

Consolidated financial statements

Consolidated income statement

CHF million, except share amounts	Reporting half-year ended 31.12.2020		Reporting half-year ended 31.12.2019	
		%		%
Net sales	1,227.5	100.0	1,385.7	100.0
Cost of goods sold	-715.6	-58.3	-796.7	-57.5
Gross margin	511.9	41.7	589.0	42.5
Other operating income, net	10.7	0.8	5.0	0.4
Sales and marketing	-198.1	-16.1	-224.3	-16.2
General administration	-128.1	-10.4	-140.3	-10.1
Research and development	-52.2	-4.3	-51.3	-3.7
Operating profit (EBIT)	144.2	11.7	178.1	12.9
Result from associates	-0.1	0.0	-0.1	0.0
Financial expenses	-14.9	-1.1	-21.6	-1.6
Financial income	0.6	0.0	0.7	0.0
Profit before taxes	129.8	10.6	157.1	11.3
Income taxes	-29.9	-2.5	-37.7	-2.7
Net profit	99.9	8.1	119.4	8.6
Net profit attributable to minority interests	47.6		58.1	
Net profit attributable to the owners of the parent	52.3		61.3	
Basic earnings per share in CHF	12.6		14.8	
Diluted earnings per share in CHF	12.5		14.7	
Operating profit before depreciation and amortization (EBITDA)	181.9	14.8	214.1	15.5

Consolidated balance sheet

Assets

CHF million	Reporting half-year ended 31.12.2020	%	Financial year ended 30.06.2020	%	Reporting half-year ended 31.12.2019	%
Current assets						
Cash and cash equivalents	138.0	8.0	156.8	8.7	100.2	5.4
Trade receivables	375.2	21.8	388.1	21.4	476.9	25.4
Inventories	414.2	24.1	445.0	24.6	466.0	24.8
Current income tax assets	36.5	2.1	33.9	1.9	26.7	1.4
Other current assets	54.0	3.1	60.4	3.3	64.0	3.4
Total current assets	1,017.9	59.1	1,084.2	59.9	1,133.8	60.4
Non-current assets						
Property, plant, and equipment	428.8	25.0	441.8	24.5	470.9	25.1
Intangible assets	82.7	4.8	83.7	4.6	65.9	3.5
Investments in associates	5.2	0.3	3.3	0.2	3.4	0.2
Non-current financial assets	38.0	2.2	35.9	2.0	39.7	2.1
Deferred income tax assets	148.5	8.6	159.7	8.8	164.5	8.7
Total non-current assets	703.2	40.9	724.4	40.1	744.4	39.6
Total assets	1,721.1	100.0	1,808.6	100.0	1,878.2	100.0

Liabilities and equity

CHF million	Reporting half-year ended 31.12.2020	%	Financial year ended 30.06.2020	%	Reporting half-year ended 31.12.2019	%
Current liabilities						
Current borrowings	370.1	21.4	139.9	7.7	250.0	13.3
Trade payables	149.3	8.7	129.0	7.1	127.5	6.8
Current income tax liabilities	42.2	2.5	44.5	2.5	44.7	2.4
Accrued and other current liabilities	306.7	17.8	312.6	17.3	306.4	16.3
Provisions	30.3	1.8	43.9	2.4	35.7	1.9
Total current liabilities	898.6	52.2	669.9	37.0	764.3	40.7
Non-current liabilities						
Accrued pension costs and benefits	293.8	17.1	288.4	16.0	293.8	15.6
Deferred income tax liabilities	28.9	1.7	24.4	1.3	23.4	1.3
Non-current liabilities	324.2	18.8	684.6	37.9	686.3	36.5
Total non-current liabilities	646.9	37.6	997.4	55.2	1,003.5	53.4
Total liabilities	1,545.5	89.8	1,667.3	92.2	1,767.8	94.1
Equity						
Share capital	0.4	0.0	0.4	0.0	0.4	0.0
Additional paid-in capital	811.3	47.1	811.3	44.9	811.3	43.2
Retained earnings	1,269.1	73.7	1,261.4	69.7	1,238.3	65.9
Goodwill offset in equity	-1,884.0	-109.4	-1,881.3	-104.1	-1,880.8	-100.1
Treasury shares	-24.8	-1.4	-31.4	-1.7	-32.6	-1.7
Translation exchange differences	-11.9	-0.7	-22.3	-1.2	-15.1	-0.8
Total equity owners of the parent	160.1	9.3	138.1	7.6	121.5	6.5
Minority interests	15.5	0.9	3.2	0.2	-11.1	-0.6
Total equity	175.6	10.2	141.3	7.8	110.4	5.9
Total liabilities and equity	1,721.1	100.0	1,808.6	100.0	1,878.2	100.0

Consolidated cash flow statement

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Net profit	99.9	119.4
Depreciation and amortization	37.7	36.0
Income tax expenses	29.9	37.7
Interest expenses	9.7	19.9
Interest income	-0.5	-0.4
(Gain) Loss on disposal of fixed assets, net	-0.1	-0.3
Adjustment for non-cash items	7.4	3.7
Change in trade receivables	7.5	20.8
Change in inventories	22.6	-12.7
Change in other current assets	9.6	-0.6
Change in trade payables	21.2	-5.2
Change in accrued pension cost	2.4	4.7
Change in accrued and other current liabilities	-13.7	-30.9
Cash generated from operations	233.6	192.1
Income taxes paid	-27.4	-31.2
Interest paid	-12.4	-22.2
Interest received	0.5	0.4
Net cash from operating activities	194.3	139.1
Cash flows from investing activities		
Additions of property, plant, and equipment	-21.3	-39.9
Proceeds from sale of property, plant, and equipment	0.1	0.8
Additions of intangible assets	-9.5	-10.3
Change in non-current financial assets	-2.8	-1.0
Acquisition of subsidiaries, net of cash acquired	-5.7	-141.4
Sale of subsidiaries, net of cash sold	0.2	0.0
Acquisition of associates and joint ventures	-2.0	0.0
Net cash used in investing activities	-41.0	-191.8
Free cash flow	153.3	-52.7
Cash flows from financing activities		
Other proceeds from (repayment of) current borrowings, net	-129.9	167.7
Proceeds from (repayment of) non-current borrowings, net	-0.4	-0.7
Change in other non-current liabilities	-0.4	-0.8
Dividends paid to company's shareholders	-43.7	-66.5
Dividends paid to minority shareholders	-39.7	-59.0
Net cash flows from financing activities	-214.1	40.7
Translation exchange differences	42.0	-10.2
Net increase (decrease) in cash and cash equivalents	-18.8	-22.2
Cash and cash equivalents at beginning of period	156.8	122.4
Cash and cash equivalents at end of period	138.0	100.2
Net increase (decrease) in cash and cash equivalents	-18.8	-22.2

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 31.12.2020	0.4	811.3	1,269.1	-1,884.0	-24.8	-11.9	15.5	175.6
Net profit for the reporting period			52.3				47.6	99.9
Goodwill on acquisitions and divestments				-2.7			-2.5	-5.2
Currency translation adjustments						10.4	7.7	18.1
Dividend paid			-43.7				-39.7	-83.4
Shares awarded (share-based compensation)			-0.9		6.6		-0.8	4.9
Balance at 01.07.2020	0.4	811.3	1,261.4	-1,881.3	-31.4	-22.3	3.2	141.3
Balance at 31.12.2019	0.4	811.3	1,238.3	-1,880.8	-32.6	-15.1	-11.1	110.4
Net profit for the reporting period			61.3				58.1	119.4
Goodwill on acquisitions and divestments				-71.6			-64.8	-136.4
Currency translation adjustments						-4.5	-6.1	-10.6
Dividend paid			-66.5				-59.0	-125.5
Shares awarded (share-based compensation)			-1.4		7.6		-1.2	5.0
Balance at 01.07.2019	0.4	811.3	1,244.9	-1,809.2	-40.2	-10.6	61.9	258.5

Notes to the consolidated financial statements

Basis of preparation

The consolidated financial statements of dormakaba Group ("dormakaba") includes the operations of dormakaba Holding AG and all direct and indirect subsidiaries in which dormakaba controls more than 50% of votes or otherwise has the power to govern the financial and operating policies. Investments in associates where dormakaba exercises significant influence, but does not have control (normally with an interest between 20% and 50%), and in joint ventures are considered for using the equity method of accounting.

The unaudited consolidated half-year financial statements cover the period from 1 July 2020 until 31 December 2020 and are prepared in accordance with the rules of the Swiss GAAP FER 31 ("Complementary Recommendation for Listed Public Companies") relating to interim financial reporting (Generally Accepted Accounting Principles/ FER = Fachempfehlungen zur Rechnungslegung).

The consolidated half-year report should be read in conjunction with the consolidated financial statements compiled for the financial year ended 30 June 2020, as it represents an update of the last complete financial statements and therefore does not contain all information and disclosures required in year-end consolidated financial statements. The consolidated financial statements are prepared in accordance with Swiss GAAP FER and comply with the provisions of the listing rules of the SIX Swiss Stock Exchange as well as the Swiss company law.

The Covid-19 pandemic continues to have a significant impact on the global economic environment. The established comprehensive crisis management measures implemented by the Group management in the last financial year are ongoing. The aim of the measures is to ensure the health and safety of all employees, to minimize the impact on business operations and supply chains, and thus on customers, and to focus on cash flow by following a "cash is king" principle. dormakaba adjusted its financial management as well as its forecast structures in order to always retain its entrepreneurial flexibility and financial stability. This includes the daily monitoring of cash flows, liquidity and the status of financial debt at Group level, also regarding available undrawn credit facilities. In November 2020 dormakaba renewed its main credit facility with a new five-year syndicated loan in the amount of CHF 525 million. Further increased attention is on the net working capital management, which also includes a strict credit management and collection discipline on the trade receivables, as well as restrictions on capital expenditures.

The operational performance and the market development are described in the chapter "Business performance" and should be read in conjunction with this consolidated half-year report.

Income tax expense is recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year. The preparation of the consolidated half-year financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the date of the consolidated half-year financial statements. If in future such estimates and assumptions, which are based on management's best judgment at the date of the consolidated half-year financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the reporting period in which the circumstances change.

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

Segment reporting

	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
CHF million	Access Solutions AMER		Access Solutions APAC		Access Solutions DACH	
Net sales third parties	326.8	399.7	184.0	217.2	265.5	252.7
Intercompany sales	12.9	16.6	11.0	13.3	130.7	162.9
Total sales	339.7	416.3	195.0	230.5	396.2	415.6
Operating profit (EBIT)	51.0	80.7	24.6	31.0	59.7	61.5
as % of sales	15.0%	19.4%	12.6%	13.4%	15.1%	14.8%
Depreciation and amortization	7.5	6.5	3.9	4.1	7.8	8.8
Operating profit before depreciation and amortization (EBITDA)	58.5	87.2	28.5	35.1	67.5	70.3
as % of sales	17.2%	20.9%	14.6%	15.2%	17.0%	16.9%
Net working capital	150.0	212.9	95.2	117.9	120.1	129.7
Capital expenditure	7.2	16.7	3.3	4.9	5.3	9.6
	Access Solutions EMEA		Eliminations		Access Solutions TOTAL	
Net sales third parties	283.3	317.6	0.0	0.0	1,059.6	1,187.2
Intercompany sales	59.6	56.9	-211.1	-246.2	3.1	3.5
Total sales	342.9	374.5	-211.1	-246.2	1,062.7	1,190.7
Operating profit (EBIT)	26.2	23.9	0.1	-1.3	161.6	195.8
as % of sales	7.6%	6.4%	0.0%	0.5%	15.2%	16.4%
Depreciation and amortization	5.9	6.5	0.0	0.0	25.1	25.9
Operating profit before depreciation and amortization (EBITDA)	32.1	30.4	0.1	-1.3	186.7	221.7
as % of sales	9.4%	8.1%	0.0%	0.5%	17.6%	18.6%
Net working capital	156.9	195.4	-10.9	-13.2	511.3	642.7
Capital expenditure	5.9	6.6	0.0	0.0	21.7	37.8
			Key & Wall Solutions		Other	
Net sales third parties			162.0	191.5	5.9	7.0
Intercompany sales			7.1	7.4	2.5	2.4
Total sales			169.1	198.9	8.4	9.4
Operating profit (EBIT)			21.9	25.4	-0.5	0.1
as % of sales			13.0%	12.8%	-6.0%	1.1%
Depreciation and amortization			4.7	4.4	0.2	0.0
Operating profit before depreciation and amortization (EBITDA)			26.6	29.8	-0.3	0.1
as % of sales			15.7%	15.0%	-3.6%	1.1%
Net working capital			81.0	103.0	2.8	4.2
Capital expenditure			3.0	5.6	3.4	2.7
	Corporate		Eliminations		Group	
Net sales third parties	0.0	0.0	0.0	0.0	1,227.5	1,385.7
Intercompany sales	0.0	0.0	-12.7	-13.3	0.0	0.0
Total sales	0.0	0.0	-12.7	-13.3	1,227.5	1,385.7
Operating profit (EBIT)	-38.8	-43.2	0.0	0.0	144.2	178.1
as % of sales	0.0%	0.0%	0.0%	0.0%	11.7%	12.9%
Depreciation and amortization	7.7	5.7	0.0	0.0	37.7	36.0
Operating profit before depreciation and amortization (EBITDA)	-31.1	-37.5	0.0	0.0	181.9	214.1
as % of sales	0.0%	0.0%	0.0%	0.0%	14.8%	15.5%
Net working capital	-12.9	-5.1	0.3	2.6	582.5	747.4
Capital expenditure	2.7	4.1	0.0	0.0	30.8	50.2

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 in the first half year 2020/21 and for the full year 2019/20 in comparison.

CHF million	Reporting half- year ended 31.12.2020	Financial year ended 30.06.2020
	Total	Total
Total consideration	6.3	161.3
Cash paid	6.3	159.1
Deferred payment	0.0	1.3
Acquisition-related costs	0.0	0.9
Identifiable assets and liabilities	1.1	23.9
Cash and cash equivalents	0.4	16.8
Trade receivables	1.3	4.2
Inventories	0.4	5.3
Current income tax assets	0.0	1.8
Other current assets	0.7	0.2
Property, plant, and equipment	0.1	0.5
Deferred income tax assets	0.0	0.2
Current borrowings	-0.4	0.0
Trade payables	-0.5	-0.4
Accrued and other current liabilities	-0.8	-4.6
Provisions	0.0	-0.1
Non-current borrowings	-0.1	0.0
Goodwill	5.2	137.4

In the first half year 2020/21 dormakaba has acquired E Plus Nominees Pty Ltd., based in Melbourne (AUS), and 1st Access Group Ltd., based in Hertfordshire (UK). The goodwill resulting from these acquisitions is offset in equity against retained earnings.

Divestments

Norwegian project installation business

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

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.

Capital expenditure

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

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Capital expenditure	30.8	50.2
Additions of property, plant, and equipment	21.3	39.9
Additions of intangible assets	9.5	10.3

Free cash flow and free cash flow before acquisitions/divestments

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

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Free cash flow before acquisitions/divestments	160.8	88.7
Acquisition of subsidiaries, net of cash acquired	-5.7	-141.4
Sale of subsidiaries, net of cash sold	0.2	0.0
Acquisition of associates and joint ventures	-2.0	0.0
Free cash flow	153.3	-52.7
Net cash from operating activities	194.3	139.1
Net cash used in investing activities	-41.0	-191.8

Net debt

Net debt describes the current borrowings and non-current liabilities minus cash and cash equivalents.

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Net debt	556.3	836.1
Current borrowings	370.1	250.0
Non-current liabilities	324.2	686.3
Cash and cash equivalents	-138.0	-100.2

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	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Net working capital	582.5	747.4
Trade receivables	375.2	476.9
Inventories	414.2	466.0
Trade payables	-149.3	-127.5
Advances from customers	-35.8	-39.5
Deferred income	-21.8	-28.5

Operating cash flow margin

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

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Operating cash flow margin	15.8%	10.0%
Net sales	1,227.5	1,385.7
Net cash from operating activities	194.3	139.1

Operating profit before depreciation and amortization (EBITDA)

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

CHF million	Reporting half-year ended 31.12.2020	Reporting half-year ended 31.12.2019
Operating profit (EBIT)	144.2	178.1
Depreciation and amortization	37.7	36.0
Operating profit before depreciation and amortization (EBITDA)	181.9	214.1
Depreciation and amortization	-37.7	-36.0
Result from associates	-0.1	-0.1
Financial expenses	-14.9	-21.6
Financial income	0.6	0.7
Profit before taxes	129.8	157.1

Organic sales growth

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.