Dear Shareholders,

In the first half of financial year 2020/21, dormakaba was able to improve its performance and to outperform the second half of the previous financial year both in terms of sales development and EBITDA. The strong focus on cash as well as benefits resulting from our cost savings and restructuring program introduced at the beginning of the fourth quarter of the previous financial year were key drivers for our company's ability to compensate for the continued negative impact of the Covid-19 pandemic on sales, to protect our EBITDA margin and to improve cash flow. Overall, our markets saw a good sequential improvement despite a continued negative impact due to the pandemic, which nevertheless strongly correlated from country to country depending on the severity of the pandemic and the related government measures and restrictions.

Our top priorities in navigating this pandemic environment remain ensuring the health and safety of our employees while at the same time minimizing the impact on our business operations and supply chains, and thus on our customers. I continue to be proud of all our employees, many of which continue to work under challenging conditions especially in production, logistics, and services, but in all other areas and functions as well.

Riet Cadonau, Chairman & CEO

Business and financial performance

dormakaba achieved consolidated net sales of CHF 1,227.5 million (previous year CHF 1,385.7 million), which represents a year-on-year decline of 11.4%. Organic sales decreased by 6.0% year-on-year, however improved by 8.3 percentage points compared to the second half of the previous financial year. The overall decline in sales includes a strong negative currency translation effect of 5.5%, or CHF 76.2 million, due to the ongoing strength of the Swiss franc against major currencies.

The business performance of all segments showed sequential improvement compared to the second half of the previous financial year. However, due to the impact of the Covid-19 pandemic, organic growth was below previous year. Organic sales at Access Solutions (AS) EMEA and AS DACH was only slightly below the first half of financial year 2019/20, with third-party sales in Germany, Switzerland, Austria, the Netherlands, Norway and Denmark even rising above previous year's level. Both AS DACH and AS EMEA increased their EBITDA margin compared to the first half of financial year 2019/20. There was still a pronounced negative Covid-19 impact on sales at AS AMER, AS APAC, and Key & Wall Solutions. The EBITDA margin of AS AMER declined as cost savings could not compensate the impact of volume contraction and increasing cost of commodities. AS APAC was able to almost keep its EBITDA margin on previous year's level despite a double-digit decline in volume. Key & Wall Solutions even improved its EBITDA margin by 0.7 percentage points despite a nearly double-digit decline in organic sales.

Group EBITDA amounted to CHF 181.9 million (previous year CHF 214.1 million) and the EBITDA margin stood at 14.8% (previous year 15.5%); while this represents a year-on-year decline, the figures improved significantly compared to the second half of the previous financial year (CHF 110.9 million, 9.6%). EBITDA includes a negative currency translation effect of CHF –13.2 million due to the strong Swiss franc. Exceptional one-time items in the reporting period amounted to CHF 6.6 million and thus had a positive impact of 0.5 percentage points on the EBITDA margin.

Already in the fourth quarter of the previous financial year 2019/20, dormakaba initiated a Group-wide cost savings and restructuring program to address the negative impact of the pandemic on business activities and to maintain operational efficiency and financial stability. Planned measures included a sizeable headcount reduction of up to 1,300 full-time equivalents, mainly in manufacturing in Asia and the Americas, to adjust capacities to the lower demand. Most of these measures were already executed by 31 December 2020, including a headcount reduction of around 1,100 full-time equivalents. The program, which was initially dilutive to EBITDA in the fourth quarter of the previous financial year, had a net positive impact on EBITDA in the period under review. Some parts of the business are recovering faster than expected in the scenario upon the restructuring program was based; therefore, dormakaba has started to selectively build up its workforce in certain areas.

Profit before taxes in the first half of the 2020/21 financial year amounted to CHF 129.8 million (previous year CHF 157.1 million) and net profit came to CHF 99.9 million (previous year CHF 119.4 million).

Net cash from operating activities rose to CHF 194.3 million (previous year CHF 139.1 million), representing an operating cash flow margin of 15.8% (previous year 10.0%). This continued positive development can be attributed to the early measures taken in spring 2020 to focus on the "cash is king" principle during the pandemic, resulting in a strong reduction of the company's net debt to CHF 556.3 million (previous year CHF 836.1 million). Consequently, leverage (ratio of net debt to half-year EBITDA x2) improved to 1.5x (full year ended 30 June 2020: 2.1x), despite the challenging economic environment due to the pandemic. Furthermore, in the period under review, dormakaba has secured a new five-year CHF 525 million syndicated credit facility with favorable and improved terms and conditions, which is a strong indicator of financial flexibility and stability. The loan agreement includes interest rate-relevant sustainability objectives, reinforcing our strategic goals and our commitment to fulfil important ESG criteria.

Continued substantial investment in key strategic initiatives
The solid business and financial profile of dormakaba allowed us to continue our strategic initiatives, again investing substantially in innovation and digital transformation as well as sustainability. A total of CHF 56.2 million, or 4.6% of net sales, was invested in relevant R&D projects and activities with the aim to continue strengthening our company's competitive position in the years to come in an increasingly digitalized environment and to foster profitable growth by innovative products, solutions, and services.

Our continued investment in product innovation and digitization has positioned us well to offer our customers attractive solutions for their demands emerging in this new environment. The pandemic has accelerated the adoption of seamless and touchless access solutions overall and specifically in attractive verticals such as healthcare and multi-housing. For example, our new face recognition terminal dormakaba 9160 easily integrates with automatic doors, sensor gates, and speed barriers to enable touchless access to buildings and rooms. We launched this terminal in China in the first half of the financial year 2020/21; further markets will follow in the second half of 2020/21. Another example is the new self-boarding gate dormakaba ARGUS AIR which combines our latest design-oriented sensor barriers with biometric control allowing for touchless access. The solution has been successfully tested with Lufthansa at Frankfurt Airport (Germany) and was launched at the FTE APEX Virtual Expo 2020 in December 2020. Our product pipeline is well stocked and will ensure our competitiveness going forward.

The benefit of our products continues to be acknowledged by our customers and industry experts. For example, in December 2020, our new sliding door operator ES Proline won the German Innovation Award. Combined with our new sliding door generation ST PRO Green, this offering allows for significant savings in ongoing energy and heating costs of a building and thus the reduction of CO_2 emissions. The new sliding door drive has certifiably a longer life cycle, and its low energy requirement contributes to the positive energy balance of the door.

Outlook
The current business environment is still characterized by uncertainties and lack of visibility due to the Covid-19 pandemic. Short-term postponements or delays may occur on the sales side, while on the procurement side raw material costs have risen. However, dormakaba anticipates positive organic sales growth for the second half of financial year 2020/21, resulting in flat year-on-year organic sales growth for the financial year overall. The EBITDA margin for financial year 2020/21 as a whole will likely be somewhat lower than the one for the first half of the financial year. The Group-wide cost savings and restructuring program launched in the previous financial year will be consistently completed and is intended to protect profitability.

Thanks

In the period under review, the pandemic continued to affect and change the way we live, work, and interact with each other. I like to express my personal gratitude to our team – the Board of Directors, the Executive Committee, and all dormakaba employees – for their high commitment and steadfast focus on keeping dormakaba a healthy, stable company.

On behalf of the Board of Directors and the Executive Committee, I thank our customers and partners for the continued productive collaboration and the openness to interact in new ways. Our thanks also go to all shareholders who continue to support dormakaba. We appreciate that even in these challenging times you are endorsing the strategic direction of dormakaba.

On 1 April 2021, Sabrina Soussan will take over as CEO of dormakaba. For the past ten years, I had the honor to lead our company as CEO, and during that time the world and access to buildings and rooms have evolved significantly. During my tenure, dormakaba has successfully made the technological leap from the electronic to the cloud-based world which is a cornerstone of our digitization strategy. The main milestone, however, was the merger of former Dorma and Kaba to dormakaba which transformed both companies from niche players with international reach to one truly global full-range supplier. This move allowed our company to offer customers everything related to access to buildings and rooms from a single source, and to do so around the globe with the necessary critical mass. It has also allowed both former companies to proactively determine their future in an increasingly consolidated industry as one of the top three sector leaders. Furthermore, we also significantly improved our risk profile, gaining scale and widening our offering while remaining financially flexible and therefore more resilient which is vital in today's environment.

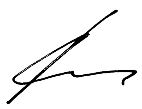
dormakaba also substantially expanded its market position in the USA, through important acquisitions to better exploit the market potential in North America, the most profitable market in our industry. While it is true that the segment AS AMER has not yet leveraged the benefits of this move, the measures we introduced in the past year make me confident that dormakaba will achieve its goals over time also in this region.

Finally, I am proud that we have established a company that lives a strong culture based on constructive leadership behavior. Furthermore, based on our engagement survey, our employees show a high level of commitment toward the dormakaba values in their ways of working, and they feel a strong sense of community in being "one dormakaba". Our established culture is a strength that has proven to be a tangible asset to help us navigate the current times and beyond.

In the past years, we have built a strong foundation for the future of dormakaba. Going forward, I am convinced that my successor Sabrina Soussan, with her substantial track record and her market focus, will successfully advance and grow our business.

I would like to thank our loyal shareholders and customers for their trust which was very valuable in leading dormakaba. I also would like to thank the Board of Directors, my colleagues on the Executive Committee and in the Senior Management team as well as every dormakaba employee for their excellent collaboration, commitment, and support.

Sincerely yours,



Riet Cadonau
Chairman & CEO