

The NCC consists of three non-executive BoD members:

- **Svein Richard Brandtzaeg** (Chair)
- Stephanie Brecht-Bergen
- Kenneth Lochiatto

The term of office for each member is until the conclusion of the next AGM; members may be re-elected.

The NCC meets at least three times a year. During the financial year 2022/23, the NCC held seven meetings: three meetings lasting more than two hours, three meetings lasting one to two hour, and one meetings lasting less than one hour. The BoD Chair, the CEO, and the Chief Human Resources Officer usually take part in the meetings in an advisory capacity. The Vice President Global HR Total Rewards and member(s) of the external executive compensation consultancy attend the compensation topics of the meetings, excluding parts where their own compensation and/or performance are being discussed.

The NCC's main compensation tasks are:

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

The NCC's main nomination tasks are:

- Set out the principles for appointing and re-electing BoD members;
- Conduct and regularly review succession planning for the BoD and the EC;
- Submit proposals to the BoD about its composition and the composition of its committees;
- Review management development at EC level;
- Recommend the appointment and de-selection of EC members (the final decisions on appointments and de-selections are taken by the BoD as a whole);

- Approve mandates of BoD members outside dormakaba, including political mandates;
- Review of the Group-wide employee engagement program.

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

The agendas for the NCC meetings are defined by its Chair based on an annual standard agenda. Main topics of the meetings are:

Compensation matters:

- BoD and EC compensation: philosophy, system, and directives; benchmarks and proposal on total amounts for AGM approval and individual amounts for BoD approval;
- Variable EC and Senior Management compensation: target amounts, objectives, and KPIs;
- Compensation Report.

Nomination matters:

- BoD and EC succession, including skills/expertise assessment;
- HR roadmap;
- Employee engagement: surveys and action items.

During the year under review, key NCC topics beyond the standard items were the implementation of the changed compensation program, as set forth in more detail in the Compensation Report, as well as personnel matters at BoD and EC level.

Powers and responsibilities

Management organization

The BoD has the highest responsibility for business strategy and supervises the management of dormakaba. It has the highest decision-making authority and sets the strategic, organizational, financial planning, and accounting rules that dormakaba must follow. The BoD has delegated the management of ongoing business to the CEO, supported by the EC. Therefore, the CEO is responsible for the overall management of dormakaba. The powers and functions of the EC are set out in the Organizational Regulations of dormakaba Holding AG. Until the end of the financial year 2022/23, the CFO, the Presidents, the CMPO (Chief Marketing & Products Officer), the COO (Chief Operations Officer), and the CTO (Chief Technology Officer) reported to the CEO. With the adapted EC setup, as of 1 July 2023 the CFO, the Chief Commercial Officer (CCO), the Chief Operations Officer (COO), the Chief Innovation Officer (CIO) as well as the President KWO report to the CEO, who is responsible for alignment between regions and functions. These roles have a seat on the EC.

Environmental, Social, and Governance (ESG)

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

Chief Executive Officer (CEO)

The CEO manages dormakaba. He is responsible for everything that are not allocated to other company bodies by law, by the Articles of Incorporation, or by the Organizational

Regulations. After consulting with the EC, the CEO submits the strategy, the long- and medium-term objectives, and the management guidelines for dormakaba to the BoD for approval. In response to a proposal by the CEO, the BoD decides on the annual budget and the medium-term plan, which covers a three-year period, individual projects, and the statutory and consolidated financial statements of dormakaba. The CEO submits recommendations to the NCC about personnel issues at the EC level. The CEO also makes proposals to the NCC regarding the remuneration of EC members (including allocation of shares from the share allocation plans). The CEO regularly reports to the BoD about business performance, anticipated important business issues and risks, and about key changes at senior management level. BoD members may request and examine further information. The CEO must inform the BoD Chair immediately about any extraordinary developments.

Information from and control over the EC

The Management Information System of dormakaba works as follows: monthly, quarterly, semi-annual, and annual financial statements (balance sheet, income statement, and cash flow statement) are prepared based on the Group’s individual reporting units. These figures are consolidated for each region and function and for the Group as a whole. The financial figures are compared with the previous year and the budget. The achievability of the budget, which shows the first year of the medium-term plan for each reporting unit, is assessed against the monthly financial statements and in the form of monthly rolling forecasts. The CEO and CFO submit monthly written financial reports to the BoD about progress against the budget and comparisons with the previous year. At monthly meetings (monthly performance reviews), the regional and functional heads (Presidents, CMPO, COO, and CTO until the end of FY 2022/23; thereafter CCO, COO, CIO and President KWO) inform the CEO and the CFO about business performance and notable events based on written reports about e.g. achievement of budget targets. At BoD meetings, a summary of these reports is discussed and assessed with the CEO and the CFO.

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

Skills and expertise of the BoD

In line with the guideline of the Swiss Code of Best Practice for Corporate Governance for well-balanced representation, the BoD members have a broad spectrum of educational backgrounds, professional skills, and expertise, and personal qualities from a range of industries. In addition to age, gender, geographic, and tenure diversity, the BoD assesses its level of diversity based on a skills matrix established by its NCC and self-evaluates its own work and the work of its committees on a regular basis. The outcome of the skills assessment and the self-evaluation are discussed within the Board in order to define measures to improve quality of work within the Board and its committees.

The skills matrix includes the following professional skills/expertise:

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

The assessment is carried out based on the two top skills of each BoD member as well as several personal attributes.

All required competencies are represented in the BoD, with emphasis on executive leadership experience and strategic industry and technology skills (50% occurrence), followed by corporate governance/compliance and financial skills (30%), and digital business model experience (20%).

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Details on age, gender, geographic, and tenure diversity can be found in the table "BoD members as of 30 June 2022". Details on the range of business sectors represented by the Board members can be found in their biographies.

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

Events after balance sheet date

As part of the renewal of the Board of Directors, Riet Cadonau (62) stepped down as Chair and member of the BoD as of 30 April 2023. Daniel Daeniker (60) will not stand for re-election as members of the BoD at the upcoming AGM on 5 October 2023. The BoD is proposing Ines Pöschel (55) and Till Reuter (55) to be elected as new independent members. The Board intends to appoint Svein Richard Brandtzaeg as Chair of the NCC, subject to his election by the Annual General. More detailed information on the proposed new BoD member can be found on the dormakaba Group website.

On 3 July 2023 dormakaba announced its launch of a transformation program. One-off costs of approximately CHF 225 million and a one-time additional CAPEX investment of around CHF 100 million (IT, Operations) will be incurred starting in 2023/24.

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BoD members

as of 30 June 2023

Svein Richard Brandtzaeg

BoD Chair & Chair Nomination and Compensation Committee
Norwegian citizen

Education
Master of Science, Norwegian University of Science and Technology/NTNU, Materials and Chemical Engineering, Trondheim (NO); Foundation Program in Business Administration (Bedriftsøkonom), Norwegian School of Management/Bedriftsøkonomisk Institutt, Trondheim (NO); PhD, Norwegian University of Science and Technology/NTNU, Institute of Inorganic Chemistry, Trondheim (NO); Post Doc., University of Auckland, Institute of Chemical and Materials Engineering, Auckland (NZ)

Career
2019-2022 Chair of the Board of Directors of Veidekke ASA1 (NO); 2020-2023 Vice-Chair of the Board of Directors of Den norske Bank (DNB) ASA1 (NO); 2019 - 2021 Head of Norwegian Government Committee on Business and Industry development in Norway (Distriktsnæringsutvalget); 2019 - 2020 Member of the Board of Directors of SCR Sibelco1 (BE); 2019-2020 Member of the Norwegian Government Committee on New Ethical, Guidelines for the Norges Bank Investment Management (Norwegian Wealth Fund) (NO); 2014-2020 Chairman of the Board of Directors of the Norwegian University of Science and Technology (Elected by the Norwegian Government) (NO); 2013-2016 Chairman of the Board of Directors of Sapa AS (NO); 2012-2019 Norwegian representative in the Bilderberg Meetings Steering Committee (NO);

External activities and interests
Since 2021 Member of the Board of Directors of Mondi Plc1 (UK); since 2023 Chair of the Council of Ethics of The Norges Bank Investment Management (NO); Since 2020 Vice Chair of the Board of Directors and Chair Nomination and Compensation Committeeof Swiss Steel Holding[1] (CH)

Complete profile is available here.

Thomas Aebischer

Vice-Chair
Chair Audit Committee
Swiss citizen

Education
Advanced Management Program, Harvard Business School (USA); Trustee Exams and School for Swiss Certified Accountants, Zurich (CH)

Career
2021–2022 Chief Financial Officer of RWDC Industries Limited (SG/ USA); 2016–2019 Executive Vice President and Chief Financial Officer of LyondellBasell Industries[1] (NL/USA); 2011–2015 Group Chief Financial Officer, member of the Executive Committee of Holcim/ LafargeHolcim[1](CH); 2003–2010 Chief Financial Officer of Holcim Inc. (USA); 2002–2003 Chief Financial Officer of Apasco S.A. de C.V.1) (MX); 1996–2002 Head Corporate Controlling of Holcim Group Support Ltd. (CH); 1988–1996 Senior Manager of Price Waterhouse (CH/HK); 1983–1987 Cantonal Tax Authorities, Thun (CH)

External activities and interests
Since 2022-2023 Board and Audit Committee Member of Quotient Limited[1], Jersey, Channel Islands; 2013–2015 Board and Audit Committee Member of Huaxin Cement Co., Ltd[1] (CN); 2008–2010 Founding Member of the Swiss American Chamber of Commerce, Boston Chapter (USA)

Jens Birgersson

Member Audit Committee
Swedish citizen

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

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

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

[1] listed company

Stephanie Brecht-Bergen

Member Nomination and Compensation Committee
German citizen

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

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

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

Daniel Daeniker

Member Audit Committee
Swiss citizen

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

Career
Since 2019 Senior Partner at Homburger AG (CH), where he became Partner in the Corporate / M&A team in 2000; lecturer in law at the University of Zurich (CH).

External activities and interests
Member of the Board of Directors of Hilti AG, Schaan (FL); President of the Donor Foundation of Avenir Suisse (CH).

Hans Gummert

Member Audit Committee
German citizen

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

Career
Partner since 1991, Managing Partner from 2008 until 2021 of the law and tax consultancy firm Heuking Kühn Lüer Wojtek (DE/ CH)

External activities and interests
Chairman of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (DE); Chairman of the Supervisory Board of Familie Mankel Industriebeteiligungs GmbH + Co. KGaA (DE); Chairman of the Advisory Board Coroplast Fritz Müller GmbH & Co. KG (DE); Member of the Supervisory Board of ara AG (DE); Vice Chairman of the Advisory Board of Hoberg & Driesch Röhrenhandel GmbH & Co. KG (DE); Vice Chairman of the BoD Chiron-Werke SE (DE); Member of the Supervisory Board of WIBU Wirtschaftsbund Sozialer Einrichtungen eG (DE), Chairman of the supervisory board of Autohaus Adelbert Moll GmbH & Co KG (DE)

[1] listed company

John Y. Liu

Singaporean citizen

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

Career
From October 2020 until April 2022 CEO China of Afiniti; January–June 2020 Interim CEO of Voss (USA); 2016–2018 Group Vice President, COO of Wanda Internet Technology Group (CN); 2014–2015 Chief Business Officer of Qihoo 360[1] (CN); 2008–2013 Corporate Vice President and President Greater China of Google[1] (USA); 2002–2007 CEO China of SK Telecom[1] (KR); 2000–2001 General Manager Greater China of FreeMarkets (USA); 1999–2000 General Manager China Operations of SITA Communications (CH); 1997–1999 General Manager Telecom Division of Lion Group (MY); 1994–1997 Country Director Greater China of Singapore Telecommunications[1] (SG)

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

[1] listed company

Kenneth Lochiatto

Member Nomination and Compensation Committee,
US citizen

Education
Carnegie Mellon University, M.S., Industrial Administration, 1992; Rensselaer Polytechnic Institute, B.S., Mechanical Engineering, 1985

Career
Convergint: Since 2015 President & CEO. Between 2014-2015 President & COO; WMS Gaming, Inc. (Acquired by Scientific Games in 2013); General Electric Company[1]: 2003-2006 Business Unit Leader, Advanced Communication Systems, GE Rail; 2001-2003 Commercial Leader, Americas, GE Silicones; 1997-2001 Northeast Regional Manager, GE Silicones 1992-1997 Corporate Auditor; 1987-1992 Account Manager, GE Plastics; 1986-1987 Sales Development Specialist, GE Plastics; 1985-1986 Sales Engineer, GE Power Systems.

External activities and interests
Convergint: Since 2014 Member of the Board of Directors

Michael Regelski

US citizen

Education
Rochester Institute of Technology, M.S., Software Development & Management, 1993: B.S., Computer Engineering, 1989

Career
Eaton Corporation PLC[1]: Since 2015 SVP & Chief Technology Officer and since 2020 SVP, Software R&D and Chief Technology Officer, Electrical Sector; United Technologies Corporation[1]: 2013-2015 VP, System & Controls Engineering, UTC Building & Industrial Systems Division; 2011-2013 VP, Product Development, Automation Control Solutions, UTC Climate, Controls & Security Systems Division; 2007-2011 Chief Technology Officer, Global Security Products, UTC Fire & Security Corporation; 2005-2007 Chief Technology Officer, Lenel Systems International, Inc.; Lenel Systems International, Inc.(Acquired by United Technologies in 2005):1991-2005 Chief Technology Officer ; VP, Engineering; Eastman Kodak[1]: 1989-1991 Senior Software Architect, Edicon Systems Division; 1988-1989 Software Application Engineer, Edicon Systems Division

External activities and interests
None.

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Executive Committee (EC)

Management approach

Until the end of the financial year 2022/23 dormakaba acted through customer-centric regions and sales organizations for its Access Solutions (AS) business, supported by Global Functions to secure efficiencies of scale and to capture business synergies in product development, product management, and operations.

Effective 1 July 2023, dormakaba introduced a streamlined Executive Committee setup to amplify the strategic focus on core and customer-centricity. All AS business is combined into one global unit led by the newly introduced role of Chief Commercial Officer (CCO). The new unit includes all AS activities related to sales, services and marketing as well as the product management for Access Hardware Solutions and Access Automation Solutions. The company's seven key markets (North America, Germany, Switzerland, Australia and UK & Ireland) report directly to the CCO. The new Chief Innovation Officer (CIO) role, also effective as of the start of FY 2023/24, leads all global engineering capabilities and is responsible for dormakaba's innovation strategy, including the platform and connectivity initiatives through the EntriWorX ecosystem. The Chief Operations Officer (COO) function continues to ensure plant productivity and factory network optimization with lean manufacturing and optimized direct and indirect spend. The President KWO continues to have the entrepreneurial responsibility for the KWS segment, including product development, production, sales, and services. Further, he is responsible for the OEM business of the former Region Asia Pacific. The CFO is responsible for the Group's financial affairs as well as other Group functions such as Investor Relations. Further global corporate functions such as Strategy, Human Resources, IT, and Legal define and monitor Group-wide standards.

EC dormakaba Group as of 30 June 2023[1]

Jim-Heng Lee
Chief Executive Officer (CEO)

Christina Johansson
Chief Financial Officer (CFO)

Steve Bewick
President Region Europe & Africa

Magín Guardiola
Chief Marketing & Products Officer (CMPO)

Andreas Haeberli
Chief Technology Officer (CTO)

Alex Housten
President Region Americas

Stefano Zocca
President Key & Wall Solutions

EC members as of 30 June 2023

Name/Position	Year of birth	Entry	Gender	Nationality
Jim Heng Lee CEO	1962	2014	m	SG
Christina Johansson CFO	1966	2022	f	CH/SE/NO
Steve Bewick President Region Europe & Africa	1966	2020	m	GB
Magín Guardiola Chief Marketing & Product Officer	1965	2023	m	CH/ES
Andreas Häberli Chief Technology Officer	1968	2011	m	CH
Alex Housten President Region Americas	1980	2020	m	US
Stefano Zocca President Key & Wall Solutions	1963	2011	m	IT

EC members as of 1 July 2023

Name/Position	Year of birth	Entry	Gender	Nationality
Jim Heng Lee CEO	1962	2014	m	SG
Christina Johansson CFO	1966	2022	f	CH/SE/NO
Steve Bewick Chief Commercial Officer	1966	2020	m	GB
Magín Guardiola Chief Innovation Officer	1965	2023	m	CH/ES
Alex Housten Chief Operations Officer	1980	2020	m	US
Stefano Zocca President Key & Wall Solutions and OEM	1963	2011	m	IT

1 Details on Kaspar W. Kelterborn, CFO and EC members until 30 November 2022, on Andy Jones, President Asia Pacific and EC member until 11 May 2023, on Alwin Berninger, CMPO and EC member, and on Mathias Mörtl, COO and EC member, both until 31 March 2023, can be found in the Corporate Governance Report FY 2021/22, EC members (https://report.dormakaba.com/2021_22/en/members-of-the-executive-committee/).

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EC members

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

During the financial year 2022/23, the following changes within the EC have been made:

- Christina Johansson joined dormakaba on 1 December 2022 as CFO and EC member, succeeding Kaspar W. Kelterborn who acted as interim CFO since 1 April 2022.
- Magin Guardiola joined the EC as CMPO as of 1 April 2023 and transitioned to the role of CIO as of 1 July 2023.
- Alwin Berninger, CMPO and EC member, and Mathias Mörtl, COO and EC member, left their roles on 31 March 2023.
- Andy Jones, President Asia Pacific and EC member, left his role on 11 May 2023.
- Andreas Häberli, CTO and EC member, left his role on 30 June 2023.

External mandates

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

Management contracts

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

Compensation

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

EC members

as of 30 June 2023

Jim-Heng Lee
CEO
Singaporean citizen

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

Career
dormakaba Group[1] (CH): Since 2022 CEO (2015–2021 COO Access Solutions APAC and member of the EC; 2014–2015 Head of Division Access + Data Systems Asia Pacific and member of the EC of Kaba Group[1] (CH); 2012–2014 Vice President and General Manager of Materials Group China, Avery Dennison Corporation[1] (CN); 1996–2011 various senior management positions at Assa Abloy[1]: e.g. 2010–2011 Vice President Asia Pacific (HK); 2006–2010 President China Door Group (CN); 2003–2005 Vice President Mergers & Acquisitions (HK)

External activities and interests
None

Christina Johansson
CFO
Swiss, Swedish & Norwegian citizen

Education
Master of Science (M.Sc.) in Business Administration (International Finance & Accounting), University Växjö (SE);

Career
Since 2022 CFO of dormakaba Group[1] (CH); 2018-2022 Chief Financial Officer and Member of the Executive Board and January 2021-March 2022 Chief Executive Officer ad interim of Bilfinger SE[1] (DE); 2016-2018 Group Chief Financial Officer of Bucher Industries Group[1] (CH); 2014-2016 Group Chief Financial Officer and Deputy Chief Executive Officer of SR Technics Group (CH); 2007-2014 CFO, Vice President Finance of Pöyry Energy Business Group and Pöyry Management Consulting Business Group (CH); 2005-2007 Group CFO and Deputy CEO of Zeag Group (Spreitenbach, Switzerland); 1996-2005 CFO/Finance Director of Amcor Rentsch & Closures[1] (CH/GE/CA)

External activities and interests
Since 2021 Member of the Board of Directors and Chair of the Audit Committee, About You Group[1] (DE); since 2018 Member of the Board of Directors and member of the Audit Committee and since 2021 Chair of the Audit Committee of Emmi Group[1] (CH)

Steve Bewick
President Region Europe & Africa (Chief Commercial Officer as of 1 July 2023)
British citizen

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

Career
dormakaba Group[1] (CH): since 2022 President Europe & Africa (2020–2021 COO Access Solutions EMEA and member of the EC) (CH); 2016–2019 Senior Vice President UK, Ireland and Benelux dormakaba; 2014–2015 Senior Vice President Market North Nordics Kaba and 2010–2019 Managing Director Kaba UK; 2008–2009 Contracting Business Director Kaba UK; 2007–2008 Sales and Marketing Director Surelock McGill (UK); 2005–2006 Sales & Marketing Director EDM Group (UK)

External activities and interests
Guild of Architectural Ironmongers (UK): Director since 2021.

[1] listed company

Magín Guardiola

Chief Marketing & Products Officer (Chief Innovation Officer as of 1 July 2023)
Swiss and Spanish citizen

Education
Master's in Business Engineering, University of St. Gallen (CH); Haas Business School, Berkeley (USA); Master's in Economics, University of Basel (CH); MSc (Diplom-Ingenieur FH), University of Applied Science in Augsburg (DE); MBA, Rotterdam School of Management Erasmus University (NL)

Career
dormakaba Group[1] (CH): since April 2022 Chief Marketing & Products Officer (2022–2023 Global Head Automation, Product and Solutions, 2015-2021 Global Business Owner Entrance Systems, AS DACH; 2012-2015 International Business Development and Region Manager CEERT/MEA Kaba Management and Consulting AG (CH); 2009-2011 Region Manager South and 2000-2009 Consejero Delegado / General Manager of Iberkaba, S.A. / Kaba Italia S.a.r.l. (SP and IT); 1992-2000 various roles in management positions in LECTA Group (SP)

External activities and interests
None.

Andreas Haeberli

CTO (until 30 June 2023)
Swiss citizen

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

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

External activities and interests
Since 2020 member of the BoD Kardex Holding AG[1] (CH); since 2018 member of the Industrial Advisory Board of the Department of Mechanical and Process Engineering of ETH Zurich (CH); since 2017 member of the BoD of Komax Holding AG[1] (CH); since 2016 member of the Research Committee of Swissmem (CH), since 2023 Chairman of the BoD of PhenoSign AG (CH).

Alex Housten

President Region Americas (Chief Operations Officer as of 1 July 2023)
US citizen

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

Career
dormakaba Group[1] (CH): since 2022 President of Americas (2020–2021 COO Access Solutions AMER and member of the EC); Carrier[1] / United Technologies Corporation[1] (US): 2018–2020 Vice President and General Manager Fire & Security Products, Americas; 2017–2018 Vice President and General Manager Global Security Products, Americas; 2015–2017 Managing Director United Technologies Electronic Controls & Global Security Products Operations; 2012–2015 Managing Director United Technologies Electronic Controls; 2005–2012 various roles in operations and factory management

External activities and interests
Since 2023 Treasurer, since 2022, Member of the Board of Directors, and since 2021, member of the Executive Council of the Security Industry Association (US); Indiana Chamber of Commerce (US): member of the board of directors, since 2022;

Stefano Zocca

President Key & Wall Solutions (President Key & Wall Solutions and OEM as of 1 July 2023)
Italian citizen

Education
Economics Degree, Bocconi University (IT)

Career
dormakaba Group[1] (CH): since 2022 President Key & Wall Solutions (2017–2021 COO Key & Wall Solutions and member of the EC); 2015–2017 COO Key Systems and member of the EC; 2011–2015 member of the EC of Kaba Group[1] (CH); since 2013 Head of Division Key Systems and 2011–2013 Head of Division Key Systems EMEA/AP/SAM; Whirlpool EMEA (IT): 2004–2011 General Manager Middle East, Africa + Turkey, since 2010 also of Central Europe; 2000–2004 Customer Service Regional Director, South, Central + East Europe, Middle East + Africa; 1994–2000 European Procurement Manager; 1988–1994 various positions in industrial and logistics operations; 1986–1988 Procurement and Planning Assistant Imbal (IT)

External activities and interests
None

[1] listed company

Shareholders' participation rights

Voting rights and proxy voting

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

Majorities required by the Articles of Incorporation

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

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

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

Convocation of the General Meeting of Shareholders and agenda

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

Entries in the share register/invitation to the Annual General Meeting of 5 October 2023

Only shareholders entered in the share register with voting rights by 27 September 2023 will be entitled to vote at the AGM of 5 October 2023. They will receive the invitation to the AGM together with the motions of the BoD. Once they have sent back the response form, they will receive their entry ticket and voting material. Shareholders who sell their shares before the AGM are no longer entitled to vote. If they sell some of their shares, or buy more, they should swap their entry ticket at the information desk on the day of the AGM. No entries will be made in the share register from 28 September 4 to 5 October 2023. All information about the AGM 2023 can be found online.

Changes of control and defense measures

Compulsory offer

§ 5a of the Articles of Incorporation of dormakaba Holding AG includes a formal selective opting-out according to article 125 paragraph 4 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015. The text of the formal selective opting-out is as follows (translation of the German version):

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

- a Combination of Kaba Group with Dorma Group pursuant to the transaction agreement dated 29 April 2015 between Familie Mankel Industriebeteiligungs GmbH + Co. KGaA and Mankel Family Office GmbH on the one hand and the company on the other hand;
- b Transactions in shares of the company between parties of the Shareholder Pool and/or with third parties that result in changes of the majorities within the Shareholder Pool, changes in the composition of the Shareholder Pool or changes in the direct overall participation of the parties to the Shareholder Pool in the company, as long as such a direct overall participation does not exceed 33⅓% of the voting rights in the company;
- c Dissolution of the Shareholder Pool;
- d Consummation of the transfer agreement described in § 35 of the Articles of Incorporation.

Clauses on changes of control

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

§ 35 of the Articles of Incorporation of dormakaba Holding AG states that according to the transfer agreement (called transfer agreement), which was concluded on 29 April 2015 related to the combination of Kaba Group and Dorma Group, if there is a change of control of dormakaba Holding AG, the Mankel/Brecht-Bergen Family has the right to buy back a 2.6% stake in dormakaba Holding GmbH + Co. KGaA and dormakaba Beteiligungs-GmbH in order to regain control (50.1%) of these companies. A change of control of dormakaba Holding AG happens if a third party (i) holds 33⅓% or more of the voting rights in dormakaba Holding AG in shares, (ii) holds 33⅓% or more of the voting rights in dormakaba Holding AG in purchase positions and the responsible Swiss authority has decided with legal effect that a mandatory offer has been triggered, or (iii) publishes the end result of a voluntary offer which, when completed, will give it at least 33⅓% of the voting rights of dormakaba Holding AG. The Mankel/Brecht-Bergen Family can only exercise the rights pursuant to the transfer agreement if dormakaba Holding AG receives a written statement of assurance that (i) nobody associated with the Mankel/Brecht-Bergen Family supports the change of control or has ever been involved in it, and (ii) the Mankel/Brecht-Bergen Family holds a stake of at least 47.5%

of dormakaba Holding GmbH + Co. KGaA and dormakaba Beteiligungs-GmbH. The price according to the transfer agreement is based on the market price or nominal value of the shares and in the former case is calculated using a fixed formula agreed by the parties in the transfer agreement. Under certain conditions and for a specific period of time, dormakaba Holding AG has the right to buy back the said 2.6% stakes. The transfer agreement is annulled if the Mankel/Brecht-Bergen Family's stake in dormakaba falls below 25%. Approval of the transfer agreement can be cancelled by resolution of the General Meeting. Such a decision to cancel must be taken (i) following the publication of a public takeover offer to acquire all of the outstanding shares of dormakaba Holding AG and before the end of the offer period and (ii) with a majority of at least 50% of the votes represented. The transfer agreement and its performance were declared valid under takeover law by the Swiss Takeover Board on 22 April 2015.

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

Auditors

Duration of mandate and term of office of Head Auditor

PricewaterhouseCoopers AG, Zurich, has been the auditor for dormakaba Holding AG since 1907, and Group auditor of the dormakaba Group since 1982. The responsible lead auditor took on this function during financial year 2022/23.

Auditing fees and additional fees

The fees paid to audit firm PricewaterhouseCoopers for services relating to the audit of the annual financial statements of dormakaba Holding AG and Group companies and the consolidated financial statements of dormakaba Group came to around CHF 3.3 million in the financial year 2022/23. In the financial year 2022/23, dormakaba Group also paid expenses in the amount of around CHF 0.6 million for other consultancy services from PricewaterhouseCoopers. Approximately CHF 0.33 million of this was for general advisory services, and around CHF 0.19 million was for taxation services (direct and indirect taxes). Another CHF 0.12 million was spent on support for subsidiaries relating to changes and/or implementation of new accounting practice rules or accounting questions and other projects.

Information pertaining to external auditors

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

Information policy

This reporting on the financial year 2022/23 and the financial statements as at 30 June 2023 include the Group Management Report with the consolidated financial statements, the financial statements of dormakaba Holding AG, the Corporate Governance Report, the Compensation Report, and the Sustainability Report. All reporting is available only digitally at www.dk.world/AR2022_23. The HTML format can be printed in PDF format or ordered as a printed copy if required. The share price development, business publications, media releases, and presentations may also be downloaded from www.dormakabagroup.com. Media and analyst conferences or calls take place at least once a year, but usually twice a year. dormakaba typically holds a Capital Market Day at least every second year at which financial analysts and investors can gain a deeper insight into the Group by meeting EC members and management as well as participating in presentations of dormakaba's offering. In addition, the CEO, the CFO, and the VP of Global Investor Relations regularly take part in various external investor meetings. dormakaba Holding AG publishes price-sensitive information in accordance with its disclosure obligations under the rules of the SIX Exchange Regulation AG (Listing Rules, article 53, and rules on ad hoc publicity). dormakaba Holding AG informs its shareholders in writing about the course of its business at least every half year. The information on how the business is performing is available at www.dk.world/news and www.report.dormakaba.com. The notifications, reports, and presentations of dormakaba are not continually updated by the company; the statements and data contained therein are therefore valid as of the relevant date of publication. For those wishing to obtain current information, dormakaba Holding AG recommends that they do not refer solely to past publications. A list of the most important dates in the financial year can be found at www.dk.world/events.

General trading blackout periods

According to dormakaba's Insider Trading Directive, members of the BoD and the EC and other employees who have access to material non-public information are designated as Insiders and are banned from trading in dormakaba Holding AG securities and any related financial instruments during general blackout periods. There were no exceptions to this rule in the financial year 2022/23.

dormakaba's general blackout periods last from June 15 until (and including) two SIX Swiss Exchange trading days after the publication of dormakaba's annual financial statements as well as from December 15 until (and including) two SIX Swiss Exchange trading days after the publication of dormakaba's semi-annual financial statements.

Compensation Report

General introduction

The Compensation Report describes the principles underlying the compensation policy and provides information about the steering process and the compensation awarded to the Board of Directors (BoD) and Executive Committee (EC) of dormakaba Holding AG. On 1 January 2023, the revised Swiss Company Law entered into force. Among other changes, the Ordinance against Excessive Compensation in Listed Stock Corporations was repealed and, with few changes, transferred to the new law. This Compensation Report meets the requirements of the revised Swiss Company Law, the SIX Swiss Exchange's Directive on Information relating to Corporate Governance, and economiesuisse's Swiss Code of Best Practice for Corporate Governance.

Introductory notes from the Compensation Committee

The financial year 2022/23 was characterized by strong organic growth which was most pronounced in the Regions Americas and Europe & Africa, and the segment Key & Wall Solutions. Region Asia Pacific was still impacted by slower development in China due to Covid-related lockdowns and cash constraints affecting the construction industry. While supply chains recovered, inflationary pressure remained high in Europe and the US. However, dormakaba was able to balance these headwinds showing a sequential improvement in profitability over the year, especially from the first to the second half of the financial year.

dormakaba increased absolute net sales by 3.3% to CHF 2,848.8 million in 2022/23 (previous year: CHF 2,756.9 million); organic sales increased by 8.4%. The impact on sales growth from acquisitions and divestments was -0.5% and translation exchange effects were -4.0%. Absolute adjusted EBITDA increased by 3.4% to CHF 384.8 million (previous year: CHF 372.3 million), the adjusted EBITDA margin was at 13.5% (previous year: 13.5%). Net profit at CHF 88.5 million (previous year: CHF 38.8 million (restated)) was impacted by a change in goodwill accounting, as well as by expenses linked to strategy implementation including the conception of the transformation program announced on 3 July 2023. For more information, please refer to the Consolidated Financial Statements Chapter 5.1 "Change in accounting principles and restatement of previous period" section of this report.

The Nomination and Compensation Committee (NCC) performed its regular activities throughout the financial year, such as proposing compensation for the members of the BoD and EC, as well as the preparation of the Compensation Report and the binding say-on-pay votes at the Annual General Meeting (AGM).

In addition, as noted in the 2021/22 Compensation Report, during the reporting year the NCC implemented the following changes to the Compensation Architecture for EC members:

- Short-term incentive (STI): a target-based approach replaces the profit-share approach. Each EC member is assigned a target STI amount corresponding to the amount to be paid if all performance objectives are met. This target STI is multiplied by a performance factor between 0% and 200% based on the achievement of the pre-defined performance objectives. The performance objectives are predominantly of financial nature and are all clearly measurable.
- Long-term incentive (LTI): the LTI grant size is determined as a monetary amount based on the organizational level of the role instead of the former set of criteria.

In the reporting year, the NCC continued the review of the compensation programs for EC members to ensure that they best align with the strategic direction of the company in the context of the Shape4Growth strategy for the period 2022 to 2027 and consider shareholder's feedback based on a targeted engagement outreach in 2022. As from the financial year 2023/24, it is planned that the LTI compensation will include ESG-related targets to reflect the increasing importance of sustainability.

The STI and LTI programs are described in detail in the section "Compensation Architecture for the EC" of this Compensation Report, which also includes an introduction to the changes foreseen for the financial year 2023/24. Following the restructuring of STI and LTI, the disclosure of STI and LTI payout as well as the respective performance outcomes have been improved to increase the level of transparency.

At the upcoming AGM, our shareholders will be asked to prospectively approve the aggregate maximum amounts of compensation of the BoD for the period until the following AGM and of the EC for the financial year 2024/25. Further, our shareholders will have the opportunity to express their opinion about our compensation system and the compensation awarded to the BoD and to the EC by way of a consultative vote on the Compensation Report 2022/23 at the AGM 2023.

At the AGM 2022, binding votes were conducted on the aggregate maximum compensation amounts for the BoD and for the EC, as well as a consultative vote on the Compensation Report. The shareholders approved the maximum compensation amounts for the BoD with 91% (prior year: 97%) and the EC with 97% (prior year: 98%). The consultative vote on the Compensation Report received an approval rate of 94% (prior year: 87%). This positive voting outcome shows that the active dialogue with investors was fruitful and that shareholders endorse the compensation system in place at dormakaba. We would like to thank our shareholders for their trust and support.

Looking ahead, we will continue to maintain an open and regular dialogue with our shareholders and their representatives. We will also continue to assess and review our compensation programs regularly to ensure that they are fulfilling their purpose in the evolving context in which the company operates and are aligned with the interests of our shareholders.

Compensation at a glance

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

Summary of current compensation system of the BoD

Basic Compensation p.a. (in CHF)	BoD Chair	BoD Member
in cash	335,000	100,000
in restricted shares	300,000	90,000
Total	**635,000**	**190,000**

+

Additional Compensation p.a. (in CHF)	Committee Chair	Committee Member
Audit Committee	60,000	20,000
Nomination and Compensation committee	60,000	20,000

Shareholding ownership guideline

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

Compensation of the BoD in financial year 2022/23

The compensation awarded to the BoD in financial year 2022/23 is within the limits approved by the shareholders at the AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)
AGM 2021 – AGM 2022	3,200,000	2,690,000
AGM 2022 – AGM 2023	3,200,000	To be determined*

* The compensation period is not yet completed; a definitive assessment will be provided in the 2022/23 Compensation Report.

Summary of current compensation system of the EC

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

	Fixed Compensation and Benefits		Variable Compensation (target of at least 50% of total compensation)	
	Annual Base Salary	Benefits	Short-term incentive (STI)	Long-term incentive (LTI)
Purpose	Reflects the function (scope, resonsibilities and skills of the individual)	Establish a level of risk protection for the participants and their dependents	rewards company short-term performance	rewards company long-term performance, aligns with shareholders' interests

Variable compensation mechanisms

Short-term incentive mechanism

As from financial year 2022/23, the target-based design replaces the profit-sharing scheme.

STI Target Amount	x	Payout Factor	=	STI Payout
Target amount determined based on individual role		**Achievement against pre-determined objectives:** Financial and Strategic, measurable KPIs		**Minimum 0%** **Target achievement: 100%** **Cap: 200%**

Long-term incentive mechanism

Annual grant of Performance Share Units (PSU) based on a monetary amount, subject to a three-year vesting period.

Individual grant based on target amount dependent on role and market requirements

- Typical grant size and positioning of total compensation versus benchmark
- individual performance in previous year
- business importance of participant's projects
- desire to retain participant to company

Performance Share Units

Three-year vesting period
- drive future EPS and relative TSR performance

Shares unrestricted

Payout 0-200%

Shareholding ownership guideline

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

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

Compensation of the EC in financial year 2022/23

The compensation awarded to the EC in financial year 2022/23 is within the limits approved by the shareholders at the 2021 AGM:

Compensation period	Approved amount (CHF)	Effective amount (CHF)
Financial year 2022/23	17,000,000	10,995,882

Performance in financial year 2022/23

dormakaba increased absolute net sales by 3.3% to CHF 2,848.8 million and posted strong organic growth of 8.4% for financial year 2022/23. Absolute adjusted EBITDA increased by 3.4% and amounted to CHF 384.8 million (previous year: CHF 372.3 million). The adjusted EBITDA margin was at 13.5% (previous year: 13.5%). Items affecting comparability were at CHF –118.5 million on EBIT (previous year: CHF –190.8 million (restated)) and mainly related to goodwill amortization and the implementation of the Shape4Growth strategy.

Net profit was CHF 88.5 million (previous year: CHF 38.8 million (restated)) and was impacted by a change in goodwill accounting (for more information, please see "Consolidated Financial Statements Chapter 5.1" as well as by expenses linked to strategy implementation which includes the conception and transformation program announced on 3 July 2023.

Compensation governance

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

Basic principles of compensation

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

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

The compensation for the EC members consists of fixed and variable payments in cash, shares and benefits. The EC compensation system principles are illustrated below.

The compensation system for the EC members and its four principles

Fairness and transparency

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

Reward for short- and long-term performance

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

Alignment to shareholders' interest

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

Competitiveness

The structure and levels of compensation take into account the market practice (benchmark based on Korn Ferry (EC) and Willis Towers Watson (rest of organization).

Managing compensation

Nomination and Compensation Committee (NCC)

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

The NCC consists of three BoD members, who are elected annually and individually by the AGM for a period of one year. At the AGM 2022, the shareholders elected Svein Richard Brandtzaeg (Chair), Stephanie Brecht-Bergen, and Kenneth Lochiatto as members of the NCC.

The NCC's main compensation tasks are:

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

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

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

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

red: recommending body
blue: reviewing body
gray: approving body
* Proposals related to the CEO compensation are prepared by the NCC Chair and approved by the NCC.

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

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

The NCC may decide to consult external advisors on specific compensation matters. PricewaterhouseCoopers was reappointed to provide advice on specific compensation and governance matters (formerly Agnès Blust Consulting, which became part of PricewaterhouseCoopers as of 1 April 2022). PricewaterhouseCoopers is the current auditing firm of dormakaba, and there are clear rules in place to comply with the independence requirements of auditing firms.

Shareholders' involvement

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

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

- Principles of compensation of the Board of Directors (Article 23);

- Principles of compensation of the Executive Committee (Article 24);
- Binding vote at the AGM (Article 22);
- Additional amount for new members of the Executive Committee (Article 25);
- Agreements with members of the Board of Directors and the Executive Committee, notice periods for the members of the Executive Committee (Article 26);
- Credits and loans to members of the Board of Directors and Executive Committee (Article 28).

Compensation architecture for the BoD

BoD members only receive fixed compensation based on the responsibilities and time requirement of their function, without any entitlement to performance-related compensation. This ensures that the BoD remains independent while exercising its supervisory duties towards the EC. The amount of compensation for each function of the BoD is determined annually considering the market compensation trends and comparisons with other listed Swiss industrial companies which operate internationally.

The NCC regularly reviews the compensation of the BoD as well as the peer group used for compensation benchmarking studies. The most recent peer group revision was conducted in the financial year 2021/2022 based on the following criteria: median market capitalization, annual sales, business model, industry, and compensation practices. The peer group consists of the following eleven companies: Bucher Industries, Clariant, Forbo, Georg Fischer, Landis+Gyr, OC Oerlikon, SFS Group, SIG Combibloc, Stadler Rail, Sulzer, and Tecan.

Consecutive to the peer group review, a compensation benchmark analysis based on the revised peer group was performed by PwC. In consideration of the outcome of the analysis, the compensation of the BoD Chair was reduced by CHF 45,000 to CHF 635,000 (previously: CHF 680,000) effective from the term of office starting with the AGM 2022. This adjustment brought the BoD Chair compensation within the benchmark range, aligned with the principle to position fees for board and committee chairs above the market median, considering the above average level of responsibility and workload for these roles at dormakaba.

Compensation for other BoD members remained unchanged, and no further changes are proposed for the term of office starting with the AGM 2023. The compensation for the Lead Independent Director will be removed as of the AGM as the role has been dissolved.

1. Composition of compensation

The basic compensation paid to the members of the BoD comprises a cash payment and a grant of restricted shares of dormakaba Holding AG. The BoD Chair receives basic compensation of CHF 635,000, consisting of CHF 335,000 paid in cash and CHF 300,000 in restricted shares. The other members of the BoD receive basic compensation of CHF 190,000, consisting of CHF 100,000 in cash and CHF 90,000 in restricted shares. Additional fees are paid in cash for specific functions such as committee chair and/or committee member of the BoD or for performing special additional tasks assigned by the BoD. In line with Swiss legal requirements, the former BoD and Audit Committee Chairs are insured in the company's pension fund. Both the employee and employer portions of the annual contributions are borne by the former BoD and Audit Committee Chairs themselves, therefore no pension cost is paid by the company.

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

Basic Compensation p.a. (in CHF)	BoD Chair	BoD Member
in cash	335,000	100,000
in restricted shares	300,000	90,000
Total	**635,000**	**190,000**

+

Additional Compensation p.a. (in CHF)	Committee Chair	Committee Member
Audit Committee	60,000	20,000
Nomination and Compensation committee	60,000	20,000

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

Compensation is paid on a pro rata basis to Board members twice a year. For the term of office from the AGM 2021 until the AGM 2023, the first compensation period ended on 30 April 2022, the second will end on 31 October 2022. Actual expenses incurred are only reimbursed for travel and journeys outside Switzerland or as caused by special additional tasks performed on behalf of and assigned by the BoD.

2. Assessment of actual compensation paid to the BoD in the financial year 2022/23

The actual compensation paid to the BoD for the financial year 2022/23 decreased by 3% compared to the previous year as the former BoD Chair, who left the Board by the end of April 2023, was not replaced by a new BoD member for the remaining two months of the financial year.

At the AGM 2022, the shareholders approved a maximum aggregate amount of CHF 3,200,000 for the BoD for the compensation period from the AGM 2022 until the AGM 2023. The compensation effectively paid for the portion of this term of office included in this Compensation Report (October 2022 – 30 June 2023) is within the limit approved by the shareholders. A conclusive assessment for the entire period will be included in the Compensation Report 2023/24.

At the AGM 2021, the shareholders approved a maximum aggregate amount of CHF 3,200,000 for the BoD for the compensation period from the AGM 2021 until the AGM 2022. The compensation effectively paid was CHF 2,690,000 and is within the limit approved by the shareholders.

As of 30 June 2023, in compliance with the Articles of Incorporation, no loans or credits were granted to current or former BoD members, or parties closely related to them. Investments held by BoD members or related persons (including conversion and option rights) – if any – are listed here.

Compensation architecture for the EC

The compensation awarded to EC members is primarily driven by the success of the company. In addition to competitive fixed compensation, there is a performance-related component, which rewards for performance and allows EC members to participate in the company's long-term value creation. The overall compensation consists of the following elements:

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

	Fixed Compensation and Benefits		Variable Compensation (target of at least 50% of total compensation)	
	Annual Base Salary	Benefits	Short-term incentive (STI)	Long-term incentive (LTI)
Purpose	Reflects the function (scope, resonsibilities and skills of the individual)	Establish a level of risk protection for the participants and their dependents	rewards company short-term performance	rewards company long-term performance, aligns with shareholders' interests

To ensure consistency across the organization, roles within the organization have been evaluated using the job grading methodology of Korn Ferry Hay Group. The grading system is the basis for compensation activities such as benchmarking and determination of compensation structure and levels. For comparative purposes, dormakaba refers to external compensation studies that are conducted regularly by Korn Ferry Hay Group in most countries. Overall, these studies include the compensation data of 2,500 technology and industrial companies, including listed and privately held competitors in the security sector that are comparable with dormakaba in terms of annual revenues, number of employees, and complexity in the relevant national or regional markets. Consequently, there is no predefined peer group of companies that is used globally. Rather, the benchmark companies vary from country to country based on the database of Korn Ferry Hay Group. For the CEO role, the following companies were included in the last benchmark analysis conducted in the financial year 2022/23 covering Swiss listed industrial companies of similar size in terms of market capitalization, revenue, and number of employees: Bucher Industries, Clariant, Forbo, Georg Fischer, Landis+Gyr, OC Oerlikon, SFS Group, SIG Combibloc, Stadler Rail, Sulzer, and Tecan.

As a principle, the compensation paid to the EC members must be based on the market median in the relevant national or regional market and must be within a range of −20% to +35% of this figure. The variable component of compensation (= short- and long-term incentives) is targeted to make for at least 50% of the total direct compensation (annual base salary, short-term incentive target and long-term incentive awarded). Thereof, the equity-based compensation opportunity (value of long-term variable compensation) is at least 30% of the total direct compensation.

1. Annual base salary

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

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

2. Benefits

As the EC is international in its nature, the members participate in the benefits plans available in their country of employment. Benefits mainly consist of retirement, insurance, and healthcare plans that are designed to provide a reasonable level of protection for the participants and their dependents in respect to the events of retirement, disability, death, and illness/accident. The EC members with a Swiss employment contract participate in the occupational pension plans offered to all employees in Switzerland, which consist of a basic pension fund and a supplementary plan for management positions. The benefits offered by the pension fund of dormakaba in Switzerland are in line with benefits provided by other Swiss multinational industrial companies.

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

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

3. Variable compensation

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

In the context of the strategic business review that was conducted in 2021 for the period 2022 to 2027, the NCC led a thorough review of the compensation program in financial year 2021/22 to ensure that it remains aligned with the strategic direction of the company, while continuing to drive performance, motivation, and behaviors that are aligned with the values of dormakaba. In line with the business strategy Shape4Growth and the related operating model, the current human capital context and the shareholder feedback received asking for more transparency, and a stronger pay-for-performance link, the NCC decided to make several changes to the STI and to the LTI programs. The changes have been implemented during the 2022/23 financial year and are described below.

3.1 Short-term incentive

The short-term incentive is a variable incentive defined annually as a cash payment. It is designed to reward the overall company performance and the EC members' individual contribution to the dormakaba success over a one-year period, in line with the pay-for-performance compensation principle.

As of the financial year 2022/23, the STI model based on a predefined share of profit was replaced with a target-based system. Under the target-based system, each EC member including the CEO are allocated a target STI amount corresponding to the amount to be paid if all performance objectives are met (100% target achievement). The target STI amount is reviewed annually and expressed as an absolute amount. It is determined considering the organization level and external benchmark for a similar function in the relevant market, the positioning of the individual's total direct compensation compared to that benchmark and the target pay mix for the position. The target STI amount for the CEO is CHF 825,000. The average target STI amount for other EC members is CHF 340,000.

The tables below illustrate the average payout range opportunity and the details on the STI performance metrics in terms of definition and weighting for the CEO and the other EC members:

STI Payout range opportunity in % of annual base salary

	Minimum threshold	100% Target achievement	Maximum threshold
CEO	0%	97%	194%
Other EC Members	0%	84%	162%

The plan is determined predominantly by the achievement of financial or otherwise strictly measurable goals at global, regional and product levels. Global financial goals are weighted 100% for the CEO and CFO and 60% for all other EC roles and include Organic Sales, EBITDA Margin and ROCE For the other EC roles, the remaining 40% are allocated to regional financial goals (Organic Sales, EBITDA Margin, Net Working Capital) for the Regional Presidents and to products for the CMPO and the CTO, while for the COO the remaining 40% relate to operational excellence goals.

Overview of performance objectives and respective weightings for FY 2022/23

	Performance objective	Mearsurement	CEO CFO	Regional & KWS Presidents	CMPO CTO	COO
Shared Global Targets	Organic Sales	Measure organic sales on group level	33%	20%	20%	20%
	Reported EBITDA Margin	Actual earnings before interest, taxes, depreciation and amortization (EBITDA) on group level as a percentage of net sales	33%	20%	20%	20%
	ROCE	Measures the actual return on capital employed on group level	33%	20%	20%	20%
	Weighting		100%	60%	60%	60%
Unit Specific Targets	Regions and KWS Objectives	Focus on Regional/KWS financial performance including Organic Sales, EBITDA Margin and Net Working Capital		40%		
	Product Objectives	Focus on global core products and ensure profitable global core by measuring sales with global core and specified new products as well as gross margin with global core products.			40%	
	Operations Objectives	Focus on operational excellence by measuring manufacturing productivity, procurement savings and inventory.				40%
	Weighting			**40%**	**40%**	**40%**

At the beginning of the performance period, the NCC approves the minimum, target, and maximum achievement for the respective performance objectives. For performance below or at the minimum, 0% is paid out, whereby on-target performance (budget) is rewarded with a 100% payout. In case of overperformance, up to 200% can be achieved. Linear interpolation applies between the minimum threshold and the maximum threshold (cap). This payout curve applies to ROCE and most Unit Specific Targets.

To ensure a smooth transition from the former profit-sharing model, the payout curves for Organic Sales, EBITDA Margin, and selected Unit Specific Performance objectives are enhanced as described below.

For Organic Sales objectives at Global or Unit Specific level, the entry point for payout is the level of the previous year achievement and the 100% payout achievement reflects an ambitious budget.

For EBITDA Margin at Global and Unit Specific level as well as for selected Unit Specific performance objectives, a booster applies to the payout curve. With the booster, the payout for achievement on or above target is elevated by a factor of 1.5, allowing a maximum achievement of 300%. However, the overall STI payout cap remains at 200%.

For all performance objectives, the required achievement level is derived from the company's strategic business plan and aligned with an ambitious budget for the respective financial year.

As this represents commercially sensitive information, no further details on the required achievement levels are disclosed. The calculation of the short-term incentive is based – just as the audited financial statements of the Group – on the actual figures recorded in the financial reporting system. Relevant performance achievements and the resulting STI payout factor for the financial year 2022/23 are reported in section 6. "Assessment of actual compensation paid to the EC in the financial year 2022/23".

The STI is paid in cash in the following financial year. In the case of termination of employment during the performance period, the payout of the STI may be reduced or forfeited depending on the conditions of such termination and subject to the applicable law.

3.2 Long-term incentive

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

Up to the 2022 grant, EC members are awarded performance share units at the beginning of the grant cycle (grant date) of dormakaba based on the following criteria:

- **External benchmark:** typical grant size of long-term incentive for a similar function in the relevant market and positioning of the individual's total direct compensation compared to that benchmark. Total direct compensation includes fixed base salary plus short-term incentive plus allocation under the long-term incentive plan.
- **Individual performance:** measured against predefined priorities in the financial year prior to the grant, as documented within the performance management process. The long-term incentive is the only compensation program that takes into consideration the individual performance of the EC members. For each member, a list of individual strategic priorities is determined before the start of each financial year based on the mid-term plan of the Group, market/segment, or function. At the end of each financial year, the individual performance of the member is measured against those strategic priorities and will be considered for determining of the grant size of the long-term incentive in the following financial year.
- **Strategic importance:** impact of the EC member's projects on the company's long-term success.
- **Retention:** desire to retain the person to the company and to its overall long-term value creation by offering restricted shares and performance share units subject to a three-year vesting period.

Individual grant based on target amount dependent on role and market requirements

- Typical grant size and positioning of total compensation versus benchmark
- individual performance in previous year
- business importance of participant's projects
- desire to retain participant to company

Performance Share Units

Three-year vesting period
- drive future EPS and relative TSR performance

Shares unrestricted

Payout 0-200%

The number of PSU granted in the reporting period is calculated by dividing the grant size (monetary amount) by the reference share price (volume weighted average share price over three months preceding the grant date). Pursuant to the Articles of Incorporation effective at the time of grant (September 2022), the fair value of the long-term incentive at grant was not allowed to exceed 150% of the individual annual base salary for the EC members (cap).

The PSUs are subject to a three-year performance-based vesting period. The award is designed to reward participants for the future performance of the earnings per share (EPS) and the relative TSR of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

The relative TSR is measured relative to the SPI Industrials index: this index was selected as the performance benchmark because of the insufficient number of direct competitors of dormakaba that are publicly listed, which does not allow for a suitable customized peer group. Therefore, the SPI Industrials as an index of companies of comparable size listed on the SIX Swiss Exchange, was the most appropriate alternative.

The EPS growth target is to outperform weighted GDP growth by 2% points.

The vesting formula for both performance indicators is illustrated below; there is no vesting below the threshold levels of performance:

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

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

Performance share units are usually awarded annually in September. In case of voluntary termination by the participant or if a participant is terminated for cause, performance share units are forfeited without any compensation. In case of termination without cause or retirement, performance share units are subject to a pro rata vesting at the regular vesting date. In case of disability, death, or change of control, performance share units are subject to an accelerated pro rata vesting based on a performance assessment by the BoD (see also Corporate Governance Report). The conditions for the award of performance share units are governed by the stock award plans of dormakaba.

Letter to Shareholders
Business performance
Financial performance
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Financial statements dormakaba Holding AG
Five-year performance overview

Shares awarded in reporting periods 2022/23 and 2021/22 have come from dormakaba treasury.

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

With the annual grant that is planned for September 2023, the LTI grant size will no longer be determined based on the criteria described above. Instead, the grant size will be set as a monetary amount considering the organization level and external benchmark for a similar function in the relevant market, the positioning of the individual's total direct compensation compared to that benchmark and the target pay mix for the position.

Further, as from the annual grant 2023, the LTI compensation will include ESG related targets to reflect the increasing importance of sustainability. The ESG targets will cover both social and environmental topics that are addressed by our sustainability strategy to ensure all business and functions are represented with the ESG targets. ESG targets will be introduced in addition to the existing KPIs and will be weighted overall at 20%. Within the ESG target category, the following targets will be introduced: Carbon Emission Savings, Safety Improvement and Increased Sustainability Products Declarations.

Consequently, the weight of the other two KPIs will be reduced by 10% each, resulting in a weight of 40% for relative TSR and EPS growth respectively.

4. Employment contracts

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

5. Shareholding ownership guideline

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

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

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

6. Assessment of actual compensation paid to the EC in the financial year 2022/23

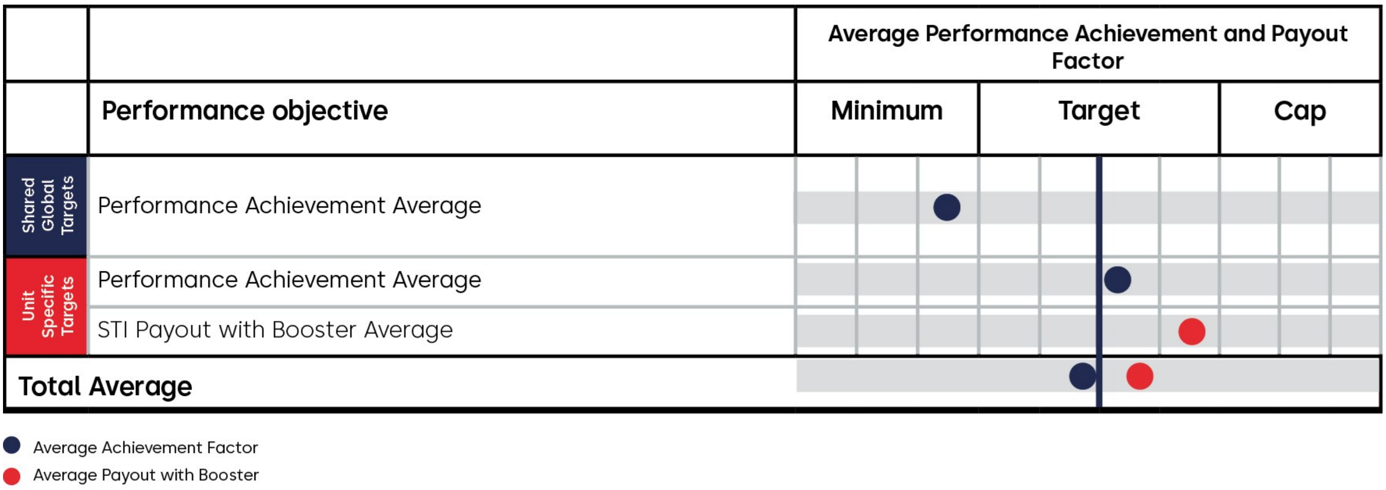
In comparison to the previous year, total direct compensation (TDC) of the EC has remained stable. There are several factors that impacted the level of actual compensation paid to the EC in the 2022/23 financial year, which are summarized below:

- **Changes in EC composition:** As part of the organizational simplification, the number of EC positions is reducing from nine to six. Andreas Haeberli, Chief Technology Officer, Alwin Berninger, Chief Marketing & Products Officer, Mathias Moertl, Chief Operations Officer, and Andy Jones, President Asia Pacific, are leaving dormakaba. Magín Guardiola joined the Executive Committee as of 1 April 2023 as Chief Marketing & Products Officer. Considering the transition in roles, a total of 12 EC members received compensation in the reporting year (2020/21: 11 EC members in total). Overall, the total compensation of CHF 11 million paid in the reporting year is comparable to the total compensation paid in previous year (2021/22: CHF 11.16 million).
- **Compensation changes:** For one EC member, the target base salary and STI was adjusted by 6% overall in local currency to bring compensation in line with market requirements. No other changes to EC compensation were made in the reporting period.
- **STI payout:** the STI payout formula is based on the achievement of pre-determined key performance objectives (as described under section 3.1) The STI payout of the CEO and EC members especially reflects the development of the Group's organic sales, EBITDA margin and ROCE, which are the main drivers of the STI payout. In line with the applicable rules, the Board decided to exceptionally consider the effects of the S4G transformation costs in the achievement of the Group EBITDA Margin and ROCE objective. Effects from amortization of goodwill are excluded from the relevant KPI in the STI calculation.

  The payout amount is lower by 19% to the prior year payout reflecting the increased performance orientation and the ambitious target setting of the new STI scheme. In the reporting year, the STI payout of EC members is 56% of the annual base salary on average (previous year: 68%). For one EC member a pre-determined STI amount was paid out for the period of onboarding.
- **LTI grant in September 2022:** to determine the individual grant size (nominal value), the allocation criteria in place for several years (as described under section 3.2) such as individual performance in the previous year, strategic importance of the projects under responsibility, position against benchmark and retention need were considered. The LTI grant at target is 21% lower compared to the previous reporting period, reflecting two new EC members with pro-rated grants.

STI Performance

The STI performance achievement and payout range for Global and Unit Specific performance objectives (as described under section 3.1) is illustrated in the table below. As this represents commercially sensitive information, no further details on the required achievement levels are disclosed.



The table shows the range of performance objective achievement for shared performance objectives and Unit Specific objectives, as well as the STI payout factor range including the booster applied to selected Unit Specific targets. The principles for the application of the booster are described in section 3.1.

LTI Performance

The performance share units granted under the long-term incentive in September 2019 vested in September 2022 based on the EPS growth and the rTSR ranking over the three-year vesting period at a total vesting level of 30.88% based on the following performance factors:

rTSR		EPS		Total Performance
Ranking	Factor	Performance	Factor	
26.00%	28.00%	73.50%	33.75%	30.88%

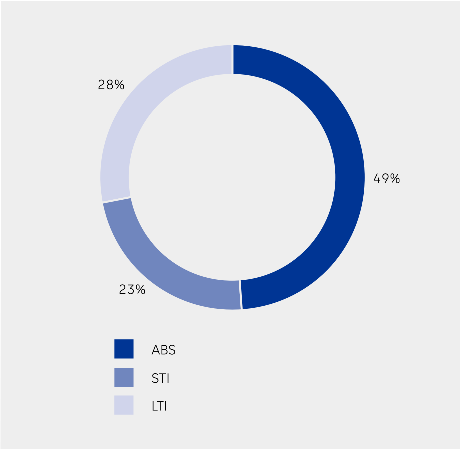
The share price at vesting amounted to CHF 410.00 compared to CHF 697.50 at grant.

Realized Compensation Mix

Variable compensation forms a major part of total direct compensation (TDC). The percentage of overall compensation paid to the EC as variable compensation in the reporting year was 47% (excluding benefits and social security contributions) and represented a decrease compared to prior year's at 55%. Variable equity-based compensation (excluding EC members who joined dormakaba after the grant or who were no longer eligible for a grant) accounted for 27% of the TDC (previous year: 27%). This is in line with the compensation strategy and the pay for performance principles.

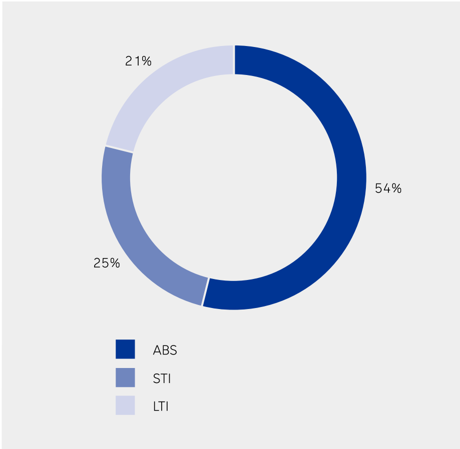
The table below represents the pay mix of the CEO and EC in relation to total direct compensation (excluding benefits and social security).

CEO*



* Based on the effective payout for reporting period
** Annual Base Salary

EC*



* EC excl. CEO
** Annual Base Salary

Compensation paid compared to budget approved by shareholders

At the AGM 2021, the shareholders approved a maximum aggregate amount of CHF 17,000,000 for the EC for the financial year 2022/23. The compensation effectively awarded of CHF 10,995,882 is within the limit approved by the shareholders.

Loans and credits

As of 30 June 2023, in compliance with the Articles of Incorporation, no loans or credits were granted by dormakaba to current or former EC members, or parties closely related to them. Investments held by EC members or related persons (including conversion and option rights) – if any – are listed here.

Compensation BoD and EC

Financial Year 22/23 (audited)

	Compensation [1]				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits [2]	Total (CHF)	of which in shares (CHF) [3]
BoD					
Thomas Aebischer	190,000	50,000	16,332	256,332	105,692
Member Audit Committee (until AGM 2022) Chair Audit Committee (since AGM 2022) Vice-Chair of the Board (since May 2023) Member Pension Fund Committee (since May 2023)					
Jens Birgersson	190,000	20,000	–	210,000	121,834
Member Audit Comittee					
Svein Richard Brandtzaeg (BoD Member since AGM 2022)	200,833	55,000	45,432	301,266	94,813
Vice-Chair of the Board (since AGM 2022) Lead Independent Director (from AGM 2022 until April 2023) Chair Nomination and Compensation Committee (since AGM 2022)					
Stephanie Brecht-Bergen	190,000	20,000	–	210,000	121,834
Member Nomination and Compensation Committee					
Riet Cadonau (BoD Member until April 2023)	544,167	16,667	35,377	596,210	256,396
Chair of the Board (until April 2023) Member Pension Fund Committee (until April 2023)					
Daniel Daeniker	190,000	33,333	16,497	239,831	105,692
Chair Audit Committee (until AGM 2022) Member Audit Committee (since AGM 2022)					
Hans Gummert	190,000	78,922	–	268,922	89,762
Member Audit Committee					
John Heppner (BoD Member until AGM 2022)	63,333	6,667	–	70,000	29,948
Member Nomination and Compensation Commitee					
Hans Hess (BoD Member until AGM 2022)	63,333	30,000	6,684	100,017	29,948
Vice-Chair of the Board (until AGM 2022) Lead Independent Director (until AGM 2022) Chair Nomination and Compensation Committee (until AGM 2022)					
Christine Mankel (BoD Member until AGM 2022)	63,333	–	–	63,333	56,711
Kenneth Lochiatto (BoD Member since AGM 2022)	126,667	13,333	–	140,000	59,813
Member Nomination and Compensation Committee (since AGM 2022)					
John Y. Liu	190,000	–	13,082	203,082	89,762
Michael Regelski (BoD Member since AGM 2022)	126,667	–	–	126,667	59,813
Total BoD	2,328,333	323,922	133,404	2,785,659	1,222,019

1 Compensation for the employer representative on the Swiss pension fund (Riet Cadonau and Thomas Aebischer) of CHF 20,000 p.a. and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 58,922 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and remains stable vis-à-vis the previous year, however, fluctuates in CHF due to currency exchange.
2 In line with the Swiss legal requirements under the respective law (BVG), the two Board members are insured in the company pension fund. The employer cost of the pension benefits are deducted from the cash board fee disclosed above. The BoD members are hence financing both the employee and employer contributions to the pension fund via a deduction on the cash board fee so that the insurance in the pension fund is cost-neutral to the company.
3 The compensation for the reporting period is paid out in three installments (November 2022, May 2023, and November 2023). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 318.60 for the shares transferred in November 2022 and CHF 393.10 for the shares transferred in May 2023).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment[1]	Benefits and social / pension contributions[2]	Total aggregate amount	STI[3]	LTI[4]	Social / pension contributions	Total aggregate amount	
EC members								
Jim-Heng Lee	850,008	342,806	1,192,814	410,826	491,407	183,864	1,086,097	2,278,911
Other EC	3,572,216	911,427	4,483,643	1,610,513	1,499,814	602,133	3,712,459	8,196,102
Former EC[5]	262,438	89,760	352,198	125,684	-	42,987	168,671	520,869
Subtotal	**4,684,662**	**1,343,993**	**6,028,655**	**2,147,023**	**1,991,221**	**828,984**	**4,967,227**	**10,995,882**

1 Includes post-employment non-compete payments, for one EC member.
2 Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, housing contributions, long-service payments, annual leave payments and one-time relocation allowances. Includes the fees for the interim CFO until December 2022, who did not receive any variable compensation.
3 The short-term incentive reported will be paid after the end of the reporting year.
4 The LTI grant consists of PSUs only. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.
5 Includes the compensation of former EC member until the end of the contractual employment period and reflects the contractual obligations.

Financial Year 21/22 (audited)

	Compensation 1)				
	Basic compensation	Additional compensation (committees, special tasks)	Social benefits [2]	Total (CHF)	of which in shares (CHF) [3]
BoD					
Thomas Aebischer (BoD member since AGM 2021) Member Audit Committee (since AGM 2021)	126,667	13,333	9,775	149,775	59,620
Jens Birgersson Member Audit Comittee	190,000	20,000	–	210,000	89,426
Stephanie Brecht-Bergen Member Nomination and Compensation Committee	190,000	20,000	–	210,000	89,426
Riet Cadonau Chair of the Board	680,000	21,111	47,087	748,198	319,651
Daniel Daeniker Chair Audit Committee	190,000	90,000	17,523	297,523	89,426
Karina Dubs-Kuenzle (BoD member until AGM 2021)	63,333	6,667	4,846	74,846	29,806
Hans Gummert Member Audit Committee	190,000	83,022	–	273,022	89,426
John Heppner Member Nomination and Compensation Commitee	190,000	20,000	–	210,000	89,426
Hans Hess Vice-Chair of the Board Lead Independent Director Chair Nomination and Compensation Committee Member Audit Committee (until AGM 2021)	190,000	96,667	20,720	307,386	89,426
Christine Mankel	190,000	–	–	190,000	89,426
John Y. Liu	190,000	–	13,269	203,269	89,426
Total BoD	**2,390,000**	**370,800**	**113,220**	**2,874,020**	**1,124,481**

1 Compensation for the employer representative on the Swiss pension fund (Karina Dubs-Kuenzle) of CHF 10,000 p.a. and compensation for the membership of the Supervisory Board of dormakaba Holding GmbH + Co. KGaA (Hans Gummert) of CHF 63,023 are included in the compensation (additional compensation). Business expenses are not included. For Hans Gummert the additional compensation is paid in EUR and remains stable vis-à-vis the previous year, however, fluctuates in CHF due to currency exchange.

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

3 The compensation for the reporting period is paid out in three installments (November 2021, May 2022, and November 2022). Shares are awarded based on a fixed monetary amount of CHF 90,000 for the Board members. The average of the closing share prices of the last five trading days in the month prior to the payment is used to determine the number of shares allocated (CHF 677.40 for the shares transferred in November 2021 and CHF 446.20 for the shares transferred in May 2022).

	Fixed compensation			Variable compensation				Total CHF
	Fixed basic payment	Benefits and social / pension contributions [1]	Total aggregate amount	STI [2]	LTI [3]	Social / pension contributions	Total aggregate amount	
EC members								
Jim-Heng Lee	639,979	369,716	1,009,695	526,529	349,963	98,909	975,401	1,985,096
Other EC [4]	3,288,160	781,121	4,069,281	2,135,726	2,172,357	800,382	5,108,465	9,177,746
Subtotal	**3,928,139**	**1,150,837**	**5,078,976**	**2,662,255**	**2,522,320**	**899,291**	**6,083,866**	**11,162,842**

1 Includes contributions to social security and occupational pension plans as well as fringe benefits. Contributions to social security and occupational pension plans are the contributions effectively paid in the reporting year and relate to the fixed and variable compensation effectively paid out in the reporting year. Fringe benefits include elements such as private use of company car, company car allowance, service anniversary, housing contributions, and one-time relocation allowances.Includes the fees for the interim CFO, who does not receive any variable compensation.

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

3 The LTI grant consists of PSUs only. The value of the PSUs is based on their fair value on the grant date which includes adjustments for lost dividends during the vesting period and the TSR performance conditions.

4 Includes the compensation of the former CFO (full year) and former CEO (until 31-Jan-22) during their contractual employment period.

Shares held by BoD and EC (audited)

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

Number of shares	Financial year ended 30.06.2023	Financial year ended 30.06.2022
BoD		
Brandtzaeg Svein Richard[1]	168	
Aebischer Thomas	430	100
Birgersson Jens	2,491	2,085
Brecht-Bergen Stephanie	220,895	220,489
Cadonau Riet[2]		8,630
Daeniker Daniel	2,379	2,020
Gummert Hans	1,350	1,095
Heppner John[3]		1,283
Hess Hans[3]		2,156
Liu John Y.	493	238
Lochiatto Kenneth[4]	114	
Mankel Christine[3]		220,699
Regelski Michael[4]	114	
Total BoD	**228,434**	**458,795**
EC		
Berninger Alwin[5]		371
Bewick Stephen	449	335
Guardiola Magin[6]	1,258	
Häberli Andreas[7]	2,696	2,636
Housten Alex	922	747
Johansson Christina[8]	-	
Jones Andy[9]		233
Kelterborn Kaspar[10]		48
Lee Jim-Heng	3,896	2,865
Mörtl Mathias[5]		-
Zocca Stefano	2,717	2,464
Total EC	**11,938**	**9,699**

1 BoD Member as of 11 October 2022 and Chairman of the Board as of 1 May 2023
2 Chairman of the Board until 30 April 2023
3 BoD Member until 11 October 2022
4 BoD Member as of 11 October 2022
5 EC Member until 31 March 2023
6 EC Member as of 1 April 2023
7 EC Member until 30 June 2023
8 EC Member as of 1 December 2022
9 EC Member until 15 May 2023
10 EC Member until 30 November 2022

Functions held by members of the BoD and members of the EC in other companies

In accordance with Art. 734e of the revised Swiss Company Law, the table below lists functions exercised by members of the BoD and of the EC at other for-profit companies, to the extent these functions are comparable to the function they hold with dormakaba.

BoD members as of 30 June 2023

	External Interests & Mandates	
Name	**Company**	**Mandate**
Svein Richard Brandtzaeg	The Norges Bank Investment Management (NO)	Chair of the Council of Ethics
	Mondi Plc (UK)	Member of the BoD
	Swiss Steel Holding (CH)	Vice Chair of the Board of Directors and Chair Nomination and Compensation Committee
Thomas Aebischer	Quotient Limited[1], Jersey, Channel Islands	Board and Audit Committee Member
Jens Birgersson	NREP (DK);	Member of the Advisory Board
	Randers Reb (DK);	Chairman of the BoD
	Danish Industry Council (DK);	Member of the Confederation
	Flumroc (CH), an affiliate of ROCKWOOL Group[1]	Member of the BoD
Stephanie Brecht-Bergen	the foundation "Rudolf Mankel Stiftung" (DE)	Management Board Member
Daniel Daeniker	Hilti AG, Schaan (FL);	Member of the BoD
	Donor Foundation of Avenir Suisse (CH)	President
Hans Gummert	dormakaba Holding GmbH + Co. KGaA (DE)	Chairman of the Supervisory Board
	Familie Mankel Industriebeteiligungs GmbH + Co. KGaA (DE)	Chairman of the Supervisory Board
	Coroplast Fritz Müller GmbH & Co. KG (DE)	Chairman of the Advisory Board
	ara AG (DE)	Member of the Supervisory Board
	Hoberg & Driesch Röhrenhandel GmbH & Co. KG (DE);	Vice Chairman of the Advisory Board
	Chiron-Werke SE (DE);	Vice Chairman
	WIBU Wirtschaftsbund Sozialer Einrichtungen eG (DE)	Member of the Supervisory Board
	Autohaus Adelbert Moll GmbH & Co KG (DE)	Chairman of the supervisory board
John Y. Liu	Digital China Holdings[1](HK);	Independent non-executive Director, Chairman of the Remuneration Committee of the Board
Kenneth Lochiatto	Convergint (US)	Member of the BoD
Michael Regelski	n.a.	n.a.

[1] listed company

Letter to Shareholders
Business performance
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Financial statements dormakaba Holding AG
Five-year performance overview

EC members as of 30 June 2023

Name	External Interests & Mandates Company	Mandate
Jim-Heng Lee	n.a.	n.a.
Christina Johansson	About You Group (DE)[1]	Member of the Board of Directors and Chair of the Audit Committee
	Emmi Group (CH)[1]	Member of the Board of Directors and Chair of the Audit Committee
Steve Bewick	Guild of Architectural Ironmongers (UK)	Director
Magin Guardiola	n.a.	n.a.
Andreas Häberli	PhenoSign AG (CH)	Chairman of the BoD
	Kardex Holding AG[1](CH)	Member of the BoD
	ETH Zurich (CH)	Member of the Industrial Advisory Board of the Department of Mechanical and Process Engineering
	Komax Holding AG[1]	Member of the BoD
	Swissmem (CH)	Member of the Research Committee
Alex Housten	Security Industry Association (US)	Treasurer Member of the Board of Directors and Member of the Executive Council
Stefano Zocca	n.a.	n.a.

[1] listed company

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of dormakaba Holding AG (the Company) for the year ended 30 June 2023. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 91 to 94 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the remuneration report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to

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Telefon: +41 58 792 44 00, www.pwc.ch

issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

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

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

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

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

PricewaterhouseCoopers AG

Stefan Räbsamen	Sandra Burgstaller
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 24 August 2023

Consolidated Financial Statements

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Consolidated income statement

CHF million, except share amounts	Note	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%
Net sales	1.2	**2,848.8**	**100.0**	**2,756.9**	**100.0**
Cost of goods sold		–1,711.6	–60.1	–1,675.4	–60.8
Gross margin		**1,137.2**	**39.9**	**1,081.5**	**39.2**
Sales and marketing		–484.3	–17.0	–449.5	–16.3
General administration		–283.0	–10.0	–265.8	–9.6
Research and development		–129.6	–4.5	–119.0	–4.3
Other operating income	1.4	10.8	0.4	17.5	0.6
Other operating expenses	1.4	–62.1	–2.2	–161.7	–5.9
Operating profit (EBIT)		**189.0**	**6.6**	**103.0**	**3.7**
Result from associates	4.2	0.6	0.0	0.3	0.0
Financial expenses	1.5	–48.9	–1.7	–29.5	–1.0
Financial income	1.5	1.5	0.1	1.1	0.0
Profit before taxes		**142.2**	**5.0**	**74.9**	**2.7**
Income taxes	1.6	–53.7	–1.9	–36.1	–1.3
Net profit		**88.5**	**3.1**	**38.8**	**1.4**
Net profit attributable to minority interests		42.8		19.5	
Net profit attributable to the owners of the parent		45.7		19.3	
Basic earnings per share in CHF	3.3	10.9		4.6	
Diluted earnings per share in CHF	3.3	10.9		4.6	
Adjusted EBITDA (Operating profit before depreciation and amortization)	1.1	**384.8**	**13.5**	**372.3**	**13.5**

[1] dormakaba changed the choice of accounting policies for goodwill accounting as well as the Group internal accounting principles for IT cost allocation. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Details are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Consolidated balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%
Current assets					
Cash and cash equivalents		122.1	6.3	104.5	5.0
Trade receivables	2.1	461.2	23.7	482.8	23.3
Inventories	2.2	487.7	25.1	537.0	25.9
Current income tax assets		11.4	0.5	17.6	0.8
Other current assets	2.6	68.3	3.5	68.5	3.4
Total current assets		**1,150.7**	**59.1**	**1,210.4**	**58.4**
Non-current assets					
Property, plant, and equipment	2.3	398.1	20.5	409.9	19.8
Intangible assets	2.3	209.9	10.8	258.1	12.4
Investments in associates	4.2	0.9	0.0	0.3	0.0
Non-current financial assets	2.6	43.9	2.3	45.0	2.2
Deferred income tax assets	1.6	143.0	7.3	148.2	7.2
Total non-current assets		**795.8**	**40.9**	**861.5**	**41.6**
Total assets		**1,946.5**	**100.0**	**2,071.9**	**100.0**

[1] dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Details are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022 (restated)[1]	%
Current liabilities					
Current borrowings	3.1	119.1	6.1	481.4	23.2
Trade payables		163.5	8.4	178.7	8.6
Current income tax liabilities		35.0	1.8	37.4	1.8
Accrued and other current liabilities	2.6	390.6	20.1	379.8	18.4
Provisions	2.4	18.3	0.9	24.4	1.2
Total current liabilities		**726.5**	**37.3**	**1,101.7**	**53.2**
Non-current liabilities					
Accrued pension costs and benefits	2.5	254.5	13.1	254.1	12.3
Deferred income tax liabilities	1.6	31.0	1.6	24.3	1.2
Non-current liabilities	3.1	599.9	30.8	331.2	15.9
Total non-current liabilities		**885.4**	**45.5**	**609.6**	**29.4**
Total liabilities		**1,611.9**	**82.8**	**1,711.3**	**82.6**
Equity					
Share capital	3.2	0.4	0.0	0.4	0.0
Additional paid-in capital		811.3	41.8	811.3	39.2
Retained earnings		−484.6	−24.9	−481.8	−23.2
Treasury shares	3.2	−9.1	−0.5	−16.0	−0.8
Translation exchange differences	3.4	−67.3	−3.5	−53.6	−2.6
Total equity owners of the parent		**250.7**	**12.9**	**260.3**	**12.6**
Minority interests		83.9	4.3	100.3	4.8
Total equity		**334.6**	**17.2**	**360.6**	**17.4**
Total liabilities and equity		**1,946.5**	**100.0**	**2,071.9**	**100.0**

[1] dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Details are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Consolidated cash flow statement

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Net profit		**88.5**	**38.8**
Depreciation and amortization	2.3	136.8	239.0
Income tax expenses	1.6	53.7	36.1
Interest expenses	1.5	41.5	20.7
Interest income	1.5	–1.4	–0.8
(Gain) Loss on disposal of fixed assets, net		0.0	–1.6
Adjustment for other non-cash items		12.9	1.8
Change in trade receivables		–4.4	–54.9
Change in inventories		16.8	–105.1
Change in other current assets		–5.9	–2.7
Change in trade payables		–5.9	8.5
Change in accrued pension cost		6.2	0.7
Change in accrued and other current liabilities		24.6	7.9
Cash generated from operations		**363.4**	**188.4**
Income taxes paid		–42.3	–40.3
Interest paid		–34.1	–21.6
Interest received		1.4	0.8
Net cash from operating activities		**288.4**	**127.3**
Cash flows from investing activities			
Additions of property, plant, and equipment	2.3	–61.5	–52.7
Proceeds from sale of property, plant, and equipment	2.3	1.1	2.7
Additions of intangible assets	2.3	–37.0	–25.8
Change in non-current financial assets		–1.8	–0.3
Acquisition of subsidiaries, net of cash acquired	4.3	–12.3	–92.1
Sale of subsidiaries, net of cash sold	4.3	–0.3	9.3
Net cash used in investing activities		**–111.8**	**–158.9**
Free cash flow	5.2	**176.6**	**–31.6**
Cash flows from financing activities			
Repayment of bond	3.1	0.0	–340.1
New bonds issued	3.1	274.2	0.0
Other proceeds from (repayment of) current borrowings, net	3.1	–357.5	439.0
Proceeds from (repayment of) non-current borrowings, net	3.1	–1.9	–1.1
Change in other non-current liabilities		–0.1	–1.2
Dividends paid to company's shareholders	3.3	–48.1	–52.2
Dividends paid to minority shareholders		–43.4	–44.8
(Purchase) Sale of treasury shares	3.2	–1.0	0.0
Net cash flows from financing activities		**–177.8**	**–0.4**
Translation exchange differences		18.8	–32.6
Net increase (decrease) in cash and cash equivalents		**17.6**	**–64.6**
Cash and cash equivalents at beginning of period		104.5	169.1
Cash and cash equivalents at end of period		122.1	104.5
Net increase (decrease) in cash and cash equivalents		**17.6**	**–64.6**

[1] dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Details are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Consolidated statement of changes in equity

CHF million	Share capital	Additional paid-in capital	Retained earnings	Goodwill offset in equity	Treasury shares	Cumul. translation adjustm.	Minority interests	Total equity
Balance at 30.06.2023	**0.4**	**811.3**	**–484.6**	**0.0**	**–9.1**	**–67.3**	**83.9**	**334.6**
Net profit for the reporting period			45.7				42.8	88.5
Currency translation adjustments						–13.7	–15.4	–29.1
Dividend paid (see note 3.3)			–48.1				–43.4	–91.5
Shares awarded (share-based compensation)			–0.4		7.9		–0.4	7.1
Treasury shares (purchased) re-issued					–1.0			–1.0
Balance at 30.06.2022 (restated)[1]	**0.4**	**811.3**	**–481.8**	**0.0**	**–16.0**	**–53.6**	**100.3**	**360.6**
Net profit for the reporting period			19.3				19.5	38.8
Currency translation adjustments						–19.2	–20.5	–39.7
Dividend paid (see note 3.3)			–52.2				–44.8	–97.0
Shares awarded (share-based compensation)			0.1		7.0		0.1	7.2
Balance at 01.07.2021 (restated)[1]	**0.4**	**811.3**	**–449.0**	**0.0**	**–23.0**	**–34.4**	**146.0**	**451.3**
Effect of changes in accounting policies (restatement)	0.0	0.0	–1,767.7	1,890.6	0.0	–25.1	88.6	186.4
Balance at 01.07.2021 (before restatement)	**0.4**	**811.3**	**1,318.7**	**–1,890.6**	**–23.0**	**–9.3**	**57.4**	**264.9**

[1] dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Details are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Notes to the consolidated financial statements for the financial year 2022/23

1. Performance

This section provides information on the operational performance of dormakaba Group and the current operating model, the outlook on the organizational changes and its implication on the operating model, as well as on the future segment disclosure. The description of the operating model provides useful information to understand the segment reporting, which corresponds to the Group's internal reporting system. In addition, information is presented on selected income and expense items.

The key headlines concerning the Group's performance are:

- Net sales of CHF 2,848.8 million, growth of 3.3%
- Organic sales growth of 8.4%
- Adjusted EBITDA increased by 3.4% to CHF 384.8 million with an adjusted EBITDA margin of 13.5%
- Net profit of CHF 88.5 million
- Operating cash flow margin increased to 10.1%
- Dividend proposal of CHF 9.50 per share

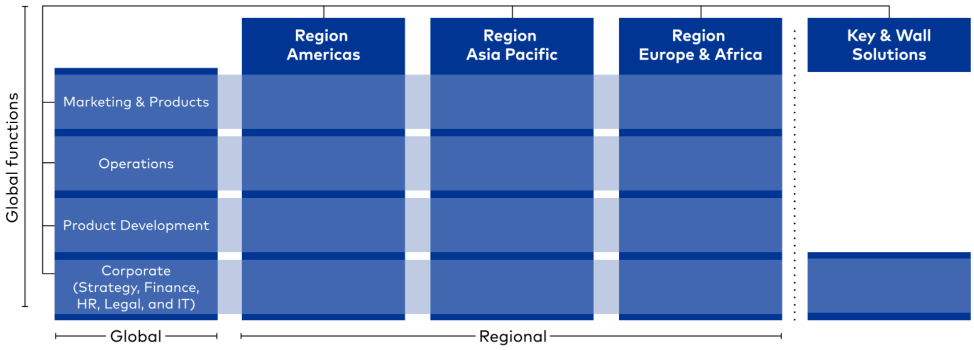
1.1 Segment reporting

Operating model until 30 June 2023

The Access Solutions (AS) business is divided into three customer-centric regional sales organizations – Americas, Asia Pacific, and Europe & Africa. These three Regions are supported by Global Functions to secure efficiencies of scale and to capture business synergies in product development, product management, and operations. To enable a strong customer focus and sales generation, the three Regions are built around:

- **Project and solutions sales,** focusing on architects, design engineers, and influencers to increase specification capabilities
- **Indirect sales,** focusing on distributors, general contractors, and project managers to enhance a dedicated offering for key verticals and to push cross-selling
- **Services,** focusing on facility managers, building operators, or installers to support services growth as part of the company’s global core business

Key & Wall Solutions completes the organizational setup as a standalone global segment.



Region Americas covers North and South America.

Region Asia Pacific covers the Markets ASEAN, Greater China, India, Pacific & North Asia, and the Middle East. The Region Asia Pacific includes two OEM (Original Equipment Manufacturer) plants situated in mainland China and Taiwan.

Region Europe & Africa covers the Markets Austria, Germany, Switzerland, CEERT (Central and South East Europe, Poland, Russia, and Turkey), Scanbalt (Sweden, Norway, Denmark, Finland, and the Baltic states), South (Belgium, Luxembourg, France, Spain, Portugal, Italy, and French-speaking Africa), UK, Ireland, Netherlands, and the Sub-Sahara.

Key & Wall Solutions operates as a standalone self-contained segment with two global businesses – Key Systems and Movable Walls. Key & Wall Solutions includes its productions facilities, which are situated around the globe in North and South America, Europe, and Asia.

Marketing & Products manages the entire product & solution portfolio lifecycles globally to support and develop sales units to achieve market success. In addition, it is responsible for creating an engaging customer journey along the sales funnel from strategic marketing through branding and marketing communication to strategic pricing and sales excellence.

Operations is responsible for dormakaba's entire production network including the areas Plants, Manufacturing Excellence, Industrial Engineering, Procurement, Logistics, and Health & Safety. Operations' main task is to build an integrated production network, optimize the production footprint, bundling our purchasing activities, and drive lean efforts.

Product Development is responsible for delivering customer- and market-oriented product and solution developments and innovations. In cooperation with Marketing & Products, it develops and steers innovations and technology strategies to foster dormakaba's innovation leadership in the market.

Corporate functions (Finance, HR, IT, Legal, and Strategy) globally support the above Regions and Functions to steer the business, drive implementation of the current Shape4Growth strategy, and strengthen customer-centricity of dormakaba.

In accordance with the management organization, the reporting to Group management consists of the three regions, Key & Wall Solutions, and the Global Functions, as described above. Segment reporting is prepared up to the level of adjusted EBITDA/EBIT because these are the key figures used for management purposes. The reporting forms the basis for assessing performance and allocating resources. Financial transactions of Global Functions that are directly attributable or can be allocated on a reasonable basis to a specific segment are reported under the segment concerned. The financial performance of the Regions is measured at full value contribution to the performance of the Group to improve financial steering, transparency, and accountability. The segment results are based on the same accounting principles that are used to determine the operating profit of the Group. Intersegment transactions are based on the arm's length principle.

Offering

dormakaba Group provides smart, secure, and sustainable solutions for seamless flow and integrated access. Its portfolio of strong brands offers customers the full range of products, solutions, and services for access to premises, buildings, and rooms. From award-winning, end-to-end access solutions to industry best practices and straightforward installation across a range of markets and industries, dormakaba is a complete partner for door and access systems, catering to a broad range of industries such as hotels, retail spaces, sporting venues, airports, hospitals, offices, utilities, and multi-housing, as well as in some selected residential markets.

With a clear portfolio segmentation, dormakaba focuses on its global core businesses Access Automation Solutions (door operators, sliding doors and revolving doors), Access Control Solutions (connected devices and engineered solutions), Access Hardware Solutions (door closers, exit devices, and mechanical, key systems) and Services. The Group is also a market leader for Key Systems (key blanks, key cutting machines, and automotive solutions such as transponder keys and programmers), as well as Movable Walls including acoustic movable partitions and horizontal and vertical partitioning systems.

Segment reporting

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
	Region Americas		Region Asia Pacific		Region Europe & Africa	
Net sales third parties	772.2	736.8	542.5	543.1	1,152.5	1,125.7
Intercompany sales	9.6	7.9	29.7	30.9	14.0	18.8
Total sales	**781.8**	**744.7**	**572.2**	**574.0**	**1,166.5**	**1,144.5**
Adjusted EBIT (Operating profit)	**130.7**	**114.7**	**75.5**	**84.4**	**192.4**	**206.3**
as % of sales	16.7%	15.4%	13.2%	14.7%	16.5%	18.0%
Adjusted depreciation and amortization	15.0	15.5	17.1	16.8	27.4	26.3
Adjusted EBITDA (Operating profit before depreciation and amortization)	**145.7**	**130.2**	**92.6**	**101.2**	**219.8**	**232.6**
as % of sales	18.6%	17.5%	16.2%	17.6%	18.8%	20.3%

			Eliminations		Sales Regions Total	
Net sales third parties			0.0	0.0	2,467.2	2,405.6
Intercompany sales			–45.4	–49.5	7.9	8.1
Total sales			**–45.4**	**–49.5**	**2,475.1**	**2,413.7**
Adjusted EBIT (Operating profit)			**0.2**	**3.5**	**398.8**	**408.9**
as % of sales			–0.4%	–7.1%	16.1%	16.9%
Adjusted depreciation and amortization			0.0	0.0	59.5	58.6
Adjusted EBITDA (Operating profit before depreciation and amortization)			**0.2**	**3.5**	**458.3**	**467.5**
as % of sales			–0.4%	–7.1%	18.5%	19.4%

	Key & Wall Solutions		Global Research and Development		Corporate	
Net sales third parties	381.6	351.3	0.0	0.0	0.0	0.0
Intercompany sales	13.4	12.8	0.0	0.0	0.0	0.0
Total sales	**395.0**	**364.1**	**0.0**	**0.0**	**0.0**	**0.0**
Adjusted EBIT (Operating profit)	**61.0**	**39.8**	**–105.8**	**–104.9**	**–46.5**	**–50.4**
as % of sales	15.4%	10.9%	0.0%	0.0%	0.0%	0.0%
Adjusted depreciation and amortization	10.1	10.5	5.7	4.3	2.0	5.5
Adjusted EBITDA (Operating profit before depreciation and amortization)	**71.1**	**50.3**	**–100.1**	**–100.6**	**–44.5**	**–44.9**
as % of sales	18.0%	13.8%	0.0%	0.0%	0.0%	0.0%

			Eliminations		Group	
Net sales third parties			0.0	0.0	2,848.8	2,756.9
Intercompany sales			–21.3	–20.9	0.0	0.0
Total sales			**–21.3**	**–20.9**	**2,848.8**	**2,756.9**
Adjusted EBIT (Operating profit)			**0.0**	**0.0**	**307.5**	**293.4**
as % of sales			0.0%	0.0%	10.8%	10.6%
Adjusted depreciation and amortization			0.0	0.0	77.3	78.9
Adjusted EBITDA (Operating profit before depreciation and amortization)			**0.0**	**0.0**	**384.8**	**372.3**
as % of sales			0.0%	0.0%	13.5%	13.5%

[1] Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 [1]
Net working capital		
Group	**694.0**	**751.3**
Region Americas	139.6	147.0
Region Asia Pacific	119.2	139.2
Region Europe & Africa	193.3	187.0
Operations	172.7	205.0
Key & Wall Solutions	86.6	87.8
Corporate	–17.4	–14.7

1 The internal functional allocation relating to the new operating model implemented as of January 2022 was further improved. To enable a fair comparison with the current year, prior-year disclosure was adjusted accordingly.

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Capital expenditure		
Group	**98.5**	**78.5**
Region Americas	5.4	3.4
Region Asia Pacific	5.7	6.0
Region Europe & Africa	5.9	4.4
Operations	31.8	31.7
Key & Wall Solutions	10.2	7.8
Global Research and Development	15.8	10.1
Corporate	23.7	15.1

Reconciliation of operational figures

	Financial year ended 30.06.2023			Financial year ended 30.06.2022 (restated)[2]		
CHF million	Adjusted	IAC [1]	Unadjusted	Adjusted	IAC [1]	Unadjusted
Operating profit before depreciation and amortization (EBITDA)	**384.8**	**–59.0**	**325.8**	**372.3**	**–30.3**	**342.0**
Depreciation and amortization	–77.3	–59.5	–136.8	–78.9	–160.1	–239.0
Operating profit (EBIT)	**307.5**	**–118.5**	**189.0**	**293.4**	**–190.4**	**103.0**

1 Content of items affecting comparability (IAC) is described in the note alternative performance measures (APM) (5.2).
2 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

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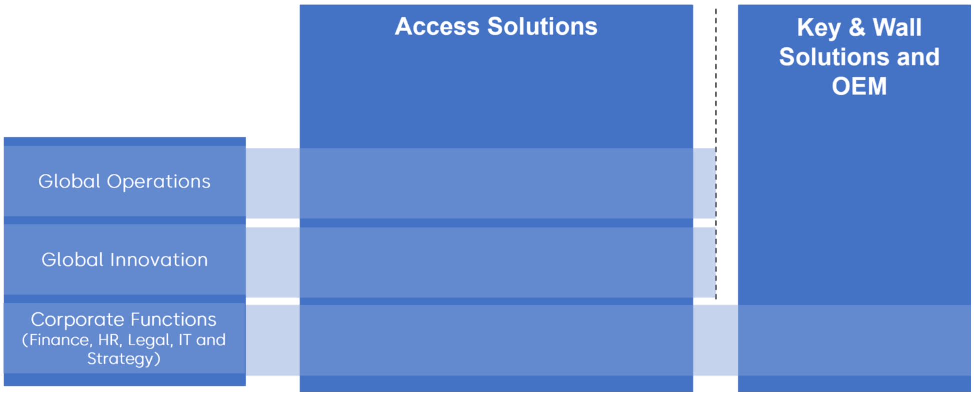
Operating model and organizational structure as of 1 July 2023

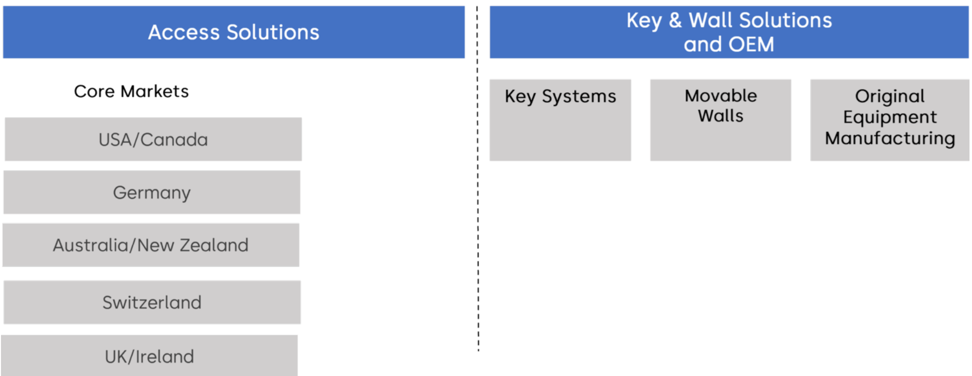
In line with its Shape4Growth strategy to boost profitable volume growth, dormakaba continues to strengthen its operating model by further optimizing its organizational structure.

The organizational structure was simplified by moving all AS commercial business into one functional unit under one leadership of a Chief Commercial Officer (CCO) with continued support by Global Functions Operations and Innovation. The company's seven key markets (USA/Canada, Germany, Australia/New Zealand, Switzerland, UK/Ireland, China, and India) are now reporting directly to the CCO; together they represent 65% of Access Solutions sales. The original equipment manufacturing (OEM) business of Region Asia Pacific was moved to Key & Wall Solutions and the segment was renamed accordingly to Key & Wall Solutions and OEM.

Operating model



Organizational structure



Segment reporting as of 1 July 2023

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022	Financial year ended 30.06.2023	Financial year ended 30.06.2022	Financial year ended 30.06.2023	Financial year ended 30.06.2022
		Access Solutions		Key & Wall Solutions and OEM		Corporate
Net sales third parties	2,409.4	2,330.5	439.4	426.4	0.0	0.0
Intercompany sales	4.7	4.7	46.9	48.0	0.0	0.0
Total sales	**2,414.1**	**2,335.2**	**486.3**	**474.4**	**0.0**	**0.0**
Adjusted EBIT (Operating profit)	**284.7**	**296.5**	**69.3**	**47.3**	**–46.5**	**–50.4**
as % of sales	11.8%	12.7%	14.3%	10.0%	0.0%	0.0%
Adjusted depreciation and amortization	61.8	59.3	13.5	14.1	2.0	5.5
Adjusted EBITDA (Operating profit before depreciation and amortization)	**346.5**	**355.8**	**82.8**	**61.4**	**–44.5**	**–44.9**
as % of sales	14.4%	15.2%	17.0%	12.9%	0.0%	0.0%
				Eliminations		Group
Net sales third parties			0.0	0.0	2,848.8	2,756.9
Intercompany sales			–51.6	–52.7	0.0	0.0
Total sales			**–51.6**	**–52.7**	**2,848.8**	**2,756.9**
Adjusted EBIT (Operating profit)			**0.0**	**0.0**	**307.5**	**293.4**
as % of sales			0.0%	0.0%	10.8%	10.6%
Adjusted depreciation and amortization			0.0	0.0	77.3	78.9
Adjusted EBITDA (Operating profit before depreciation and amortization)			**0.0**	**0.0**	**384.8**	**372.3**
as % of sales			0.0%	0.0%	13.5%	13.5%

1.2 Net sales per geographical markets / business units

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Net sales to third parties[1]		
USA/Canada	717.8	688.1
Germany	304.1	298.1
Australia/New Zealand	212.8	196.0
Switzerland	212.6	202.7
UK/Ireland	111.9	114.6
Rest of the World AS	850.2	831.0
Total Access Solutions	**2,409.4**	**2,330.5**
Key & Wall Solutions and OEM	439.4	426.4
Total Group	**2,848.8**	**2,756.9**

1 Table adjusted to the operating model and organizational structure as of 1 July 2023.

Accounting principles

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

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

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1.3 Personnel expenses

CHF million, except FTE	Financial year ended 30.06.2023	%	Financial year ended 30.06.2022	%
Personnel expenses	**1,127.9**	**100.0**	**1,093.9**	**100.0**
Salaries and wages	905.5	80.3	877.6	80.3
Social security expenses	170.4	15.1	175.5	16.0
Share-based payments	7.1	0.6	7.0	0.6
Pension cost (see note 2.5)	35.6	3.2	27.0	2.5
Employment termination expenses	8.3	0.7	6.0	0.5
Other benefits	1.0	0.1	0.8	0.1
Employees at balance sheet date	**15,352**		**15,795**	
Average number of full-time equivalent employees	**15,519**		**15,495**	
Average number of employees per segment[1]	**15,519**	**100.0**	**15,495**	**100.0**
Region Americas	1,534	9.9	1,730	11.1
Region Asia Pacific	3,561	22.9	3,527	22.8
Region Europe & Africa	4,093	26.4	3,932	25.4
Operations	3,225	20.8	3,188	20.6
Key & Wall Solutions	1,905	12.3	1,918	12.4
Global Research and Development	698	4.5	653	4.2
Corporate	503	3.2	547	3.5
Average number of employees per geographical region	**15,519**	**100.0**	**15,495**	**100.0**
Switzerland	932	6.0	886	5.7
Germany	2,788	18.0	2,768	17.9
Rest of EMEA	4,018	25.9	3,842	24.8
Americas	3,462	22.3	3,680	23.7
Asia Pacific	4,319	27.8	4,319	27.9

1 The internal functional allocation relating to the new operating model implemented as of January 2022 was further improved. To enable a fair comparison with the current year, prior-year disclosure was adjusted accordingly.

Share-based payments

The Nomination and Compensation Committee nominates individual Executive Committee (EC) members and other members of Senior Management for long-term incentive awards. The long-term incentive award in the 2022/23 financial year is granted in full in the form of performance share units of dormakaba subject to a three-year performance-based vesting period. The award is designed to reward participants for the future performance of the earnings per share (EPS) and the relative total shareholder return (TSR) of the company over the three-year performance period. Both performance conditions are equally weighted at 50%. The vesting level may range from 0% to a maximum of 200% of the original number of units granted (maximum two shares for each performance share unit originally granted).

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

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

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

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

Accounting principles

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

1.4 Other operating expenses

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Total other operating expenses	**–62.1**	**–161.7**
Goodwill amortization	–59.5	–152.3
Loss from sale of subsidiaries	0.0	–8.0
Other operating expenses	–2.6	–1.4

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

1.5 Financial result

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Financial income		**1.5**	**1.1**
Interest income		1.4	0.8
Other financial income		0.1	0.3
Financial expense		**48.9**	**29.5**
Interest expenses for bonds	3.1	10.6	3.5
Interest expenses for forward contracts	3.4	14.4	5.4
Other interest expenses		16.5	11.8
Foreign exchange losses (gains)	3.4	4.3	6.0
Other financial expenses		3.1	2.8

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

1.6 Taxes

Income taxes

The weighted applicable tax rate results from applying each subsidiary's statutory income tax rate to the income before taxes. Since the group operates in countries that have different tax rates, the weighted applicable tax rate may vary from year to year according to variations in income per country and changes in applicable tax rates.

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Profit before taxes	**142.2**	**74.9**
Weighted applicable tax rate	24.8%	24.9%
Tax calculated at applicable tax rate	**35.3**	**18.6**
Current income taxes	48.7	49.3
Deferred income taxes	5.0	–13.2
Income taxes	**53.7**	**36.1**
Difference between applicable and effective income taxes	**18.4**	**17.5**
Impact of losses and tax loss carryforwards	–3.3	1.3
Tax-exempt income	–3.8	–2.6
Non-deductible expenses	6.3	5.2
Non-deductible goodwill amortization	14.8	19.9
Non-recoverable withholding tax expenses	3.4	2.2
Effect of change in tax rates	2.2	–0.4
Tax charges (credits) relating to prior periods, net	–0.3	–6.1
Other	–0.9	–2.0
Income taxes charged to equity	–0.7	0.2

[1] Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

The effective income tax rate of 37.8% (2021/22: 48.5%) is significantly impacted by the amortization of goodwill (see note changes in accounting principles and restatement of previous period (5.1)). Amortization of goodwill that is non-deductible for tax purposes results in an increase of the effective tax rate. The impact from "non-deductible goodwill amortization" is disclosed separately in the reconciliation above. Without this impact, the effective tax rate is 26.6% (2021/22: 22.9%). The lower rate in the previous year was mainly due to significant tax charges and credits of CHF 6.1 million relating to years before the financial year 2021/22.

Deferred taxes

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Balance sheet presentation of deferred income taxes		
Total deferred income taxes, net	**112.0**	**123.9**
Deferred income tax assets	143.0	148.2
Deferred income tax liabilities	31.0	24.3
Expiration of tax loss carryforwards not recognized as deferred tax assets		
Balance of tax loss carryforwards at end of financial year	**122.4**	**146.0**
Expiry in 1 year	2.1	2.5
Expiry in 2 to 5 years	16.1	18.7
Expiry after 5 years	8.5	13.4
No expiry	95.7	111.4

These financial statements have been prepared without recognition of deferred tax assets and liabilities nor top-up taxes related to the ‘International Tax Reform – Pillar Two’. Developments are closely monitored, and it is expected that for dormakaba the Pillar Two rules will come into effect for the first time in the financial year 2024/25.

Accounting principles

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

Use of accounting estimates

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

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2. Operating assets and liabilities

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

2.1 Trade receivables

Maturity analysis		Financial year ended 30.06.2023			Financial year ended 30.06.2022	
CHF million	Gross	Allow.	Net	Gross	Allow.	Net
Trade receivables	**477.8**	**–16.6**	**461.2**	**500.5**	**–17.7**	**482.8**
Not yet due	350.7	–0.4	350.3	365.8	–0.4	365.4
1–30 day(s) overdue	52.2	–0.3	51.9	55.2	–0.3	54.9
31–60 days overdue	21.8	–0.1	21.7	23.1	–0.1	23.0
61–90 days overdue	14.2	–0.2	14.0	16.0	–0.1	15.9
91–120 days overdue	6.9	–0.2	6.7	7.3	–0.3	7.0
121–150 days overdue	4.6	–0.3	4.3	3.5	–0.3	3.2
More than 150 days overdue	27.4	–15.1	12.3	29.6	–16.2	13.4

Accounting principles

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

2.2 Inventories

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Inventories, net	**487.7**	**537.0**
Allowance for obsolete and slow-moving items	63.9	59.6
Inventories, gross	**551.6**	**596.6**
Raw materials and supplies	262.5	284.1
Semi-finished goods and work in progress	78.8	79.6
Finished goods	202.6	225.0
Prepayments to suppliers	7.7	7.9

Accounting principles

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

2.3 Property, plant, and equipment/ Intangible assets

Property, plant, and equipment

CHF million, except where indicated	Land and buildings	Plant, machinery, and equipment	Furniture, fixtures and other	Pre-payments	Total property, plant, and equipment
30 June 2023, net	**204.0**	**110.8**	**51.0**	**32.3**	**398.1**
30 June 2022, net	**215.8**	**122.3**	**49.4**	**22.4**	**409.9**
Cost 30 June 2023	**326.6**	**362.1**	**197.7**	**32.3**	**918.7**
Additions	4.7	9.5	20.4	26.9	61.5
Disposals	–0.1	–5.3	–4.3	–0.8	–10.5
Reclassifications	0.7	9.8	3.8	–15.0	–0.7
Acquisition of businesses	0.0	0.0	0.1	0.0	0.1
Translation exchange differences	–11.4	–17.6	–8.9	–1.2	–39.1
30 June 2022	**332.7**	**365.7**	**186.6**	**22.4**	**907.4**
Additions	3.3	11.1	14.8	23.5	52.7
Disposals	–1.0	–4.9	–5.0	–0.2	–11.1
Reclassifications	5.8	17.3	0.9	–24.4	–0.4
Acquisition of businesses	0.6	3.2	4.2	0.2	8.2
Divestment of businesses	–12.7	–13.3	–7.3	–0.4	–33.7
Translation exchange differences	–7.2	–9.4	–8.7	–0.9	–26.2
1 July 2021	**343.9**	**361.7**	**187.7**	**24.6**	**917.9**
Estimated useful life (in years)	20-50 [1]	4-15	3-15		
Accumulated depreciation 30 June 2023	**122.6**	**251.3**	**146.7**	**0.0**	**520.6**
Additions	9.2	24.0	19.3	0.0	52.5
Disposals	–0.1	–4.9	–4.1	0.0	–9.1
Reclassifications	–0.5	0.1	0.4	0.0	0.0
Translation exchange differences	–2.9	–11.3	–6.1	0.0	–20.3
30 June 2022	**116.9**	**243.4**	**137.2**	**0.0**	**497.5**
Additions	9.1	25.4	20.6	0.0	55.1
Disposals	–1.0	–4.6	–4.4	0.0	–10.0
Reclassifications	0.7	0.5	–1.4	0.0	–0.2
Divestment of businesses	–1.5	–7.5	–5.4	0.0	–14.4
Translation exchange differences	–2.0	–6.7	–6.3	0.0	–15.0
1 July 2021	**111.6**	**236.3**	**134.1**	**0.0**	**482.0**

[1] Land is not depreciated.

Accounting principles

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

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

Intangible assets

CHF million	Goodwill (restated) [1]	Software	Develop-ment	Other	Total intangible assets (restated) [1]
30 June 2023, net	**110.7**	**53.8**	**41.8**	**3.6**	**209.9**
30 June 2022, net	**170.3**	**48.9**	**31.6**	**7.3**	**258.1**
Cost 30 June 2023	**2,229.4**	**115.5**	**68.1**	**39.6**	**2,452.6**
Additions	0.0	18.6	15.8	2.6	37.0
Disposals	0.0	–0.3	–1.2	0.0	–1.5
Reclassifications	0.0	3.7	0.0	–3.0	0.7
Acquisition of businesses	8.1	0.0	0.0	0.0	8.1
Translation exchange differences	–97.9	–2.6	–1.2	–1.3	–103.0
30 June 2022	**2,319.2**	**96.1**	**54.7**	**41.3**	**2,511.3**
Additions	0.0	12.7	10.1	3.0	25.8
Disposals	0.0	–2.9	–0.5	–2.3	–5.7
Reclassifications	0.0	4.0	1.8	–5.4	0.4
Acquisition of businesses	118.0	0.2	0.0	0.1	118.3
Divestment of businesses	–50.8	0.0	0.0	0.0	–50.8
Translation exchange differences	14.9	–5.5	–0.7	–2.8	5.9
1 July 2021	**2,237.1**	**87.6**	**44.0**	**48.7**	**2,417.4**
Estimated useful life (in years)	5-20	2-5	2-5	2-5	
Accumulated amortization 30 June 2023	**2,118.7**	**61.7**	**26.3**	**36.0**	**2,242.7**
Additions	59.5	16.4	5.2	3.2	84.3
Disposals	0.0	–0.4	–1.2	–0.1	–1.7
Translation exchange differences	–89.7	–1.5	–0.8	–1.1	–93.1
30 June 2022	**2,148.9**	**47.2**	**23.1**	**34.0**	**2,253.2**
Additions	152.3	15.3	3.8	5.3	176.7
Disposals	0.0	–2.7	–0.5	–2.4	–5.6
Reclassifications	0.0	0.6	0.3	–0.7	0.2
Divestment of businesses	–50.8	0.8	0.0	–0.1	–50.1
Translation exchange differences	17.3	–2.3	–0.3	–2.3	12.4
1 July 2021	**2,030.1**	**35.5**	**19.8**	**34.2**	**2,119.6**

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Accounting principles

Intangible assets are capitalized at cost, amortized using the straight-line method over their useful life.

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquired business, and the book value as at the acquisition date of any previous equity interest in the acquired business over the fair value of the Group's share of the net assets acquired, without separate capitalization of intangible assets that have not been recognized previously. If the purchase price contains elements that are dependent on future results, they are estimated at and recognized at the date of acquisition. In the event of any deviations when the definitive purchase price is settled, the goodwill is adjusted accordingly (see note business combinations and divestments (4.3)). The estimated useful life is determined on a case-by-case basis and may not exceed 20 years.

Development costs are recognized as an asset when specific recognition criteria are met, and the amount recognized is assessed to be recoverable through future economic benefits.

Other intangibles consist mainly of licenses, patents and advance payments. The useful life of software, developments, and other intangible assets are determined on a case-by-case basis and range from 2 to 5 years.

Use of accounting estimates

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

2.4 Provisions

CHF million	Warranty and customer returns	Restructuring	Other	Total
Provisions 30 June 2023	**11.0**	**0.0**	**7.3**	**18.3**
Additions	8.0	0.0	3.9	11.9
Releases	–1.5	–1.5	–1.8	–4.8
Usage	–5.6	–4.0	–2.7	–12.3
Translation exchange differences	–0.4	0.0	–0.5	–0.9
Provisions 30 June 2022	**10.5**	**5.5**	**8.4**	**24.4**
Additions	4.2	6.2	4.3	14.7
Releases	–1.8	–0.9	–1.2	–3.9
Usage	–5.1	–3.9	–3.8	–12.8
Acquisition of businesses	0.5	0.0	0.2	0.7
Divestment of business	–0.1	0.0	0.0	–0.1
Translation exchange differences	–0.5	–0.1	–0.3	–0.9
Provisions 1 July 2021	**13.3**	**4.2**	**9.2**	**26.7**

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

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

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Accounting principles

Provisions are recognized when:

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

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

Use of accounting estimates

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

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

2.5 Employee benefit liabilities

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022				Financial year ended 30.06.2023	Financial year ended 30.06.2022
		Economic part of the corporation	Translation differences	Change to previous year period or recognized in current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
Total	**254.5**	**254.1**	**–4.8**	**4.0**	**31.6**	**35.6**	**27.0**
Pension institutions with surplus					11.5	11.5	10.7
Pension institutions without surplus/deficit					15.4	15.4	13.6
Pension institutions without own assets	227.3	228.1	–4.8	4.0	4.7	8.7	2.7
Other long-term employee benefits	27.2	26.0					

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Pension benefit expenses within personnel expenses	**35.6**	**27.0**
Decrease/increase economic obligation from pension institutions without own assets	8.7	2.7
Contributions and changes employer contribution reserves	**26.9**	**24.3**
Contributions to pension institutions from Group entities	26.9	24.3

The expenses for pension institutions with a surplus relate entirely to pension plans in Switzerland. The Swiss plans are valued annually as of December and in line with Swiss GAAP FER 26. As per December 2022, the surplus of the pension plans amounts to CHF 34.1 million; 9% (December 2021: CHF 63.7 million; 17%). The pension institutions without own assets are assessed annually as of the financial year-end closing. They relate mainly to pension liabilities of Group companies in Germany, Austria, and Italy.

Accounting principles

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

Use of accounting estimates

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

2.6 Other assets and liabilities

Other assets

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Other current assets		**68.3**	**68.5**
Prepaid expenses		20.6	22.6
Retentions		8.7	7.9
Sales, withholding and other recoverable taxes		35.7	33.2
Fair value of forward contracts	3.4	0.2	2.3
Other receivables and miscellaneous		3.1	2.5
Non-current financial assets		**43.9**	**45.0**
Loans		11.6	9.9
Pension-related assets		15.7	17.4
Long-term prepaid expenses		6.9	8.0
Long-term held securities		9.7	9.7

Accounting principles

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

Other liabilities

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Accrued and other current liabilities		**390.6**	**379.8**
Advances from customers		49.3	50.5
Deferred income		42.1	39.3
Sales, withholding and other tax payable		37.6	37.9
Payables to social security and pension fund		14.7	18.9
Accruals for salary payments, bonuses, vacation, overtime and other employee benefits		137.0	131.7
Accrued interest		9.7	2.4
Fair value of forward contracts	3.4	1.3	0.7
Other accruals and current non-interest-bearing liabilities		98.9	98.4

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

Accounting principles

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

3. Capital and financial risk management

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

3.1 Capital management

Capital management has the following objectives:

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

Due to the war in Ukraine and geopolitical tensions, the comprehensive crisis management measures initiated by the Group Executive Board in financial year 2019/20 were continued. Measures are focusing on the net working capital management, which also includes strict credit management and collection discipline on the trade receivables as well as restrictions on capital expenditures. The restrictive measures were weighed against generating sales with customers and the need for safety stock to ensure supply capability in the face of inflationary pressure on raw material prices and increased transport costs. Daily monitoring of the liquidity and as well as the financial debt status on Group level, including financial covenants and undrawn credit facilities, was also continued.

Borrowings and other financial liabilities

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Current borrowings	**119.1**	**481.4**
Short-term bank loans and overdrafts	110.0	473.4
Current portion of other non-current liabilities	9.1	8.0
Non-current liabilities	**599.9**	**331.2**
Bonds	594.5	320.2
Other non-interest bearing liabilities	0.0	4.7
Other interest-bearing liabilities	5.4	6.3

Credit facility

As of 30 June 2023, short-term bank loans and overdrafts amount to CHF 110.0 million (2021/22: CHF 473.4 million).

In November 2020, dormakaba secured a five-year syndicated loan in the amount of CHF 525 million that includes options for a prolongation of two additional years and for an increase of up to CHF 200 million. For the first time, incentives for the achievement of ambitious sustainability performance objectives in the form of three important ESG (Environmental, Social, and Governance) criteria were included in the contract. The syndicated credit facility contains a single financial covenant that is the leverage factor (calculated as the ratio of net debt to reported EBITDA rolling 12 months). As of 30 June 2023 and throughout the 2022/23 financial year, dormakaba complied with the financial covenant.

In October 2022, a new bond in the amount of CHF 275 million was issued with an interest rate of 3.75% and a duration of 5 years. With the collected funds and own cash, the CHF 300 million credit facility "bridge to bond", secured in June 2022, was fully repaid.

Net debt

Disclosed below are the corresponding key figures as at 30 June 2023 and 30 June 2022, respectively, including the maturities.

	Financial year ended 30.06.2023				Financial year ended 30.06.2022			
CHF million	**Up to 1 year**	**2 to 5 years**	**Over 5 years**	**Total**	**Up to 1 year**	**2 to 5 years**	**Over 5 years**	**Total**
Short-term bank loans and overdrafts	110.0			110.0	473.4			473.4
Bonds		594.5		594.5		320.2		320.2
Other liabilities	9.1	2.6	2.8	14.5	8.0	7.7	3.3	19.0
Cash and cash equivalents	–122.1			–122.1	–104.5			–104.5
Net debt	**–3.0**	**597.1**	**2.8**	**596.9**	**376.9**	**327.9**	**3.3**	**708.1**
Adjusted EBITDA				384.8				372.3
Net debt/Adjusted EBITDA (Leverage)				**1.6x**				**1.9x**

The interest expenses for short-term bank loans and overdrafts are recorded within other interest expenses. Interest expenses are disclosed in detail in the note on the financial result (1.5).

Accounting principles

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

Bonds

As per 14 October 2022, dormakaba Finance AG, a Group company of dormakaba Holding AG, issued a new Swiss domestic bond worth CHF 275 million at an interest rate of 3.75% and a maturity of 5 years (ISIN CH1206367497). The CHF 320 million issued by dormakaba Finance AG in October 2017 will mature in October 2025 (ISIN CH0384629892).

CHF million	Coupon % p.a.	Financial year ended 30.06.2023	Coupon % p.a.	Financial year ended 30.06.2022
Bonds (at fixed interest rates)		**594.5**		**320.2**
CHF 320 million bond 2017 – 2025 Payment date: 13 October 2017 Issue price: 100.46%	1.000	320.1	1.000	320.2
CHF 275 million bond 2022 – 2027 Payment date: 14 October 2022 Issue price: 100.00%	3.750	274.4	–	–

The interest expenses for the bonds amount to CHF 10.6 million in 2022/23 (2021/22: CHF 3.5 million). This is disclosed in the note on the financial result (1.5).

Accounting principles

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

3.2 Share capital and treasury shares

Share capital

As of 30 June 2023, the share capital comprised 4,200,026 registered shares with a par value of CHF 0.10 each. The shares are listed on the SIX Swiss Exchange (DOKA/ISIN CH0011795959).

Conditional capital as of 30 June 2023 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 12 October 2021, the Board of Directors (BoD) is authorized to increase the share capital by no later than 12 October 2023 up to a maximum amount of CHF 42,000 by issuing a maximum of 420,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts. No shares were issued out of authorized capital in the 2022/23 financial year.

Treasury shares

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

	Financial year ended 30.06.2023			Financial year ended 30.06.2022		
Equity and treasury shares	**Number of shares**	**Transaction (Ø) price in CHF per share**	**Treasury shares in CHF million**	**Number of shares**	**Transaction (Ø) price in CHF per share**	**Treasury shares in CHF million**
Treasury shares as at 30 June	**13,577**	**672.58**	**9.1**	**21,624**	**740.99**	**16.0**
Purchases of treasury shares	2,600	369.85	1.0	4	675.00	0.0
Shares awarded (share-based compensation)	–10,647	737.59	–7.9	–9,639	726.24	–7.0
Treasury shares as at 1 July	21,624	740.99	16.0	31,259	736.45	23.0

In the 2022/23 financial year, a total of 10,647 shares (2021/22: 9,639 shares) were allocated. 6,862 shares (4,984 restricted and 1,878 performance shares) were vested as part of the long-term incentive stock award plans (2021/22: 7,552 shares made up of 4,307 restricted and 3,245 performance shares). In addition, 3,785 restricted shares (2021/22: 2,087 restricted shares) were allocated to the BoD members. Further information on the long-term incentive stock award plans is included in the Compensation Report.

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3.3 Earnings per share and dividends

Earnings per share

Number of shares, except where indicated	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Net profit attributable to the owners of the parent in CHF million	45.7	19.3
For basic number of shares		
Number of shares outstanding at end of financial year	**4,186,449**	**4,178,402**
Own shares (acquired)/reissued	8,047	9,635
Number of shares outstanding at beginning of financial year	4,178,402	4,168,767
Weighted average number of shares outstanding (basic)	4,184,179	4,174,363
Basic earnings per share in CHF	**10.9**	**4.6**
For diluted number of shares		
Weighted average number of shares outstanding (basic)	4,184,179	4,174,363
Eligible shares under stock award plans	26,751	19,496
Weighted average number of shares outstanding (diluted)	4,210,930	4,193,859
Diluted earnings per share in CHF	**10.9**	**4.6**

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

The earnings per share is calculated based on the profit attributable to the owners of the parent only. Net profit attributable to minority interests is not taken into account. The minorities represent mainly the shareholders who hold 47.5% of the shares of dormakaba Holding GmbH + Co. KGaA, a direct subsidiary of the Group parent, dormakaba Holding AG, which holds the remaining 52.5%. The legal subsidiaries are disclosed in the note on the legal structure of the dormakaba Group (5.4).

Accounting principles

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

The diluted earnings per share includes all potentially dilutive effects.

Dividends

CHF million, except where indicated	CHF per share [1]	Financial year ended 30.06.2023 [2,3]	CHF per share	Financial year ended 30.06.2022 [4,5]	CHF per share	Financial year ended 30.06.2021 [5]
Dividend for the financial year	**9.50**	**39.8**	**11.50**	**48.1**	**12.50**	**52.2**
Net profit attributable to the owners of the parent		76.9		95.4		100.8
Dividend payout ratio in %		51.7		50.4		51.7

1 In 2022/23: proposal to the AGM; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings. Date of payment: 11 October 2023 (estimated final dividend payable, subject to variations in the number of shares up to the recording date). This dividend has not been recognized as a liability as at 30 June 2023 and will be recognized in subsequent consolidated financial statements.
2 The dividend for the financial year is calculated on the basis of the outstanding shares at the end of the financial year.
3 In line with the BoD's decision not to consider the impact of the goodwill amortization when determining the dividend, the net profit attributable to owners of the parent company has been adjusted by CHF 31.2 million (CHF 59.5 million goodwill amortization impact less minorities of 47.5%).
4 In line with the BoD's decision not to consider the negative impact of the Mesker divestment when determining the dividend, the 2021/22 net profit attributable to owners of the parent company of CHF 63.2 million has been adjusted by CHF 32.2 million (CHF 61.4 million net profit impact of the Mesker divestment less minorities of 47.5%).
5 The net profit of previous years was not restated as the disclosed amount represents the basis for the decision of the BoD.

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

The dividend distribution is proposed to the AGM in the form of an equal distribution from the reserves from capital contributions and statutory retained earnings of the parent entity, dormakaba Holding AG. After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 11 October 2023 according to the instructions received: CHF 9.50 (2021/22: CHF 11.50) gross per listed registered share at CHF 0.10 par value, whereof only the distribution from reserves from capital contributions will be paid free of Swiss withholding tax in accordance with Art. 5 para. 1bis of the Federal Law on Withholding Tax.

3.4 Financial risk management

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

The high interest rates, the geopolitical tensions, and the war in Ukraine continue to have a significant impact on the global economic environment. The ongoing comprehensive crisis management with taskforces implemented by the Group management ensured supportive actions to all Group companies as well as relevant reporting to the EC and BoD. The aim of the measures is to ensure the safety of all employees, minimize the impact on business operations and supply chains, and thus on customers, and to focus on cash flow by following a "cash is king" principle. dormakaba adjusted its financial management as well as its forecast structures to retain its entrepreneurial flexibility and financial stability at all times. This includes daily monitoring of the liquidity as well as the financial debt status on Group level, including financial covenants and undrawn credit facilities. In addition, the solvency and credit spreads of all business banks are carefully assessed, bank balances were limited within a risk-budget and excess cash faster concentrated. The Ukraine Taskforce has implemented and enforced strict sanctions-controls as well as business adjustment for Russia. This ensures that operating risks are given due attention, are reported on accordingly, and the BoD has a comprehensive overview of the most important risks and measures taken.

Liquidity risk

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

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

Credit risk

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

Cash and cash equivalents are mainly held in the form of current accounts and current fixed-term deposits. Counterparty risks with financial institutions are monitored continuously and are minimized by the Group limiting its relationships to high-ranking banks only and limiting cash balances within a risk-budget or level of national deposit protection schemes.

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

Interest rate risk

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

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

Foreign currency exposure

Translation risk

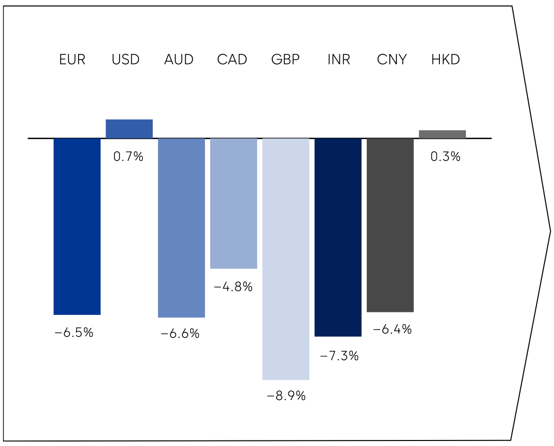
dormakaba Group does not actively manage the translation risk.

In the 2022/23 financial year, the Group's equity was negatively impacted in the amount of CHF 29.1 million by foreign currency translation (2021/22: CHF 39.7 million).

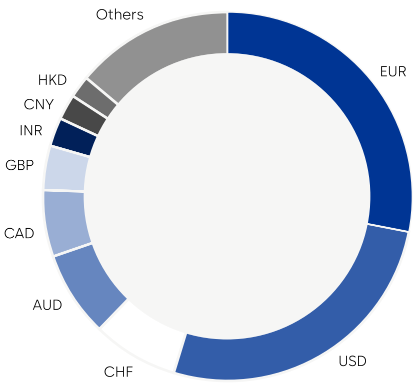
The key exchange rates based on net sales in foreign currencies are disclosed in the table below:

Currency rates (CHF), net sales (CHF million)	Net sales 30.06.2023	Exchange rate 30.06.2023	Average rate 2022/23	Net sales 30.06.2022	Exchange rate 30.06.2022	Average rate 2021/22
Total net sales	**2,848.8**			**2,756.9**		
EUR	799.9	0.978	0.982	785.1	0.997	1.050
USD	761.4	0.900	0.939	722.1	0.955	0.932
CHF	214.1	1.000	1.000	203.7	1.000	1.000
AUD	212.5	0.596	0.632	194.7	0.657	0.676
CAD	168.8	0.679	0.701	153.1	0.740	0.736
GBP	109.9	1.135	1.129	113.5	1.157	1.240
INR	74.9	0.011	0.012	70.8	0.012	0.012
CNY	62.0	0.124	0.135	68.8	0.143	0.144
HKD	53.2	0.115	0.120	68.0	0.122	0.119
Net sales in other currencies	392.1			377.1		

June 2022 – June 2023
Change of average FX-rate in relation to CHF



2022/23
Net sales exposure



In the 2022/23 financial year, dormakaba Group's sales growth was negatively impacted by foreign currency translations in the amount of CHF 109.2 million (2021/22: CHF 3.0 million negative impact) and its adjusted EBITDA negatively by CHF 14.6 million (2021/22: CHF 3.0 million positive impact).

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Transaction risk

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

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

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

dormakaba Group actively manages the transaction risk arising from third party and intercompany cross-currency exposures in foreign currencies.

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

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Contract value	**388.8**	**383.9**
Fair value – held-for-trading, net	**–1.1**	**1.6**
Assets from fair value of forward contracts	0.2	2.3
Liabilities from fair value of forward contracts	–1.3	–0.7

In the 2022/23 financial year, the net foreign exchange loss amounts to CHF 4.3 million (2021/22: loss amounts to CHF 6.0 million). While the hedges mitigate the foreign currency effect arising from intercompany loans, the interest expenses for forward contracts amounts to CHF 14.4 million (2021/22: CHF 5.4 million). The foreign exchange gains and losses as well as the interest expenses and income are disclosed in the note on the financial result (1.5).

Accounting principles

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

4. Other financial information

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

4.1 Commitments and contingencies

Lease commitments

Operating lease payments are charged to income (CHF 37.1 million in 2022/23 and CHF 38.5 million in 2021/22) on a straight-line basis over the lease term. The following table shows the future minimum lease payments resulting from non-cancellable operating leases:

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Future payment commitments for operating leases	**119.9**	**108.2**
Up to 1 year	32.8	32.2
2 to 5 years	65.5	60.5
Over 5 years	21.6	15.5

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

Accounting principles

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

Other commitments and contingencies

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Current endorsement liabilities	2.1	0.3
Investments committed to purchase from third parties:		
Property, plant, and equipment	8.8	8.0
Intangible assets	2.3	0.6

4.2 Equity accounted investments

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Investments in associates - 30 June	**0.9**	**0.3**
Increase of investments in associates	0.0	0.0
Share of profit (loss)	0.6	0.3
Translation exchange differences	0.0	0.0
Investments in associates - 1 July	**0.3**	**0.0**
Result from associates	**0.6**	**0.3**
Share of profit (loss)	0.6	0.3

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

Accounting principles

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

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4.3 Business combinations and divestments

Business combinations

The following table summarizes all considerations paid for businesses, as well as the assets and liabilities acquired and recognized at fair value as at the acquisition date for the full financial year 2022/23 and for the full financial year 2021/22 in comparison.

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
	Total	Total
Total consideration	**8.9**	**114.4**
Cash paid	8.7	99.0
Deferred payment	0.0	14.0
Acquisition-related costs	0.2	1.4
Identifiable assets and liabilities	**0.8**	**−3.6**
Cash and cash equivalents	1.1	8.6
Trade receivables	0.7	18.5
Inventories	0.0	9.9
Current income tax assets	0.0	0.4
Other current assets	0.0	2.4
Property, plant, and equipment	0.1	8.2
Intangible assets	0.0	0.3
Deferred income tax assets	0.0	1.0
Current borrowings	0.0	−0.1
Trade payables	−0.3	−9.4
Current income tax liabilities	0.0	−1.0
Accrued and other current liabilities	−0.8	−12.0
Provisions	0.0	−0.7
Non-current borrowings	0.0	−28.3
Accrued pension costs and benefits	0.0	−2.1
Deferred income tax liabilities	0.0	0.7
Goodwill[1]	**8.1**	**118.0**

1 Capitalized within intangible assets and disclosed in note property, plant, and equipment/intangible assets (2.3).

Alldoorco

On 1 August 2022, dormakaba acquired Alldoorcoc based in Nijkerk (NL). Alldoorco is a well-known company specializing in the maintenance, repair, and new installation of industrial door systems. With its high level of technical expertise in door solution services, the company is an ideal complement to dormakaba's existing offering in the Dutch market.

Prior-year business combinations

In previous year, dormakaba acquired the Fermatic Group based near Paris (FR), Reliance Doors and Best Doors Australia Groups (RELBDA) based in eastern and southern Australia, AtiQx Holding B.V. based in Utrecht/Dordrecht (NL), MultiGlazingSystems Ltd based in Dudley, West Midlands (UK), Rovato Techniek B.V. based in LK Tiel (NL), and Solus Security Systems PvT Ltd based in Bangalore (IN).

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Business divestments

While there were no divestments in the current financial year, in the previous year dormakaba divested its Mesker hollow metal doors business and its interior glass systems business.

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[2]
	Total	Total
Total consideration	**0.0**	**32.2**
Cash consideration	0.0	31.0
Deferred expenses/payment	0.0	5.3
Divestment-related costs	0.0	−4.1
Assets and liabilities divested	**0.0**	**36.5**
Cash and cash equivalents	0.0	17.4
Trade receivables	0.0	4.3
Inventories	0.0	15.6
Other current assets	0.0	0.9
Property, plant, and equipment	0.0	19.3
Intangible assets	0.0	0.7
Non-current financial assets	0.0	0.5
Deferred income tax assets	0.0	2.2
Trade payables	0.0	−2.9
Accrued and other current liabilities	0.0	−1.7
Provisions	0.0	−0.1
Accrued pension costs and benefits	0.0	−19.7
Result from sale of subsidiaries[1]	**0.0**	**−4.3**

1 Included in other operating income and expenses.
2 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).

5. Other disclosures

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

5.1 About this report

Parent company of the Group

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

Basis for preparation

These consolidated financial statements were approved for issue by the BoD on 24 August 2023 and will be presented for approval by the AGM on 5 October 2023.

The consolidated financial statements of dormakaba Group comply with Swiss law and have been prepared using the historical cost principle, except where disclosed in the accounting policies below, and in accordance with Swiss GAAP FER as a whole (GAAP = Generally Accepted Accounting Principles, FER = Fachempfehlung zur Rechnungslegung or "accounting and reporting recommendations"). Furthermore, the accounting complies with the provisions of the Listing Rules of SIX and Swiss company law. The accounting policies have been applied consistently by Group companies with the exception of the goodwill accounting policy choice and internal IT cost allocation principles. Please refer to chapter changes in accounting principles and restatement of previous period.

Currency conversion

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

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

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

Basis of consolidation

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

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

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

Changes in accounting principles and restatement of previous period

In May 2022, Swiss GAAP FER released the revised standard "Consolidated financial statements" (FER 30) effective from 1 January 2024, permitting earlier application. The adoption and implication were assessed by the Board of Directors (BoD) and it decided to apply with the revised standard already starting in 2022/23 financial year. The Board also approved to change the standard's accounting policy choice regarding goodwill accounting to increase transparency and improve comparability regarding acquired businesses.

Goodwill was previously offset in equity at the date of the acquisition. As a result, amortizations and impairments of goodwill did not affect the income statement; they were disclosed in the notes to the consolidated financial statements, while only the sale or discontinuation of the respective business activities led to a recycling through the income statement.

Making use of the accounting policy choice provided in Swiss GAAP FER 30 - Consolidated financial statements - the BoD has decided that goodwill will be capitalized and amortized in the income statement to better reflect the economic reality. Since this is a change to the former accounting principles, the prior period has been restated accordingly and the previous disclosure of the effect of a theoretical capitalization of goodwill has been omitted.

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As a result, the former goodwill offset with equity or capitalized within investments in associates are as per 1 July 2022 capitalized within intangible assets (2.3) and prior year financial statements are adjusted as if the new accounting principles had already been applied initially. Fully amortized goodwill at the time of conversion from IFRS to Swiss GAAP FER in financial year 2014/15 was presented as a net amount in the theoretical goodwill disclosure. To further increase transparency, this was grossed up as part of this restatement. The financial impact of this change in accounting policy choices within the requirements of Swiss GAAP FER is disclosed in the table below.

Additionally, dormakaba changed as of 1 July 2022 the principles for internal IT cost allocation in alignment with the corporate strategy Shape4Growth. While in the past the charges to the segments were based on consumed services within a catalogue, the new internal accounting policy reflects IT cost by user as a share of the total costs. The changed concept therefore increases the transparency of the segment performance and the functional costs, taking the full IT costs per employee into consideration. To reflect this change in the internal accounting policy, the functional costs in the consolidated income statement as well as the financial performance of the individual segments in the segment reporting were restated.

The following tables bridges the previous year's disclosed consolidated income statement and consolidated balance sheet showing the impact of the change in goodwill accounting policy choice and internal IT cost allocation principles.

CHF million	Financial year ended 30.06.2022 (restated)	IT expenses restatement	goodwill accounting restatement	Financial year ended 30.06.2022
Net sales	**2,756.9**	**0.0**	**0.0**	**2,756.9**
Cost of goods sold	–1,675.4	25.0	0.0	–1,650.4
Gross margin	**1,081.5**	**25.0**	**0.0**	**1,106.5**
Sales and marketing	–449.5	21.7	0.0	–427.8
General administration	–265.8	–52.3	0.0	–318.1
Research and development	–119.0	5.9	0.0	–113.1
Other operating income[1]	17.5	0.0	–2.2	15.3
Other operating expenses[1]	–161.7	–0.3	104.0	–58.0
Operating profit (EBIT)	**103.0**	**0.0**	**101.8**	**204.8**
Result from associates	0.3	0.0	0.0	0.3
Financial expenses	–29.5	0.0	–2.8	–32.3
Financial income	1.1	0.0	0.0	1.1
Profit before taxes	**74.9**	**0.0**	**99.0**	**173.9**
Income taxes	–36.1	0.0	–15.3	–51.4
Net profit	**38.8**	**0.0**	**83.7**	**122.5**
Net profit attributable to minority interests	19.5	0.0	39.8	59.3
Net profit attributable to the owners of the parent	19.3	0.0	43.9	63.2
Basic earnings per share in CHF	4.6	0.0	10.5	15.1
Diluted earnings per share in CHF	4.6	0.0	10.5	15.1
Adjusted EBITDA (Operating profit before depreciation and amortization)	**372.3**	**0.0**	**0.0**	**372.3**

[1] Other operating income, net and result from sale of subsidiaries were allocated to other operating income and expenses.

CHF million	Financial year ended 30.06.2022 (restated)	goodwill accounting restatement	Financial year ended 30.06.2022
Intangible assets	258.1	−170.2	87.9
Investments in associates	0.3	5.4	5.7
Shareholders' equity incl. minority interests	360.6	−164.7	195.9

Use of estimates

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

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

Use of accounting estimates	Note
Deferred income taxes	1.6
Provisions	2.4
Testing goodwill and assets for impairment	2.3, 5.2
Accrued pension costs and benefits	2.5

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

Use of accounting estimates

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

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

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5.2 Alternative performance measures (APM)

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

EBITDA and EBIT adjusted by items affecting comparability (IAC)

Earnings before interest, taxes, depreciation, and amortization (EBITDA) corresponds to the operating result (EBIT) before depreciation and amortization. By adjusting EBITDA and EBIT for items affecting comparability (IAC), transparency is further increased and the comparability of the Group's operational performance on a period-to-period basis is improved.

IACs are defined as significant costs and income which, because of their exceptional nature, cannot be viewed as inherent to the Group's underlying performance. The content of these items excluded is summarized in the table below and the reconciliation with EBIT defined by Swiss GAAP FER is disclosed in segment reporting:

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022 (restated)[1]
Items affecting comparability (IAC) - EBITDA	**59.0**	**30.3**
Reorganization and restructuring expenses	56.5	32.1
(Gain) Loss on divestment of businesses	0.0	–2.1
Other exceptional items	2.5	0.3
Items affecting comparability (IAC) - EBIT	**118.5**	**190.4**
Depreciation and amortization[2]	59.5	160.1
Items affecting comparability (IAC) - EBITDA	59.0	30.3

1 Details on the restatement are disclosed in chapter changes in accounting principles and restatement of previous period (5.1).
2 In 2022/23: CHF 59.5 million fully relates to amortization of goodwill (previous year: CHF 152.3 million).

Reorganization and restructuring comprise expenses in relation to dormakaba's new strategy Shape4Growth, which changes the operating model of dormakaba, and consequently the organizational setup as well as the financial reporting. Strategic IT harmonization projects that are closely related to the execution of Shape4Growth such as ERP harmonization and accelerated IT infrastructure optimization, including state-of-the-art business continuity management across applications and processes, are also included.

In the financial year 2021/22, dormakaba divested its interior glass systems business (IGS) and its hollow metal doors business (Mesker). The divestments include depreciation and amortization of CHF 6.4 million which were also treated as IAC. Details on the divestments are disclosed in the note business combinations and divestments (4.3).

Other exceptional items comprise revaluation gains or losses, significant gains on sale of property, plant, and equipment, as well as other significant items that cannot be viewed as inherent to the Group's underlying performance.

Amortization relates to amortized goodwill, which is treated as IAC to increase comparability with historical EBIT and with other financial statements that are applying accounting policies which do not result in goodwill amortization.

Capital expenditure

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

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Capital expenditure	**98.5**	**78.5**
Additions of property, plant, and equipment	61.5	52.7
Additions of intangible assets	37.0	25.8

Free cash flow and free cash flow before acquisitions/divestments

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

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Free cash flow before acquisitions/divestments	**189.2**	**51.2**
Acquisition of subsidiaries, net of cash acquired	–12.3	–92.1
Sale of subsidiaries, net of cash sold	–0.3	9.3
Free cash flow	**176.6**	**–31.6**
Net cash from operating activities	288.4	127.3
Net cash used in investing activities	–111.8	–158.9

Net working capital

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

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Net working capital		**694.0**	**751.3**
Trade receivables	2.1	461.2	482.8
Inventories	2.2	487.7	537.0
Trade payables		–163.5	–178.7
Advances from customers		–49.3	–50.5
Deferred income		–42.1	–39.3

Operating cash flow margin

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

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Operating cash flow margin		**10.1%**	**4.6%**
Net sales	1.2	2,848.8	2,756.9
Net cash from operating activities		288.4	127.3

Organic sales growth

Organic growth in sales refers to the growth compared to the same period of the previous year. It is calculated by adjusting the current year's sales for acquisition impact and comparing it to the previous year's sales adjusted for currency translations and divestment impact.

Organic growth in sales refers to the growth compared to the same period of the previous year adjusted for the impacts from currency translation as well as impacts from acquisition and divestment. The relative changes resulting from translation exchange differences and impacts from divestment are calculated based on the total sales for the previous period. The relative changes resulting from acquisition and organic sales growth are calculated based on the total sales for the previous year, adjusted for the effects of translation exchange differences and impacts from divestment.

Return on capital employed (ROCE)

EBIT divided by capital employed (CE) results in ROCE. dormakaba bases the calculation on a 12-month rolling EBIT, adjusted for items affecting comparability (IAC). CE equals the sum of net working capital, property, plant, and equipment, and intangible assets excluding goodwill. For the calculation, the average of the last three published balance sheet information is considered (30 June 2023, 31 December 2022, and 30 June 2022). For the previous year comparison, the same principles were applied.

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
ROCE (Return on capital employed)		**25.1%**	**24.4%**
Adjusted EBIT		**307.5**	**293.4**
Average CE (Capital employed)		**1,222.7**	**1,201.9**
Average net working capital	5.2	729.1	692.6
Average property, plant, and equipment		401.4	421.0
Average intangible assets (excluding goodwill)		92.2	88.3

5.3 Events after the balance sheet date

On 3 July 2023 dormakaba announced to launch a transformation program. One-off costs of approximately CHF 225 million and a one-time additional CAPEX investment of around CHF 100 million (IT, Operations) will be incurred starting in 2023/24.

5.4 Legal structure of the dormakaba Group

As at 30 June 2023

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

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

dormakaba International Holding AG, Rümlang/CH	CHF	101.0	100	dormakaba Holding GmbH + Co. KGaA
ADUK Products Ltd., Nuneaton/GB	GBP	0.1	100	dormakaba UK Holding Limited
Advanced Diagnostics Ltd., Nuneaton/GB	GBP	0.1	100	ADUK Products Ltd.
Alldoorco Bedrijfsdeuren B.V., Nijkerk/NL	EUR	117.1	100	dormakaba Nederland B.V.
Alldoorco Service & Onderhoud B.V., Nijkerk/NL	EUR	18.1	100	dormakaba Nederland B.V.
Aluminum Services Inc., Randolph/US	USD	30.0	100	dormakaba USA Inc.
Alvarado Manufacturing Co. Inc., Chino/US	USD	100.0	100	dormakaba U.S. Holding Ltd.
any2any GmbH, Munich/DE	EUR	38.6	31	dormakaba International Holding GmbH
Atimo Personeelstechniek B.V., Utrecht/NL	EUR	72.9	100	AtiQx Holding B.V.
AtiQx Holding B.V., Utrecht/NL	EUR	201.5	100	dormakaba Nederland B.V.
ATM-Türautomatik GmbH, Gleisdorf/AT	EUR	35.0	100	dormakaba Austria GmbH
AXE S.A.S., Créteil/FR	EUR	38.1	100	dormakaba France S.A.S.
Best Doors Australia Pty. Ltd., Hallam/AU	AUD	5,565.7	100	dormakaba Holding Australia Pty. Ltd.
Best Doors Victoria Pty. Ltd., Hallam/AU	AUD	0.0	100	Best Doors Australia Pty. Ltd.
Corporación Cerrajera Alba, S.A. de C.V., Edo. de México/MX	MXN	202,059.4	100	dormakaba Canada Inc.
Danmar Australia Pty. Ltd., Hallam/AU	AUD	0.1	100	Reliance Doors Pty. Ltd.
Dörken + Mankel Verwaltungs-Gesellschaft mit beschränkter Haftung, Ennepetal/DE	EUR	30.0	100	dormakaba Holding GmbH + Co. KGaA
DORMA Arabia Automatic Doors Company Ltd., Dammam/SA	SAR	10.0	95	dormakaba International Holding GmbH
			5	dormakaba Deutschland GmbH
DORMA Ghana Limited, Accra/GH	GHS	1,850.0	100	dormakaba International Holding GmbH
DORMA HUEPPE Pty. Ltd., Regents Park/AU	AUD	5,374.4	100	dormakaba Holding Australia Pty. Ltd.
DORMA Hüppe Asia Sdn. Bhd., Senai, Johor/MY	MYR	2,510.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe Austria GmbH, Linz/AT	EUR	146.0	100	DORMA Hüppe Raumtrennsysteme GmbH
DORMA Hüppe S.A., Brugge/BE	EUR	3,300.0	100	DORMA Hüppe Raumtrennsysteme GmbH
dormakaba Ireland Limited, Kildare/IE	EUR	1,500.0	100	dormakaba International Holding GmbH
DORMA Hüppe Raumtrennsysteme GmbH, Westerstede/DE	EUR	3,000.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba UK Limited., Hitchin/GB	GBP	250.0	100	dormakaba Nederland B.V.
dormakaba International Holding GmbH, Ennepetal/DE	EUR	110.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba (China) Technologies Ltd., Shenzhen/CN	CNY	69,500.0	100	dormakaba Hong Kong Limited
dormakaba (Thailand) Ltd., Bangkok/TH	THB	13,490.0	100	dormakaba International Holding GmbH
dormakaba Access Indonesia, PT, Jakarta/IN	IDR	2,555,199.5	90	dormakaba International Holding GmbH
			10	dormakaba Deutschland GmbH

dormakaba Access Solutions LLC, Doha/QA	QAR	200.0	100	dormakaba International Holding GmbH
dormakaba Access Solutions (China) Ltd./Shanghai/CN	USD	3,000.0	100	dormakaba International Holding GmbH
dormakaba Australia Pty. Ltd., Hallam/AU	AUD	0.0	100	dormakaba Holding Australia Pty. Ltd.
dormakaba Austria GmbH, Herzogenburg/AT	EUR	1,460.0	100	dormakaba International Holding AG
dormakaba Belgium N.V., Bruges/BE	EUR	2,416.3	100	dormakaba International Holding AG
dormakaba Brasil Soluções de Acesso Ltda., São Paulo/BR	BRL	35,160.7	100	dormakaba International Holding AG
dormakaba Bulgaria Ltd., Sofia/BG	EUR	1,314.1	100	dormakaba International Holding GmbH
dormakaba Canada Inc., Montreal/CA	CAD	1.0	100	dormakaba International Holding AG
dormakaba Cesko s.r.o., Praha/CZ	CZK	100.0	100	dormakaba International Holding GmbH
dormakaba China Ltd, Suzhou/CN	CNY	127,759.1	100	dormakaba International Holding GmbH
dormakaba Danmark A/S, Albertslund/DK	DKK	696.0	100	dormakaba International Holding AG
dormakaba Deutschland GmbH, Ennepetal/DE	EUR	126,780.0	100	dormakaba Holding GmbH + Co. KGaA
DORMAKABA DOO BEOGRAD, Beograd/RS	RSD	4,474.3	100	dormakaba International Holding GmbH
dormakaba España S.A.U., Madrid/ES	EUR	600.0	100	dormakaba International Holding AG
dormakaba Eurasia LLC, Moscow/RU	RUB	213,000.0	100	dormakaba International Holding GmbH
dormakaba Finance AG, Rümlang/CH	CHF	100.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Services B.V., Dodewaard/NL	EUR	100.0	100	dormakaba Nederland B.V.
dormakaba Finance GmbH, Ennepetal/DE	EUR	25.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba France S.A.S., Antony/FR	EUR	5,617.2	100	dormakaba International Holding AG
dormakaba Gulf FZE, Dubai/AE	USD	9,524.9	100	dormakaba International Holding GmbH
dormakaba Holding Australia Pty. Ltd., Hallam/AU	AUD	11,600.0	100	dormakaba Singapore Pte. Ltd.
dormakaba Hong Kong Limited, Hong Kong/HK	HKD	100.0	100	dormakaba Nederland B.V.
dormakaba Hrvatska d.o.o., Zagreb/HR	HRK	5,650.0	100	dormakaba International Holding GmbH
dormakaba Immobilien GmbH, Villingen-Schwenningen/DE	EUR	50.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba India Private Limited, Chennai/IN	INR	1,147,197.3	100	dormakaba International Holding GmbH
dormakaba Italia Srl., Milano/IT	EUR	260.0	100	dormakaba Schweiz AG
dormakaba Japan Co. Ltd., Tokyo/JP	JPY	120,000.0	100	dormakaba Schweiz AG
dormakaba Kapi Ve Güvenlik Sistemleri Sanayi Ve Ticaret A.S., Istanbul/TR	TRY	3,750.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Kenya Limited, Nairobi/KE	KES	40,000.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Korea Inc., Seoul/KR	KRW	150,000.0	100	dormakaba International Holding GmbH
dormakaba Kuwait for Ready Made Windows LLC, Kuwait City/KW	KWD	10.0	49	dormakaba International Holding GmbH
			51	dormakaba Middle East SPV Ltd.
dormakaba Luxembourg S.A., Wecker/LU	EUR	300.0	100	dormakaba International Holding AG
dormakaba Magyarorszàg Zrt., Budapest/HU	HUF	251,000.0	100	dormakaba Holding GmbH + Co. KGaA
dormakaba Malaysia SDN BHD, Selangor/MY	MYR	800.0	100	dormakaba Nederland B.V.
dormakaba Maroc SARL, Casablanca/MA	MAD	2,000.0	100	dormakaba International Holding GmbH
dormakaba México, S. de R.L. de C.V., Mexico City/MX	MXN	3.0	96.6	dormakaba International Holding GmbH
			3.4	dormakaba Deutschland GmbH
dormakaba Middle East (LLC), Dubai/AE	AED	7,700.0	49	dormakaba International Holding GmbH
			51	dormakaba Middle East SPV Ltd.
dormakaba Middle East SPV Limited, Abu Dhabi/AE	AED	N/A	100	dormakaba International Holding AG
dormakaba Nederland B.V., Dodewaard/NL	EUR	11.7	100	dormakaba International Holding GmbH
dormakaba New Zealand Limited, Auckland/NZ	NZD	384.0	100	dormakaba Nederland B.V.
dormakaba Norge A/S, Drammen/NO	NOK	1,798.0	100	dormakaba International Holding AG
dormakaba Philippines Inc., Makati City/PH	PHP	18,000.0	100	dormakaba International Holding GmbH
dormakaba Polska sp.z.o.o., Konstancin-Jeziorna/PL	PLN	10,000.0	100	dormakaba International Holding AG
dormakaba Portugal, Unipessoal Lda., Lisbon/PT	EUR	50.0	100	dormakaba International Holding GmbH

dormakaba Production GmbH + Co. Kommanditgesellschaft, Ennepetal/DE, Singapore/SGP	EUR	2,560.0	100	dormakaba Deutschland GmbH
dormakaba Production GmbH, Ennepetal/DE	EUR	50.0	100	dormakaba Deutschland GmbH
dormakaba Production Malaysia SDN. BHD., Melaka/MY	MYR	5,000.0	100	dormakaba International Holding GmbH
dormakaba Romania S.R.L., Bucharest/RO	RON	4,705.8	100	dormakaba International Holding GmbH
dormakaba Schweiz AG, Wetzikon/CH	CHF	6,800.0	100	dormakaba International Holding AG
dormakaba Singapore Pte Ltd, Singapore/SGP	SGD	13,300.0	100	dormakaba Production GmbH + Co. KG
dormakaba Slovensko s.r.o, Bratislava/SK	EUR	6.6	100	dormakaba International Holding GmbH
dormakaba South Africa (Pty.) Ltd., Johannesburg/ZA	ZAR	1.0	100	dormakaba International Holding GmbH
dormakaba Suomi Oy, Helsinki/FI	EUR	67.3	100	dormakaba International Holding GmbH
dormakaba Sverige AB, Västra Frölunda/SE	SEK	500.0	100	dormakaba Nederland B.V.
dormakaba Ukraine LLC, Kiev/UA	EUR	250.0	99	dormakaba International Holding GmbH
			1	dormakaba Deutschland GmbH
dormakaba Uruguay S.A, Montevideo/UY	UYU	10.8	100	dormakaba International Holding GmbH
dormakaba U.S. Holding Ltd., Wilmington/US	USD	470,000.0	59.52	dormakaba Schweiz AG
			17	dormakaba Nederland B.V.
			23.48	dormakaba International Holding AG
dormakaba USA Inc., Wilmington/US	USD	1.0	100	dormakaba U.S. Holding Ltd.
dormakaba Workforce Solutions LLC, Wilmington/US	USD	19.7	100	dormakaba U.S. Holding Ltd.
Eminence S.A.S., Guitrancourt/FR	EUR	5,866.0	100	dormakaba France S.A.S.
E Plus Building Products Pty. Ltd., Hallam/AU	AUD	0.2	100	E Plus Nominees Pty. Ltd.
Ezi Roll Doors Australia Pty. Ltd., Hallam/AU	AUD	12,600.7	100	Best Doors Australia Pty. Ltd.
Farpointe Data Inc., San Jose/US	USD	1,701.7	100	dormakaba USA Inc.
Fermatic S.A.S., Guitrancourt/FR	EUR	260.0	100	Eminence S.A.S.
Fermatic AFH S.A.S., Octeville-sur-Mer/FR	EUR	12.5	100	Eminence S.A.S.
Fermatic Agence Normandie S.A.S., Saint-Jacques-sur-Darnétal/FR	EUR	350.0	100	Eminence S.A.S.
Fermatic Fresnais S.A.S., Les Torches/FR	EUR	32.0	100	Eminence S.A.S.
Fermetures GROOM S.A.S., Javené/FR	EUR	1,500.0	100	dormakaba France S.A.S.
Forponto Informática S.A., São Paulo/BR	BRL	10.0	100	Task Sistemas de Computação S.A.
Gliderol International Pty. Ltd., Hallam/AU	AUD	5.0	100	Reliance Doors Pty. Ltd.
Grupo Klaus S.A.C., Lima/PE	PEN	11,516.2	100	dormakaba International Holding AG
H. Cillekens & ZN BV, Roermond/NL	EUR	15.9	100	dormakaba Nederland B.V.
Jaqmar Pty. Ltd., Hallam/AU	AUD	6,195.1	100	Best Doors Australia Pty. Ltd.
Kaba do Brasil Ltda., São Paulo/BR	BRL	32,051.2	100	dormakaba International Holding AG
dormakaba UK Holding Limited, Hitchin/GB	GBP	173.0	100	dormakaba International Holding AG
Kaba Holding AG, Rümlang/CH	CHF	100.0	100	dormakaba International Holding AG
Kaba Ilco Corp., Rocky Mount/US	USD	56,897.6	100	dormakaba U.S. Holding Ltd.
Kaba Ltd., Tiverton/GB	GBP	6,300.0	100	dormakaba UK Holding Limited
Kaba Mas LLC, Lexington/US	USD	880.7	100	dormakaba U.S. Holding Ltd.
Kilargo Pty. Ltd., Hallam/AU	AUD	1.0	100	dormakaba Holding Australia Pty. Ltd.
KIWS Property LLC, Delaware/US		N/A	100	dormakaba USA Inc.
Legic Identsystems AG, Wetzikon/CH	CHF	500.0	100	dormakaba Schweiz AG
dormakaba SAL GmbH, Velbert/DE	EUR	255.7	100	dormakaba Deutschland GmbH
Minda Silca Engineering Pvt. Ltd., New Delhi/IN	INR	107,510.0	65	dormakaba International Holding AG
Modernfold Inc., Greenfield/US	USD	0.0	100	dormakaba USA Inc.
Modernfold of Nevada LLC., Greenfield/US	USD	0.0	100	Modernfold Inc.
MultiGlazingSystems Limited, Oldbury/GB	GBP	0.3	100	dormakaba UK Limited
Path Line (China) Ltd., Hong Kong/HK	HKD	113,900.0	100	Wah Yuet Hong Kong Limited
Perfect Lease S.A.S., Guitrancourt/FR	EUR	8.0	100	Fermatic S.A.S.
Poksundo GmbH, Villingen-Schwenningen/DE	EUR	62.5	100	dormakaba International Holding GmbH

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Rafi Shapira & Sons Ltd., Rishon LeZion/IL	ILS	0.1	30	dormakaba International Holding GmbH
Reliance Doors Pty. Ltd., Hallam/AU	AUD	768.5	100	dormakaba Holding Australia Pty. Ltd.
Resolute Testing Laboratories Pty. Ltd., Hallam/AU	AUD	0.1	100	Kilargo Pty. Ltd.
R.T.R. Services Limited, Derbyshire/GB	GBP	6,270.0	100	dormakaba UK Limited
Serrurerie Chaudronnerie Bouffier Alain et Heurtaut Jean Claude SCBH S.A.S., Freneuse/FR	EUR	300.0	100	Eminence S.A.S.
Silca GmbH, Velbert/DE	EUR	358.0	100	dormakaba Holding GmbH + Co. KGaA
Silca Key Systems S.A., Barcelona/ES	EUR	162.3	100	dormakaba Holding GmbH + Co. KGaA
Silca S.A.S., Porcheville/FR	EUR	797.7	100	dormakaba France S.A.S.
Silca S.p.A., Vittorio Veneto/IT	EUR	10,000.0	97	dormakaba Holding GmbH + Co. KGaA
			3	dormakaba Schweiz AG
Silca South America S.A., Tocancipa/CO	COP	4,973,013.8	65.92	dormakaba International Holding AG
			32.52	dormakaba Schweiz AG
Skyfold Inc., Quebec/CA	CAD	113,994.5	100	dormakaba Canada Inc.
Smart Access Solutions Company Ltd., Riyadh/SA	SAR	25.0	100	dormakaba Middle East SPV Limited
Solus Security Systems Private Limited, Mumbai/IN	INR	100.0	100	dormakaba India Private Limited
Task Sistemas de Computação S.A., Rio de Janeiro/BR	BRL	26,438.7	100	dormakaba International Holding AG
TLHM Co. Ltd., Taiwan/TWN	TWD	270,000.0	100	dormakaba International Holding AG
Transquest Tag & Tracing Solutions B.V., Utrecht/NL	EUR	18.0	100	AtiQx Holding B.V.
WAH MEI Access Security Technology Co. LTD. Taishan/CN	USD	15,000.0	100	Wah Yuet Hong Kong Limited
Wah Yuet Hong Kong Limited, Hong Kong/HK	HKD	768,250.0	100	dormakaba Schweiz AG
Wah Yuet (Ng's) Overseas Co. Ltd., Tortola/VG	USD	13,289.0	100	Wah Yuet Hong Kong Limited

Apart from dormakaba Holding AG in Rümlang, none of the companies in the dormakaba Group's scope of consolidation is listed on a stock exchange. The registered shares of dormakaba Holding AG are traded on the SIX Swiss Exchange (security no./ISIN: 1179595/CH 0011795959). As at 30 June 2023, the company's market capitalization was CHF 1,682.95 million.

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

Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of dormakaba Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the year then ended, the consolidated balance sheet as at 30 June 2023, and the consolidated cash flow statement, the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 101 to 149) give a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor’s responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 12 million

We concluded full scope audit work at 45 reporting units in 20 countries.

Our audit scope addressed over 73% of the Group's revenue. In addition, specified procedures were performed on a further two reporting units in one country representing a further 3% of the Group's revenue. Reviews were performed for 35 reporting units in 22 countries addressing a further 11% of the Group’s revenue.

As key audit matters the following areas of focus have been identified:

Revenue recognition

Change in principles for goodwill accounting

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

Overall Group materiality	CHF 12 million
Benchmark applied	Adjusted profit before tax
Rationale for the materiality benchmark applied	We chose adjusted profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.6 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

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

Key audit matters

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

Revenue recognition

Key audit matter	How our audit addressed the key audit matter
Total consolidated net sales of the financial year 2022/2023 amounted to CHF 2,848.8 million (2021/2022: CHF 2,756.9 million). Refer to note 1.2 "Net sales per geographical markets / business units". Net sales include all sales of goods and services, after deduction of freight expense of goods sold, sales commissions and other sales deductions, such as discounts and rebates. Sales from goods are recognized when all significant risks, rewards of ownership and control are transferred. Sales related to services are recognized when the	We obtained an understanding of the Group's policies, processes and methods regarding revenue recognition. During our audit, we analyzed the process established to determine revenue recognition and we performed, on a sample basis, the following audit procedures for all full scope reporting components and for the reporting unit subject to specified procedures: - We tested whether revenue is categorized and recognized in line with the dormakaba accounting policy.

Key audit matter	How our audit addressed the key audit matter
service is provided. Distinctive components related to multi-element contracts are recognized separately. The risk for revenue being recognized in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	- We tested the occurrence and timing of revenue recognition of sales related to products by comparing individual sales transactions to delivery documents. - We tested the occurrence and timing of revenue related to individual services by comparing sales transactions to contracts, handover certificates or equivalent. Based on the audit procedures performed, we consider the risk of revenue recognition in an incorrect period to be adequately addressed by Management.

Change in principals for goodwill accounting

Key audit matter	How our audit addressed the key audit matter
Refer to note 5.1 for the change in accounting principles and restatement of previous period. In the financial year 2022/23, the Board of Directors approved to change the standard's accounting policy choice regarding goodwill accounting in accordance with FER 30 (revised). Goodwill was previously offset in equity at the date of acquisition and recognized as an expense in the income statement when the related business has been disposed of. Making use of the accounting policy choice provided by FER 30 (revised), the Board of Directors has decided to capitalize goodwill and amortize it in the income statement over its useful life. Since this is a change to prior accounting principles, comparative information has been restated accordingly. The effect of this change in accounting policy is disclosed as a restatement in note 5.1. As of 30 June 2023, and the financial year then ended, the amortization of goodwill reported under the line-item other operating expense amounts to CHF 59.5 million, and the carrying value of goodwill as part of intangible assets is CHF 110.7 million. We considered the change in accounting principle as a key audit matter, as the impact of that restatement on the consolidated financial statements 2022/23 and 2021/22 is significant.	The following procedures have been performed: • We reviewed the new accounting policy and compared it to the requirements of FER 30 (revised). • In order to check the completeness of the adjustment, we have formed an expected value for the previous year, considering the changed accounting practice. A comparison to the previous year's figures after implementation has been made. • We have audited the restated figures by comparing the amounts to underlying client documentation. We further checked the accuracy of the restated amounts by testing them against the changed accounting principles. • We have reviewed disclosures to determine, if disclosures meet Swiss GAAP FER requirements. Based on the procedures performed we consider Management's approach for changing the accounting for goodwill as acceptable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

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

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

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

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

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Stefan Räbsamen	Sandra Burgstaller
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 24 August 2023

Financial statements dormakaba Holding AG

Balance sheet

Assets

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Current assets			
Cash and cash equivalents		0.1	0.1
Other current assets: third parties		0.2	0.2
Total current assets		**0.3**	**0.3**
Non-current assets			
Investments	2.1	704.9	704.9
Loans to Group companies	2.2	171.2	170.1
Total non-current assets		**876.1**	**875.0**
Total assets		**876.4**	**875.3**

Liabilities and equity

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Current liabilities			
Other current liabilities: third parties		1.0	1.2
Accruals		0.0	0.1
Total current liabilities		**1.0**	**1.3**
Long-term provisions	2.3	**11.7**	**11.5**
Equity			
Share capital	2.4	0.4	0.4
Legal capital reserves			
- reserves from capital contributions		21.4	45.5
Legal reserves		261.0	261.0
Reserves for treasury shares	2.6	9.1	16.0
Statutory retained earnings			
- available earnings carried forward		522.5	489.1
Net profit for the year		49.3	50.5
Total equity		**863.7**	**862.5**
Total liabilities and equity		**876.4**	**875.3**

Income statement

CHF million	Note	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Operating revenues			
Dividend income from investments	3.1	50.3	52.6
Interest from loans to Group companies		5.1	4.1
Other financial income		1.6	0.1
Total operating revenues		**57.0**	**56.8**
Operating expenses			
Financial expenses	3.2	−3.2	−2.2
Cost of services provided by Group companies		−0.1	−0.1
Personnel expenses		−2.9	−2.6
Other operating expenses	3.3	−0.9	−1.0
Direct taxes	3.4	−0.6	−0.4
Total operating expenses		**−7.7**	**−6.3**
Net profit for the period		**49.3**	**50.5**

Notes to the financial statements

1. Principles

1.1 General

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

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

1.2 Loans to Group companies and other financial assets

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

1.3 Investments

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

1.4 Dividend income

Dividend income is recorded when payment is received.

2. Information on balance sheet items

2.1 Investments

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

There are no changes to the investments.

2.2 Loans to Group companies

Counterparty	Currency	Interest rate	Financial year ended 30.06.2023	Financial year ended 30.06.2022
dormakaba International Holding AG, Rümlang/CH	CHF	1.50%	171.2	170.1
Total loans to Group companies			**171.2**	**170.1**

2.3 Long-term provisions

These provisions relate to general risks.

2.4 Share capital

As at 30 June 2023, the share capital amounted to CHF 420,002.60 divided into 4,200,026 registered shares at a par value of CHF 0.10.

Conditional capital as at 30 June 2023 amounted to CHF 42,438.40.

In accordance with the resolution of the Annual General Meeting (AGM) of 12 October 2021, the Board of Directors (BoD) is authorized to increase the share capital by no later than 12 October 2023 up to a maximum amount of CHF 42,000 by issuing a maximum of 420,000 fully paid-in registered shares with a nominal value of CHF 0.10 each. The increase may be made in partial amounts. No shares were issued out of authorized capital in the 2022/23 financial year.

2.5 Principal shareholders

	As at 30.06.2023 No. of shares at CHF 0.10 par value	%	As at 30.06.2022 No. of shares at CHF 0.10 par value	%
Pool Shareholders[1]	**1,170,496**	**27.9**	**1,174,323**	**28.0**
Group's treasury shares	**13,577**	**0.3**	**21,624**	**0.5**
Public shareholders				
SEO Management AG	126,059	3.0		
Other public shareholders	2,870,417	68.3	2,976,773	70.9
Total public shareholders	**2,996,476**	**71.3**	**2,976,773**	**70.9**
BoD and EC members[2]				
BoD members	228,434	5.4	458,795	10.9
EC members	11,938	0.3	9,699	0.2
Total BoD and EC members	**240,372**	**5.7**	**468,494**	**11.1**
Less double-counting in respect of Pool Shareholders[3]	–220,895	–5.2	–441,188	–10.5
Total shares	**4,200,026**	**100.0**	**4,200,026**	**100.0**

1 The following persons are party to the pool agreement dated 29 April 2015, updated 7 December 2021: Familie Mankel Industriebeteiligungs GmbH + Co. KGaA / Ennepetal, Mankel Family Office GmbH / Ennepetal, KRM Beteiligungs GmbH / Ennepetal, Christine Mankel / Ennepetal, CM Beteiligungs-GmbH / Ennepetal, CM-Familienstiftung / Düsseldorf, Laetitia Brecht-Bergen / Düsseldorf, Leander Brecht-Bergen / Düsseldorf, Stephanie Brecht-Bergen / Düsseldorf, SBB Beteiligungs-GmbH / Ennepetal, as well as Martina Bössow / Meilen, Balz Dubs / Zurich, Karina Dubs / Zurich, Kevin Dubs / Zurich, Kim Dubs / Zurich, Linus Dubs / Zurich, Amy Flückiger / Herrliberg, Anja Flückiger / Herrliberg, Beat Flückiger / Herrliberg, Flo Flückiger / Herrliberg, heirs of Karin Forrer / Bern , Clive Kuenzle / Zurich, Michael Kuenzle / Meilen, Alexandra Sallai / Worb, Christoph Sallai / Bern, Andrea Ullmann / Zollikon, Basil Ullmann / Zollikon, Lynn Ullmann / Zollikon, Sascha Ullmann / Zollikon, Adrian Weibel / Meilen and Tonia Weibel / Meilen.

2 Including related parties.

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

2.6 Treasury shares

	Financial year ended 30.06.2023		Financial year ended 30.06.2022	
	CHF million	Number of shares	CHF million	Number of shares
Treasury shares at the beginning of the period	0.0	–	0.0	–
Purchase	1.4	3,785	1.1	2,087
Share-based compensation	–1.3	–3,785	–1.1	–2,087
Revaluation	–0.1	–	0.0	–
Treasury shares at the end of the period	**0.0**	**–**	**0.0**	**–**
Treasury shares held in other Group entities	9.1	13,577	16.0	21,624

3. Information on the income statement

3.1 Dividend income

The dividend income for the year is CHF 50.3 million (2021/22: CHF 52.6 million).

3.2 Financial expenses

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

3.3 Other operating expenses

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

3.4 Direct taxes

Direct taxes comprise capital taxes and income taxes.

4. Other information

4.1 General information

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

The company is listed on the SIX Swiss Exchange.

4.2 Full-time equivalents

As at 30 June 2023, dormakaba Holding AG did not employ any personnel.

4.3 Contingent liabilities

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Guarantees	656.3	329.6
Of which used	0.0	0.0

As in the previous year, the guarantees disclosed relate to the guarantee accorded to the bondholders for the bonds issued by dormakaba Finance AG in the total nominal amount of CHF 595.0 million.

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

5. Conditional and authorized capital

	Financial year ended 30.06.2023		Financial year ended 30.06.2022	
	Share capital value in CHF	Number of shares	Share capital value in CHF	Number of shares
Conditional capital at the end of the period	42,438	424,384	42,438	424,384
Authorized capital at the end of the period	42,000	420,000	42,000	420,000

Conditional capital of CHF 36,000 (2021/22: CHF 36,000) is earmarked for the coverage of convertible bonds and warrant bonds, plus CHF 6,438.40 (2021/22: CHF 6,438.40) for shares or share options to associates and BoD members of which CHF 0 (2021/22: CHF 0) were exercised in the 2022/23 financial year.

The authorized capital at financial year-end amounts to CHF 42,000 (2021/22: CHF 42,000).

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6. Shareholdings of BoD and EC members

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

Number of shares	Financial year ended 30.06.2023	Financial year ended 30.06.2022
BoD		
Brandtzaeg Svein Richard[1]	168	
Aebischer Thomas	430	100
Birgersson Jens	2,491	2,085
Brecht-Bergen Stephanie	220,895	220,489
Cadonau Riet[2]		8,630
Daeniker Daniel	2,379	2,020
Gummert Hans	1,350	1,095
Heppner John[3]		1,283
Hess Hans[3]		2,156
Liu John Y.	493	238
Lochiatto Kenneth[4]	114	
Mankel Christine[3]		220,699
Regelski Michael[4]	114	
Total BoD	**228,434**	**458,795**
EC		
Berninger Alwin[5]		371
Bewick Stephen	449	335
Guardiola Magín[6]	1,258	
Häberli Andreas[7]	2,696	2,636
Housten Alex	922	747
Johansson Christina[8]	-	
Jones Andy[9]		233
Kelterborn Kaspar[10]		48
Lee Jim-Heng	3,896	2,865
Mörtl Mathias[5]		-
Zocca Stefano	2,717	2,464
Total EC	**11,938**	**9,699**

1 BoD Member as of 11 October 2022 and Chairman of the Board as of 1 May 2023
2 Chairman of the Board until 30 April 2023
3 BoD Member until 11 October 2022
4 BoD Member as of 11 October 2022
5 EC Member until 31 March 2023
6 EC Member as of 1 April 2023
7 EC Member until 30 June 2023
8 EC Member as of 1 December 2022
9 EC Member until 15 May 2023
10 EC Member until 30 November 2022

7. Events after the balance sheet date

On 3 July 2023 dormakaba announced to launch a transformation program. One-off costs of approximately CHF 225 million and a one-time additional CAPEX investment of around CHF 100 million (IT, Operations) will be incurred starting in 2023/24.

Appropriation of retained earnings

Proposal for the appropriation of available retained earnings as at 30 June 2023

CHF million	Financial year ended 30.06.2023	Financial year ended 30.06.2022
Net profit for the period	49.3	50.5
Allocation from reserves for treasury shares	6.9	7.0
Statutory retained earnings carried forward from previous year	515.6	482.1
Unappropriated retained earnings at the end of the period	**571.8**	**539.6**
Allocation from reserves from capital contributions[1]	20.0	24.2
Total at the AGM's disposal	**591.8**	**563.8**

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

The BoD will propose to the shareholders at the AGM on 5 October 2023 a total distribution of CHF 40.0 million on the basis of the share capital of CHF 420,002 (4,200,026 shares at CHF 0.10) without contribution to other reserves, to be equally paid out from the reserves from capital contributions and statutory retained earnings:

- CHF 20.0 million (2021/22: CHF 24.2 million) from capital contributions without deduction of Swiss withholding tax; and
- CHF 20.0 million (2021/22: CHF 24.2 million) from statutory retained earnings subject to Swiss withholding tax

CHF million	Proposal to the AGM 2023	Approved by the AGM 2022
Distribution from reserves from capital contributions[1]	20.0	24.2
Dividend distribution from statutory retained earnings[1]	20.0	24.2
To be carried forward	551.8	515.4
Total at the AGM's disposal	**591.8**	**563.8**

1 Calculated based on the number of total shares as at 30 June 2022. The total amount of the distribution depends on the number of shares entitled to dividend payout as at 11 October 2023. Treasury shares are not entitled to dividend payout.

After approval of this proposal by the AGM, the distribution from the reserves from capital contributions as well as dividend distribution from statutory retained earnings will be paid out on 11 October 2023 according to the instructions received: CHF 9.50 (2021/22: CHF 11.50) gross per listed registered share at a par value of CHF 0.10.

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Report of the statutory auditor

to the General Meeting of dormakaba Holding AG

Rümlang

Report on the audit of the financial statements

Opinion

We have audited the financial statements of dormakaba Holding AG (the Company), which comprise the balance sheet as at 30 June 2023, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 155 to 162) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 4.3 million

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

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

Valuation of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.43 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

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

Key audit matters

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

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
As at 30 June 2023, the Company had investments in two subsidiaries in the amount of CHF 704.9 million (prior year: CHF 704.9 million). These investments are stated at cost in accordance with the commercial accounting and financial reporting provisions of the Swiss Code of Obligations. Valuation of investments was deemed a key audit matter due to their significance on the balance sheet. The two investments in dormakaba Holding GmbH & Co KGaA and dormakaba Beteiligungs-GmbH represent the largest single asset category on the balance sheet (80% of total assets).	Management performs a review of whether indicators for impairment for the investments exist. No such indicators were identified in the process. We tested the valuation of the investments as at 30 June 2023 by performing the following procedures: • We compared the net book values of the investments as at 30 June 2023 to the shareholder's equity of the company concerned. • We compared the book value of equity of the Company to its market capitalization as at 30 June 2023. We consider Management's approach to value the investments as acceptable and reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Stefan Räbsamen
Licensed audit expert
Auditor in charge

Sandra Burgstaller
Licensed audit expert

Zürich, 24 August 2023

Information for investors as at 30 June 2023

CHF million, except where indicated	2022/23	2021/22	2020/21	2019/20	2018/19
Net sales	**2,848.8**	**2,756.9**	**2,499.7**	**2,539.8**	**2,818.3**
Organic growth in %	8.4	7.7	1.3	−6.9	1.3
EBITDA (Operating profit before depreciation and amortization)	325.8	342.0	353.1	325.0	448.0
Adjusted EBITDA (Operating profit before depreciation and amortization)[3]	**384.8**	**372.3**	**362.0**	**–**	**–**
Adjusted EBITDA in % of net sales[3]	13.5	13.5	14.5	–	–
EBIT (Operating profit)[2]	189.0	103.0	274.3	253.2	375.0
Adjusted EBIT (Operating profit)[3]	**307.5**	**293.4**	**283.6**	**–**	**–**
Adjusted EBIT in % of net sales[3]	10.8	10.6	11.3	–	–
Net profit[2]	**88.5**	**38.8**	**193.3**	**164.1**	**252.5**
Net profit in % of net sales[2]	3.1	1.4	7.7	6.5	9.0
Net profit after minorities[2]	**45.7**	**19.3**	**100.8**	**84.6**	**131.8**
Basic earnings per share (in CHF)[2]	10.9	4.6	24.2	20.4	31.6
Diluted earnings per share (in CHF)[2]	10.9	4.6	24.1	20.3	31.5
Dividend per share (in CHF)[1]	9.50	11.50	12.50	10.50	16.00
Payout ratio in %	51.7	50.4	51.7	51.6	50.5
Cash generated from operations	363.4	188.4	384.5	407.9	372.8
Net cash from operating activities	**288.4**	**127.3**	**313.5**	**328.1**	**280.7**
Operating cash flow margin in %	10.1	4.6	12.5	12.9	10.0
Net cash used in investing activities	−111.8	−158.9	−95.5	−232.4	−67.8
Free cash flow (net) before dividend	176.6	−31.6	218.0	95.7	212.9
Net cash flows from financing activities	−177.8	−0.4	−231.9	−65.8	−223.9
Of which dividends paid	−48.1	−52.2	−43.7	−66.5	−62.2
Personnel expenses	1,127.9	1,093.9	1,022.3	1,027.7	1,055.1
Average number of full-time equivalent employees	15,519	15,495	14,989	15,676	15,811
Total assets[2]	**1,946.5**	**2,071.9**	**1,869.8**	**1,808.6**	**1,909.0**
Total assets in % of net sales[2]	68.3	75.2	74.8	71.2	67.7
Property, plant, and equipment in % of net sales	14.0	14.9	17.4	17.4	16.5
Inventories in % of net sales	17.1	19.5	18.0	17.5	16.1
Receivables in % of net sales	16.2	17.5	17.0	15.3	17.7
Net working capital	**694.0**	**751.3**	**641.6**	**631.9**	**753.2**
Net working capital in % of net sales	24.4	27.3	25.7	24.9	26.7
Net debt	**596.9**	**708.1**	**508.8**	**667.7**	**651.4**
Net debt/Adjusted EBITDA[3]- rolling 12 months	1.6	1.9	1.4	–	–
Interest coverage (Adjusted EBITDA / interest expense, net)[3]	9.6	18.7	19.5	–	–
Shareholders' equity[2]	**334.6**	**360.6**	**264.9**	**141.3**	**258.5**
Return on equity (ROE) in %[2]	26.4	10.8	73.0	116.1	97.7
Shareholders' equity per share (in CHF)	79.5	86.0	63.4	34.0	61.8

1 In 2022/23: proposal to the Annual General Meeting; distribution of an equal share from the reserves from capital contributions and from statutory retained earnings.

2 In 2022/23: dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

3 As from 2020/21, adjusted EBITDA/EBIT is introduced. Details are disclosed in the note alternative performance measures (APM). Please refer to the chapter 5.2 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

Information for investors per share data

		2022/23	2021/22	2020/21	2019/20	2018/19
Capital stock						
Registered shares at CHF 0.10 par value	No	4,200,026	4,200,026	4,200,026	4,200,026	4,200,026
Outstanding shares at end of financial year	No	4,186,449	4,178,402	4,168,767	4,157,216	4,145,317
Weighted average number of shares outstanding (diluted)	No	4,210,930	4,193,859	4,178,883	4,159,736	4,179,989
Par value of average outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Par value of year-end outstanding shares	CHF m	0.4	0.4	0.4	0.4	0.4
Shareholders as at 30 June (registered)	No	9,073	9,033	9,413	9,389	9,195
Figures per share (fully diluted)						
Adjusted EBITDA per share (Group)[3]	CHF	91.4	88.8	84.5	–	–
Earnings per share (Group)[2]	CHF	10.9	4.6	24.1	20.3	31.5
Shareholders' equity per share (Group)[2]	CHF	79.5	86.0	63.4	34.0	61.8
Price per share						
– high	CHF	461.0	728.0	657.0	737.0	781.5
– low	CHF	303.5	393.0	416.0	396.4	579.0
– 31 December	CHF	416.5	630.5	502.5	692.5	593.0
– 30 June	CHF	402.0	416.5	630.5	516.5	707.5
Market capitalization						
– high	CHF m	1,930.0	3,041.9	2,738.9	3,063.9	3,239.6
– low	CHF m	1,270.6	1,642.1	1,734.2	1,647.9	2,400.1
– 30 June	CHF m	1,683.0	1,740.3	2,628.4	2,147.2	2,932.8
Dividend yield						
– low[1]	%	2.1	1.6	1.9	1.4	2.0
– high[1]	%	3.1	2.9	3.0	2.6	2.8

1 In 2022/23: under the precondition that the shareholder approves the dividend proposed at the Annual General Meeting.
2 In 2022/23: dormakaba changed the choice of accounting policies for goodwill accounting. To enable a fair comparison with the current year, the prior-year disclosures have been restated. Please refer to the chapter 5.1 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.
3 As from 2020/21, adjusted EBITDA is introduced. Details are disclosed in the note alternative performance measures (APM). Please refer to the chapter 5.2 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

Disclaimer

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

For definition of alternative performance measures, please refer to the chapter 5.2 of the notes to the consolidated financial statements of the Annual Report 2022/23 of dormakaba.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

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