Half-year Report 2022/23

dormakaba Holding AG

Table of contents

Dear Shareholders,

dormakaba has achieved strong organic sales growth in the first half of the financial year 2022/23, mainly driven by pricing. Our adjusted EBITDA margin slightly declined, as positive growth effects were offset by the product mix, an increase in functional costs – mainly due to investments in profitable growth initiatives with a payback in the future – and slower volume growth due to a reduction in customer inventories as supply chain shortages eased.

Riet Cadonau, Chairman

Business and financial performance

Our industry continues to operate in a challenging macroeconomic environment with a continued low visibility. Inflation and rising interest rates still have an unfavorable impact on our and our customers' businesses, the first by increasing materials and labor costs and the second by restraining economic activity. Fluctuating and higher energy prices present obstacles, but also opportunities as they fostering demand for efficient and environmentally sustainable solutions. Finally, geopolitical conflicts and uncertainty including Covid restrictions affected our supply chain and customers' projects during the first half-year 2022/2023.

Against this backdrop, dormakaba has consequently continued on the path towards sequential improvements, while acknowledging that there is still much work to be done, but also that successful implementation of the Shape4Growth (S4G) strategy requires upfront investments. Top-line organic growth for the half-year was 8.0% and net sales rose to CHF 1,419.8 million, mainly driven by successful pricing initiatives. All our business segments contributed positively to this result. We saw stable demand across our regions, although with some variation in individual markets.

Jim-Heng Lee, CEO

Adjusted EBITDA (which excludes items affecting comparability) declined by 4.6% to CHF 184.6 million, reflecting the negative impact of a strong Swiss franc; a negative product mix effect; higher energy, materials; and labor costs; and the destocking of customer inventories in some businesses as supply chain concerns eased. The adjusted EBITDA margin was in line with guidance at 13.0%. We are strongly committed to improving gross margin and profitability with the further implementation of our strategy S4G. The half-year's figures include items affecting comparability amounting to CHF 14.0 million at EBITDA level and costs related to S4G implementation such as reorganization and restructuring. Our operating cash flow margin (net cash flow from operating activities in % of sales) improved by 3.6 percentage points, due to a sequential improvement in Net Working Capital. Free cash flow improved from CHF –53.9 million to CHF 50.1 million benefiting from lower M&A volume versus the previous year. Net profit declined to CHF 84.9 million (previous year: CHF 100.6 million) due to a lower EBITDA contribution and higher financial expenses.

Performance by business segments

Region Americas achieved total sales of CHF 389.8 million in the first half of the 2022/23 financial year (previous year: CHF 366.2 million). Organic sales growth was 8.2%, driven by higher sales prices, steady US commercial construction activity, robust growth in multifamily housing demand, and the positive performance in Latin America. Adjusted EBITDA increased to CHF 68.7 million (previous year: CHF 66.9 million), while the adjusted EBITDA margin declined to 17.6% (previous year: 18.3%). This reduction was mainly due to an unfavorable product mix, along with higher raw materials and freight costs that have not yet been fully compensated by price increases.

Region Asia Pacific had total sales of CHF 305.2 million in the first half of the financial year (previous year: CHF 283.4 million). Organic sales grew by 5.1%, driven both by higher sales prices and by volume gains, despite the challenging Covid-related environment in China. Adjusted EBITDA increased to CHF 49.1 million (previous year: CHF 41.2 million), with an adjusted EBITDA margin of 16.1% (previous year: 14.5%). This increase was largely due to market price and product mix developments, rigorous cost management and efficiency improvements.

Region Europe & Africa achieved total sales of CHF 566.7 million in the first half of the financial year, slightly below the previous year (CHF 567.7 million), due to a negative currency impact of 7.0% compared to the previous year. Organic sales, however, grew by 7.1%, mainly due to price increases to compensate for inflationary pressure. Adjusted EBITDA decreased to CHF 106.7 million (previous year: CHF 125.3 million), which represents an adjusted EBITDA margin of 18.8% (previous year: 22.1%). The adjusted EBITDA margin was affected by lower sales for access door hardware products, particularly door closers, which led to a lower contribution from the manufacturing sites. Further effects included continued cost and labor inflation as well as investments in specification.

Key & Wall Solutions had total sales of CHF 196.0 million in the first half of this financial year (previous year: CHF 174.3 million). The segment achieved organic growth of 14.3%, and the adjusted EBITDA margin was 17.4% (previous year: 12.7%). This increase was driven by a favorable product mix, with higher sales prices and volumes that more than compensated for inflationary impacts.

Strategy: Execution of Shape4Growth

Our strategic emphasis continues to be on accelerating profitable growth by focusing on our core businesses and our customers' needs – reducing the complexity of our operating model, achieving higher operational excellence, deploying capital effectively, and fostering a strong customer-centric culture. This half-year has seen progress in these areas and has revealed opportunities for sequential improvement going forward.

Sustainability achievements recognized

Sustainability is part of our strategic positioning and helps to differentiate us in the marketplace. It represents an essential part of our commitment to satisfy our customers' needs. It is therefore gratifying when our achievements in this area are recognized by leading independent authorities. In November 2022, we achieved Prime Status in the ESG ratings of Institutional Shareholder Services (ISS), making dormakaba eligible as a responsible investment for ISS's over 3,000 institutional investor clients. In late 2022, the CDP (Carbon Disclosure Project) raised our ranking from B to A–, placing dormakaba well above the global average of more than 18,700 assessed companies. Being part of the leadership band means that we are recognized as implementing current best practices for addressing climate issues. Furthermore EcoVadis, the world's largest provider of corporate sustainability ratings, awarded dormakaba with a gold medal. This result places dormakaba among the top five percent of more than 100,000 organizations assessed worldwide. Even more gratifying is recognition from our own customers: in September 2022, the EURO Baubeschlag-Handel, Europe's largest association of wholesalers and distributors in the construction hardware and fittings industry, awarded dormakaba its "Best Sustainability Program 2022" prize.

Outlook

The global macroeconomic and geopolitical situation is characterized by limited visibility and uncertainty. Our customers in the commercial property and construction industries remain exposed to the twin pressures of price inflation and higher interest rates as well as supply chain disruptions.

With these caveats, dormakaba expects a sequential improvement for the adjusted EBITDA margin for the full financial year and continued organic growth above its mid-term target range of 3–5%.

New CFO

We are delighted to welcome Christina Johansson as our Chief Financial Officer, effective as of 1 December 2022. She is a highly valued addition to our leadership team, bringing an excellent track record in a range of leading engineering and technology companies. An entrepreneurially minded finance leader, her skills and experience will be key to fully implementing our growth strategy in the coming years.

Board of Directors

As part of the continuing process of accelerated, staggered renewal of its Board of Directors, announced in 2022, Riet Cadonau will step down as Chair and member of the Board as of 30 April 2023. The Board and the Executive Committee greatly appreciate his valuable contribution to the development of dormakaba and his tireless commitment over so many years and wish him every success in his future endeavors.

Svein Richard Brandtzæg, currently Lead Independent Director and Vice-Chair of the Board, will take over as Chair, with Thomas Aebischer, Chair of the Audit Committee, also assuming the role of Vice-Chair.

Our thanks

Our employees have mastered the challenges of this half-year with energy, creativity, dedication and resilience. Our customers continue to appreciate our innovations and join us in close partnerships that reimagine the world's built environment. We will continue to work hard to deliver on our strategic vision of sustainable profitable growth – and are explicitly grateful for the patience and trust that our shareholders put in us.

Kind regards

Riet Cadonau
Chairman

Jim-Heng Lee
CEO

Region Americas

Region Americas is equivalent to the former Access Solutions AMER (AS AMER) segment. All figures in this report have been consolidated according to the new operating model; to ensure comparability, dormakaba discloses the comparable figures for the former operating model in the Notes to the Consolidated Financial Statements.

Region Americas achieved total sales of CHF 389.8 million in the first half of the financial year 2022/23, compared to CHF 366.2 million in the previous year. Organic sales grew by 8.2%, driven by higher sales prices, US commercial construction activity, multifamily housing demand, and growth in Latin America.

Almost all markets and all product clusters contributed to increased sales, with double-digit growth in Services, Access Control Solutions, and Access Automation Solutions. The Lodging business continued its positive trend in hospitality and multifamily housing with steady market share gains. The Safe Lock business experienced slowing growth due to lower activity in the crypto-currency and ATM markets, offset by strengthening demand for government high security locks.

Adjusted EBITDA increased to CHF 68.7 million (previous year: CHF 66.9 million), with an adjusted EBITDA margin of 17.6% (previous year: 18.3%). This reduction was mainly due to an unfavorable product mix, along with higher raw materials and freight costs that have not yet been fully compensated by price increases. Inflation persists, and costs remain elevated; the Region will therefore continue price realization measures to counteract the unfavorable impact on margins.

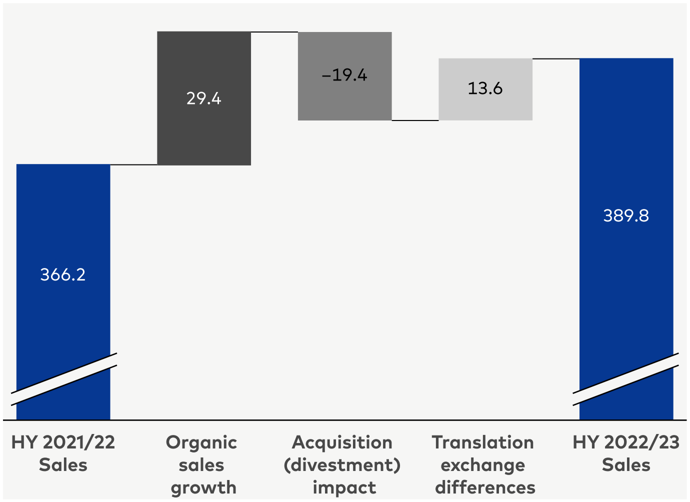
dormakaba's Shape4Growth strategy outlines plans for performance improvement in Region Americas, driven by six segment-specific workstreams covering: the core offering, vertical solutions and digitization, commercial excellence, procurement, operating model, and business integration and simplification. There has been significant progress in all six areas in the first half of the financial year 2022/23. Notably, the Region has executed a significant expansion in the specification writing team, lifting specification output accordingly. In addition, two key product innovations were completed in the period: the BEST EHD9000, a region-specific adaptation of dormakaba's global door-closer platform, significantly strengthening the competitive position of Access Hardware Solutions in North America; and the Lyazon access integration platform, enabling interoperability between leading property technology offerings and dormakaba's Saffire multifamily housing system.

For the remainder of the financial year 2022/23, Region Americas expects continued organic growth, based on current order backlog levels, steady order intake, and continued pricing traction. Large project wins across key market sectors support higher revenue projections. However, there is still a degree of uncertainty in the US economy: the potential impacts of continued inflation and higher interest rates on commercial construction mean that key distributors in the Access Hardware Solutions and Access Control Solutions channels have begun to reduce their inventories, although sell-through volumes remain strong.

Key figures – Region Americas

CHF million, except where indicated	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021	%	Change on previous year in %
Net sales third parties	384.6		358.2		7.4
Intercompany sales	5.2		8.0		
Total segment sales	**389.8**		**366.2**		**6.4**
Change in segment sales	23.6	6.4	25.8	7.6	
Of which translation exchange differences	13.6	3.7	6.1	1.8	
Of which acquisition impact	0.0	0.0	0.0	0.0	
Of which divestment impact	–19.4	–5.3	0.0	0.0	
Of which organic sales growth	**29.4**	**8.2**	**19.7**	**5.7**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**68.7**	**17.6**	**66.9**	**18.3**	**2.7**
Average number of full-time equivalent employees	1,560		1,729		

Sales (CHF million) – Region Americas



Letter to shareholders
Business performance
Financial performance
Consolidated financial statements

Region Asia Pacific

Region Asia Pacific comprises the former Access Solutions Asia Pacific (AS APAC) segment and the Market Middle East, which was part of the former Access Solutions Europe Middle East & Africa (AS EMEA) segment. All figures in this report have been consolidated according to the new operating model; to ensure comparability, dormakaba discloses the comparable figures for the former operating model in the Notes to the Consolidated Financial Statements.

Region Asia Pacific achieved total sales of CHF 305.2 million in the first half of financial year 2022/23, compared to CHF 283.4 million in the previous year. Organic sales grew by 5.1%, driven both by higher sales prices and by volume gains in both sales and services.

Sales increased in almost all markets, despite the challenging environment in China due to continuing Covid-19 restrictions. Strong growth in Australia was supported by the good performance of the Reliance Doors and Best Doors Australia Group (RELBDA), acquired in late 2021. All global core products performed well, including door closers and entrance systems. Solus in India (acquired in 2021) continues to have a strong order book and supports other markets with technical expertise and integration solutions.

Adjusted EBITDA increased to CHF 49.1 million (previous year: CHF 41.2 million), with an adjusted EBITDA margin of 16.1% (previous year: 14.5%). This increase was due to price developments, cost management and efficiency improvements. These largely offset negative product mix effects in some markets and the impact of higher raw material, freight and labor costs.

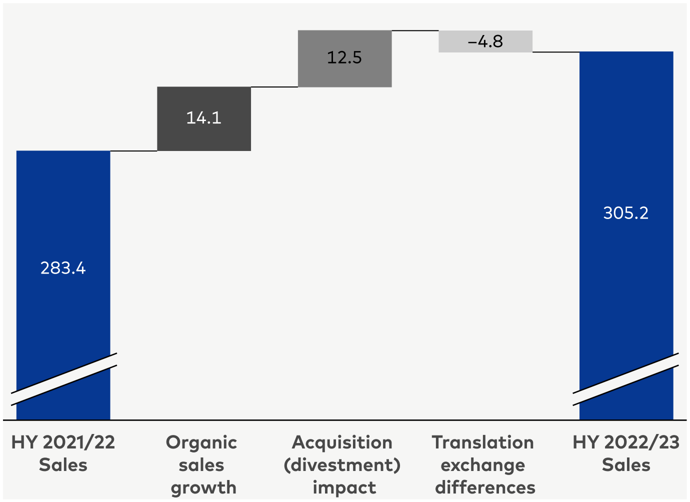
Region Asia Pacific continues to implement dormakaba’s Shape4Growth strategy with the goal of accelerating profitable growth. Implementation includes focusing on core products and solutions, expanding services, and increasing presence in high-growth markets such as India, China and Australia. Growth will be supported by innovative solutions, such as the Entrivo Door Insight application, recently installed in 48 doors at Singapore Management University, which lets building managers see operational data – on any device – across their network of connected doors.

Region Asia Pacific expects continued good growth for the remainder of the financial year 2022/23. Organic growth should be bolstered by a good project pipeline in the commercial, healthcare, government, residential and hospitality sectors. However, visibility of future trends is limited: business activity in China and other countries could continue to be subdued by the effects of the Covid-19 pandemic. Resulting supply chain issues and project delays would affect both sales growth and profitability. Asia Pacific will therefore continue to increase sales prices where necessary to offset cost inflation.

Key figures – Region Asia Pacific

CHF million, except where indicated	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021	%	Change on previous year in %
Net sales third parties	287.6		268.2		7.2
Intercompany sales	17.6		15.2		
Total segment sales	**305.2**		**283.4**		**7.7**
Change in segment sales	21.8	7.7	68.9	32.1	
Of which translation exchange differences	–4.8	–1.7	5.4	2.5	
Of which acquisition impact	12.5	4.4	23.6	11.0	
Of which divestment impact	0.0	0.0	–0.9	–0.4	
Of which organic sales growth	**14.1**	**5.1**	**40.8**	**18.6**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**49.1**	**16.1**	**41.2**	**14.5**	**19.2**
Average number of full-time equivalent employees	3,612		3,477		

Sales (CHF million) – Region Asia Pacific



Region Europe & Africa

Region Europe & Africa comprises the former AS EMEA segment (minus the Market Middle East) and the former AS DACH segment. All figures in this report have been consolidated according to the new operating model; to ensure comparability, dormakaba discloses the comparable figures for the former operating model in the Notes to the Consolidated Financial Statements.

Region Europe & Africa achieved total sales of CHF 566.7 million in the first half of the financial year 2022/23, slightly below the previous year (567.7 million) due to a negative currency impact of 7.0% compared to the previous year. Organic sales, however, grew by 7.1%, mainly thanks to price increases introduced to compensate for inflationary pressure.

Almost all markets experienced solid sales increases. Germany delivered double-digit growth, thanks to strong project activity and price realizations. Organic growth was supplemented by acquisitions in France (Fermatic, which strengthens the Services portfolio) and the Netherlands (Alldoorco, a specialist in industrial door systems). Sweden and the Netherlands saw particularly strong volume growth, while the South Market lagged due to a lack of large projects. All product clusters showed solid sales growth, led by double-digit growth for Electronic Access & Data (despite supply chain constraints) and automatic doors.

Adjusted EBITDA decreased to CHF 106.7 million (previous year: CHF 125.3 million), with an adjusted EBITDA margin of 18.8% (previous year: 22.1%). This reduction was mainly due to lower sales for access door hardware products, particularly door closers, which led to a lower contribution from the manufacturing sites. This effect was partly compensated by volume sales growth, successful price increases, favorable mix impacts, and cost efficiencies – despite inflation impacts and continued investment in operational improvements.

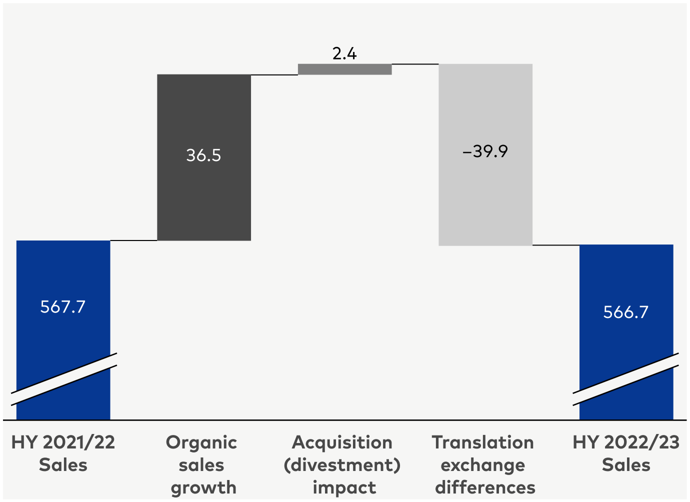
dormakaba's Shape4Growth strategy mandates higher R&D productivity by focusing on its global core offering to develop open, interoperable platform solutions. Region Europe & Africa supports this strategic goal with EntriWorX: an advanced solution that enables smart access planning processes for buildings, simple installation, and secure, smooth operation. It will be showcased at BAU 2023 in Munich, the biggest construction trade fair in Europe.

Region Europe & Africa expects continued organic growth in the second half of the financial year 2022/23, based on a strong order book and a solid project pipeline across major markets. Forward visibility is limited, however, growth could be impacted by further project delays as well as by customers and distributors continuing to destock high inventory levels.

Key figures – Region Europe & Africa

CHF million, except where indicated	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021	%	Change on previous year in %
Net sales third parties	559.7		555.4		0.8
Intercompany sales	7.0		12.3		
Total segment sales	**566.7**		**567.7**		**–0.2**
Change in segment sales	–1.0	–0.2	36.7	6.9	
Of which translation exchange differences	–39.9	–7.0	0.8	0.1	
Of which acquisition impact	16.6	2.9	12.1	2.3	
Of which divestment impact	–14.2	–2.5	–8.1	–1.5	
Of which organic sales growth	**36.5**	**7.1**	**31.9**	**6.1**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**106.7**	**18.8**	**125.3**	**22.1**	**–14.8**
Average number of full-time equivalent employees	4,074		3,840		

Sales (CHF million) – Region Europe & Africa



Key & Wall Solutions

Key & Wall Solutions is equivalent to the segment of the same name in dormakaba's former operating model. All figures in this report have been consolidated according to the new operating model; to ensure comparability, dormakaba discloses the comparable figures of the former operating model in the Notes to the Consolidated Financial Statements.

Key & Wall Solutions achieved total sales of CHF 196.0 million in the first half of the financial year 2022/23, compared to CHF 174.3 million in the previous year. Organic sales grew by 14.3% (compared to 2.5% in the previous year), driven by higher sales prices in the Key Systems business unit, and clearance of inventories and increased market share in the Movable Walls business unit.

Key Systems saw 6.8% organic sales growth, as higher sales prices more than compensated for cost inflation. Each one of its three business lines (Keys, Key Cutting Machines and Automotive Solutions) and all geographical regions showed a positive sales development.

Movable Walls saw 25.3% organic sales growth, as the business continued to convert part of its Covid-related project backlog into sales. The business unit benefited from market share gains, successfully increasing its market presence with a sharpened focus on the architect's role in project design and specification.

Adjusted EBITDA increased to CHF 34.2 million (previous year: CHF 22.2 million), with an adjusted EBITDA margin of 17.4% (previous year: 12.7%). This increase was largely driven by improved profitability in the Movable Walls business unit, where higher sales prices and volumes more than compensated for cost inflationary impacts. Thanks to a positive product mix, the adjusted EBITDA margin of Movable Walls increased to 18.7% (previous year: 10.2%), while Key Systems improved its adjusted EBITDA margin to 16.4% (previous year: 14.5%).

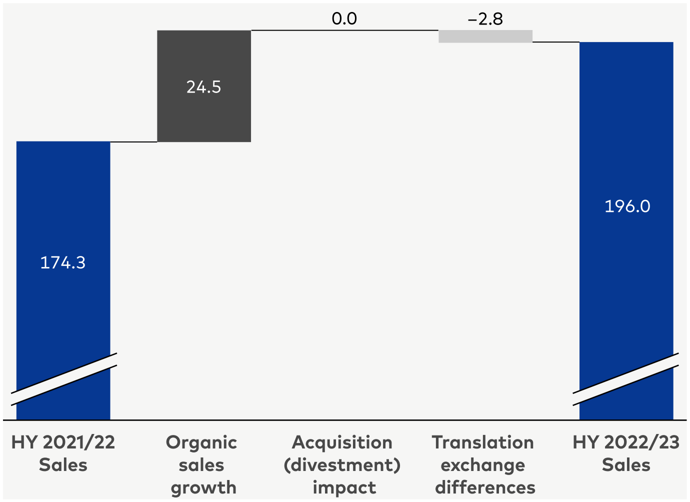
As well as focusing on price realization to offset inflation, both business units expect to benefit from the initiatives in procurement and sales excellence that form a key part of dormakaba's Shape4Growth strategy. These will help to secure the highest returns for newly launched innovative solutions, such as the RW5 server-based automotive key cloning solution.

Assuming no further major disruptions and project delays related to Covid-19 or any deterioration of the supply chain, Key & Wall Solutions expects continued organic sales growth in 2022/23, based on a record order backlog for Movable Walls and good order intake. Key Systems is experiencing strong demand in most markets; however, there are some uncertainties on the demand side in major European markets, affecting consumables sales as well as purchases of key cutting machines.

Key figures – Key & Wall Solutions

CHF million, except where indicated	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021	%	Change on previous year in %
Net sales third parties	187.9		167.8		12.0
Intercompany sales	8.1		6.5		
Total segment sales	**196.0**		**174.3**		**12.4**
Change in segment sales	21.7	12.4	5.2	3.1	
Of which translation exchange differences	–2.8	–1.7	0.9	0.5	
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	**24.5**	**14.3**	**4.3**	**2.5**	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**34.2**	**17.4**	**22.2**	**12.7**	**54.1**
Average number of full-time equivalent employees	1,901		1,923		

Sales (CHF million) – Key & Wall Solutions



Overview

The first half of the financial year 2022/23 was characterized by strong organic growth supported by strong price measures. Growth was most pronounced in the Key & Wall Solutions (KWS) segment and Region Americas but Regions Asia Pacific and Europe & Africa also contributed with good organic growth. The general business environment was characterized by high inflation rates driven by increasing energy prices and labor cost inflation. Underlying demand in most Regions was resilient. Most Regions and KWS experienced a solid order backlog and good order intake. However, volume growth was impacted by the easing of supply chain constraints, which resulted in inventory destocking by customers and distributors, and weaker demand particularly for Access Hardware Solutions and door closers. This negatively impacted production site capacity in the major Asian plant and thus, margins were reduced.

dormakaba increased net sales by 5.2% to CHF 1,419.8 million in the first half of 2022/23 (previous year: CHF 1,349.6 million); organic sales increased by 8.0%. Adjusted EBITDA decreased by 4.6% to CHF 184.6 million (previous year: CHF 193.5 million), with the adjusted EBITDA margin at 13.0% (previous year: 14.3%). Net profit decreased to CHF 84.9 million (previous year: CHF 100.6 million).

Since 1 January 2022, dormakaba has been implementing its Shape4Growth strategy (S4G), which was announced on 15 November 2021. It will enable dormakaba to accelerate profitable growth by focusing on the company's core businesses in commercial access solutions, as well as on its core markets with a clear focus on customer-centricity. The implementation of S4G includes the transition to a new operating model, which has changed the organizational setup as well as financial reporting going forward. dormakaba shifted its operating model to three customer-centric Regions and sales organizations for Access Solutions – Americas, Asia Pacific, and Europe & Africa. The previous segments AS DACH and AS EMEA were merged accordingly, and the Market Middle East was consolidated into Asia Pacific. In addition, three global functions, Marketing & Products, Operations and Product Development, were introduced to accelerate the deployment of products and solutions across all Regions. Key & Wall Solutions remains unchanged as a self-contained global business segment. A detailed description of the new structure can be found in the Notes to the consolidated financial statements for the first half of the financial year 2022/23.

8.0%

organic sales growth

CHF 184.6 million

adjusted EBITDA

13.0%

adjusted EBITDA margin

Sales

dormakaba increased net sales by 5.2% to CHF 1,419.8 million in the first half of 2022/23 (previous year: CHF 1,349.6 million). Organic sales growth contributed to the overall sales increase most with 8.0% (6.5% thereof pricing). In addition, portfolio adjustments (inorganic growth) added 0.1% to higher net sales, and currency translation effects were negative with a contribution of –2.5%.

Profitability

Adjusted EBITDA decreased by 4.6% and amounted to CHF 184.6 million (previous year: CHF 193.5 million), including a negative currency translation effect of CHF 4.6 million.

The gross margin for the reporting period was at 39.4% and thus below the previous year's level of 40.0%. This resulted from inflationary pressure on materials and engineered components, and increased labour costs. Furthermore the destocking of inventory along the whole supply chain resulted in lower sales and product volume at our access door hardware manufacturing sites and some inventory impairment.

Sales, marketing and general administration costs stood at CHF 364 million, slightly increased due to investments in the new strategy as well as additional investments in sales and marketing (previous year: CHF 347.1 million). This represents a slight decrease as a percentage of sales at 25.6% (previous year: 25.7%).

The adjusted EBITDA margin was 13.0% (previous year: 14.3%). There was a positive margin contribution due to higher sales volumes, increased sales prices, and improvements in operational efficiency. However, these effects were more than offset by a negative product mix effect (lower Safe Locks sales) and higher functional costs mainly due to S4G investments in growth initiatives such as FTE build-up in specification. Additional factors were inventory revaluation and a lower margin contribution from production plants due to missing volume for access door hardware. Door closers were particularly affected as customers destocked inventories due to the easing of supply chain constraints. The latter impacted margin especially in the Region Europe & Africa.

The EBITDA margin was impacted by an increase of 40 basis points in investments in Research & Development, amounting to 4.7% compared to the previous year's 4.3%.

Items affecting comparability were at CHF 14.0 million at EBITDA level (previous year: CHF 9.2 million). These included CHF 14.0 million in reorganization and restructuring expenses and CHF 6.6 million thereof for ERP harmonization and IT Infrastructure optimization.

EBIT decreased by CHF 10.0 million to CHF 132.4 million (previous year: CHF 142.4 million), and the EBIT margin was at 9.3% compared to 10.6% in the previous year.

Performance of Regions and Key & Wall Solutions
dormakaba experienced strong organic growth supported by strong price realization in most of its markets, with good order intakes and order backlogs. Despite strong organic growth there were still adverse effects that prevented even better growth, like the impact of the Covid-19 pandemic particularly in China, as well as customers destocking inventories which impacted volume growth for door hardware products, particularly door closers.

Organic sales in **Region Americas** (North and South America) increased by 8.2% in the first half-year of 2022/23 compared to the previous year, driven by higher sales prices, US commercial construction activity, multifamily housing demand, and growth in Latin America. The adjusted EBITDA margin was 17.6% (previous year: 18.3%). This reduction was mainly due to an unfavorable product mix, along with higher raw materials and freight costs that have not yet been fully compensated by price increases. Inflation persists, and costs remain elevated; the Region will therefore continue price realization measures to counteract the unfavorable impact on margins.

Organic sales in **Region Asia Pacific** grew by 5.1% year-on-year driven by both higher sales prices and volume gains in both sales and services compared to a base of previous year in which major countries were still impacted by Covid-19 restrictions. The adjusted EBITDA margin was 16.1% (previous year: 14.5%); This increase was due to price developments, cost management and efficiency improvements. These largely offset negative product mix effects in some markets and the impact of higher raw materials, freight and labor costs.

Organic sales for **Region Europe & Africa** grew by 7.1% year-on-year mainly thanks to price increases to fight inflationary pressure. The adjusted EBITDA margin was 18.8% (previous year: 22.1%). This reduction was mainly due to lower sales for access door hardware products, particularly door closers, which led to a lower contribution from the manufacturing sites. This effect was partly compensated by volume sales growth, successful price increases, favorable mix impacts, and cost efficiencies – despite inflation impacts and continued investment in specification.

Organic sales in **Key & Wall Solutions** grew by 14.3% year-on-year. Both the Key Systems and Movable Walls business units recorded strong organic growth (6.8% and 25.3% respectively). The adjusted EBITDA margin for Key & Wall Solutions was 17.4% in the first half of 2022/23 compared to 12.7% in the same period of the previous year. This increase was largely driven by improved profitability in the Movable Walls business unit, where higher sales prices and volumes more than compensated for cost inflationary impacts.

Financial result, profit before taxes, and income taxes
The net financial result for the first half of the financial year 2022/23 amounted to CHF –17.4 million (previous year: CHF –12.0 million). This is due to higher net debt from net working capital, dividend payout and slightly higher interest rates. The profit before taxes decreased to CHF 114.7 million (previous year: CHF 130.6 million). Income taxes for the period under review went down to CHF 29.8 million (previous year: CHF 30.0 million). The effective income tax rate increased from 23.0% to 26.0% due to one-time benefits last year.

Net profit
dormakaba achieved a net profit of CHF 84.9 million in the first half-year 2022/23. This was below the previous year's figure of CHF 100.6 million due to a lower EBITDA contribution and higher financial expenses.

Cash flow and balance sheet
Cash flow from operations increased to CHF 137.6 million (previous year: CHF 87.7 million) which was due to a sequential improvement in Net Working Capital.

Net cash from operating activities stood at CHF 103.9 million (previous year: CHF 49.3 million), representing an improved operating cash flow margin of 7.3% (previous year: 3.7%) as inflationary pressure was partially offset by a stock reduction program resulting in an inventory build-up of CHF 28.4 million compared to CHF 71.7 million in the previous year. Despite organic sales growth of 8.0% trade receivables only increased by CHF 2.7 million.

Cash flow from investing activities of CHF –53.8 million (previous year: CHF –103.2 million) was driven by acquisitions totaling CHF 12.8 million (previous year: CHF 80.7 million).

Cash flow from financing activities amounted to CHF –37.0 million (previous year: CHF 0.5 million). This includes dividend payments to company shareholders of CHF 48.1 million as well as to minority shareholders of CHF 43.1 million (in total CHF 91.2 million, previous year: CHF 97.0 million).

As a result, the free cash flow figure of CHF 50.1 million was above the previous year's (CHF –53.9 million).

As of 31 December 2022, total liabilities come to CHF 1,732.9 million (91.0% of total assets; previous year: 92.4%), of which CHF 320.2 million is accounted for by the corporate bond due in October 2025. In October 2022 a new CHF 275 milllion 3.75% corporate bond due 2027 was secured at the Swiss Debt Capital Market to refinance the CHF 300 million "bridge to bond" credit facility with a major Swiss bank.

The financial debt profile shows a balance short- and mid-term maturity profile again. Net financial debt increased by CHF 28.4 million to CHF 736.7 million as of 31 December 2022 (previous year: CHF 708.3 million). Financial leverage, defined as net debt relative to reported 12-month rolling EBITDA, was 2.3x (31 December 2021 1.8x net debt/reported EBITDA). The company fully complies with the covenant of the syndicated credit facility.

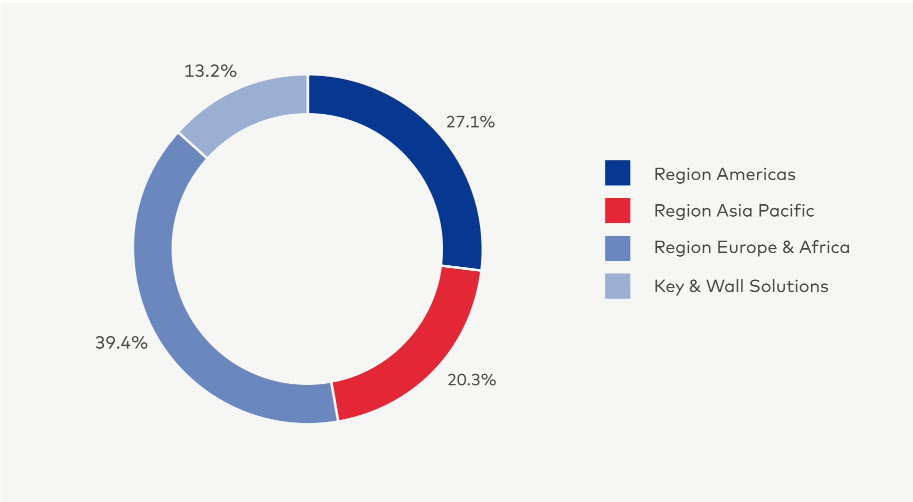
As of 31 December 2022, the company's equity stands at CHF 170.4 million, which represents an equity ratio of 9.0% (previous year: CHF 139.8 million or 7.6%).

Currency effects
In the first half of financial year 2022/23, the average euro exchange rate against the Swiss franc decreased by 8.4% year-on-year from 1.068 to 0.978. The average Swiss franc exchange against the US dollar rose by 4.9% from 0.920 to 0.965. Compared to previous years, most other major currencies depreciated against the Swiss franc, including the Canadian dollar by 0.7%, the British pound by 9.6% and the Australian dollar by 3.9%. Currency translation had a negative impact of CHF 33.9 million on net sales and a negative impact of CHF 4.6 million on adjusted EBITDA.

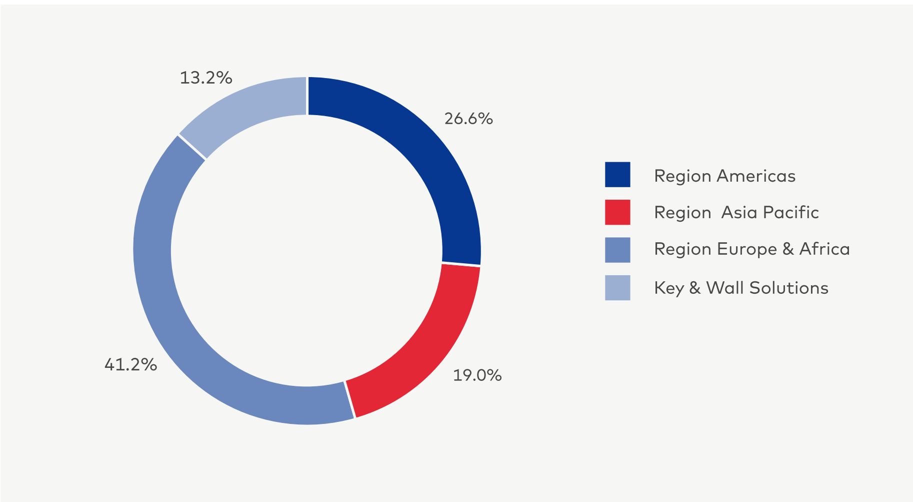
Key figures

CHF million, except where indicated	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021	%
Net sales	**1,419.8**		**1,349.6**	
Change in sales	70.2	5.2	122.1	10.0
Of which translation exchange difference	–33.9	–2.5	11.1	0.9
Of which acquisition impact	29.1	2.2	35.7	2.9
Of which divestment impact	–27.6	–2.1	–5.3	–0.4
Of which organic sales growth	**102.6**	**8.0**	**80.6**	**6.5**
Adjusted EBITDA (Operating profit before depreciation and amortization)	**184.6**	**13.0**	**193.5**	**14.3**
Adjusted EBIT (Operating profit)	**146.4**	**10.3**	**154.8**	**11.5**
Profit before taxes	114.7	8.1	130.6	9.7
Net profit	84.9	6.0	100.6	7.5
Other key figures				
Total assets	1,903.3		1,831.0	
Net debt	736.7		708.3	
Market capitalization	1,417.5		2,520.8	
Average number of full-time equivalent employees	15,585		15,304	

Third-party sales by segments



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



Consolidated financial statements

Consolidated income statement

CHF million, except share amounts	Reporting half-year ended 31.12.2022	%	Reporting half-year ended 31.12.2021 (restated)	%
Net sales	**1,419.8**	**100.0**	**1,349.6**	**100.0**
Cost of goods sold	–860.4	–60.6	–810.3	–60.0
Gross margin	**559.4**	**39.4**	**539.3**	**40.0**
Other operating income, net	3.4	0.2	8.0	0.6
Sales and marketing	–240.3	–16.9	–220.2	–16.3
General administration	–123.7	–8.7	–126.9	–9.4
Research and development	–66.4	–4.7	–57.8	–4.3
Operating profit (EBIT)	**132.4**	**9.3**	**142.4**	**10.6**
Result from associates	–0.3	0.0	0.2	0.0
Financial expenses	–18.0	–1.2	–12.6	–0.9
Financial income	0.6	0.0	0.6	0.0
Profit before taxes	**114.7**	**8.1**	**130.6**	**9.7**
Income taxes	–29.8	–2.1	–30.0	–2.2
Net profit	**84.9**	**6.0**	**100.6**	**7.5**
Net profit attributable to minority interests	40.6		48.2	
Net profit attributable to the owners of the parent	44.3		52.4	
Basic earnings per share in CHF	10.6		12.6	
Diluted earnings per share in CHF	10.5		12.5	
Adjusted EBITDA (Operating profit before depreciation and amortization)	**184.6**	**13.0**	**193.5**	**14.3**

Consolidated balance sheet

Assets

CHF million	Reporting half-year ended 31.12.2022	%	Financial year ended 30.06.2022	%	Reporting half-year ended 31.12.2021	%
Current assets						
Cash and cash equivalents	120.3	6.3	104.5	5.5	98.2	5.4
Trade receivables	468.7	24.6	482.8	25.3	429.7	23.5
Inventories	544.4	28.7	537.0	28.2	507.7	27.6
Current income tax assets	10.3	0.5	17.7	0.9	32.5	1.8
Other current assets	81.5	4.3	68.5	3.6	76.0	4.2
Total current assets	**1,225.2**	**64.4**	**1,210.5**	**63.5**	**1,144.1**	**62.5**
Non-current assets						
Property, plant, and equipment	396.1	20.8	409.9	21.5	417.1	22.8
Intangible assets	89.5	4.7	87.9	4.5	86.2	4.7
Investments in associates	5.4	0.3	5.7	0.3	5.6	0.3
Non-current financial assets	46.0	2.4	45.0	2.4	36.6	2.0
Deferred income tax assets	141.1	7.4	148.2	7.8	141.4	7.7
Total non-current assets	**678.1**	**35.6**	**696.7**	**36.5**	**686.9**	**37.5**
Total assets	**1,903.3**	**100.0**	**1,907.2**	**100.0**	**1,831.0**	**100.0**

Liabilities and equity

CHF million	Reporting half-year ended 31.12.2022	%	Financial year ended 30.06.2022	%	Reporting half-year ended 31.12.2021	%
Current liabilities						
Current borrowings	256.3	13.5	481.4	25.2	472.3	25.8
Trade payables	183.9	9.6	178.7	9.4	182.9	10.0
Current income tax liabilities	37.7	2.0	37.4	2.0	53.5	2.9
Accrued and other current liabilities	355.4	18.7	379.8	19.9	351.1	19.2
Provisions	21.0	1.1	24.4	1.3	24.7	1.3
Total current liabilities	**854.3**	**44.9**	**1,101.7**	**57.8**	**1,084.5**	**59.2**
Non-current liabilities						
Accrued pension costs and benefits	253.8	13.2	254.1	13.3	261.2	14.3
Deferred income tax liabilities	24.1	1.3	24.3	1.3	11.3	0.6
Non-current liabilities	600.7	31.6	331.2	17.3	334.2	18.3
Total non-current liabilities	**878.6**	**46.1**	**609.6**	**31.9**	**606.7**	**33.2**
Total liabilities	**1,732.9**	**91.0**	**1,711.3**	**89.7**	**1,691.2**	**92.4**
Equity						
Share capital	0.4	0.0	0.4	0.0	0.4	0.0
Additional paid-in capital	811.3	42.7	811.3	42.5	811.3	44.3
Retained earnings	1,324.9	69.6	1,329.8	69.7	1,318.2	72.0
Goodwill offset in equity	–1,930.3	–101.4	–1,925.8	–100.9	–1,945.3	–106.2
Treasury shares	–9.3	–0.5	–16.0	–0.8	–17.1	–0.9
Translation exchange differences	–32.2	–1.7	–25.9	–1.4	–23.2	–1.3
Total equity owners of the parent	**164.8**	**8.7**	**173.8**	**9.1**	**144.3**	**7.9**
Minority interests	5.6	0.3	22.1	1.2	–4.5	–0.3
Total equity	**170.4**	**9.0**	**195.9**	**10.3**	**139.8**	**7.6**
Total liabilities and equity	**1,903.3**	**100.0**	**1,907.2**	**100.0**	**1,831.0**	**100.0**

Consolidated cash flow statement

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021
Net profit	**84.9**	**100.6**
Depreciation and amortization	38.2	41.9
Income tax expenses	29.8	30.0
Interest expenses	18.6	9.3
Interest income	–0.5	–0.5
(Gain) Loss on disposal of fixed assets, net	0.1	–1.7
Adjustment for non-cash items	4.8	–0.6
Change in trade receivables	–2.7	–2.8
Change in inventories	–28.4	–71.7
Change in other current assets	–7.7	–10.1
Change in trade payables	11.2	12.7
Change in accrued pension cost	3.4	–0.6
Change in accrued and other current liabilities	–14.1	–18.8
Cash generated from operations	**137.6**	**87.7**
Income taxes paid	–16.8	–27.0
Interest paid	–17.4	–11.9
Interest received	0.5	0.5
Net cash from operating activities	**103.9**	**49.3**
Cash flows from investing activities		
Additions of property, plant, and equipment	–25.2	–25.6
Proceeds from sale of property, plant, and equipment	0.8	2.2
Additions of intangible assets	–14.2	–10.6
Change in non-current financial assets	–2.4	0.5
Acquisition of subsidiaries, net of cash acquired	–12.8	–80.7
Sale of subsidiaries, net of cash sold	0.0	11.0
Net cash used in investing activities	**–53.8**	**–103.2**
Free cash flow	**50.1**	**–53.9**
Cash flows from financing activities		
Repayment of bond	0.0	–340.0
Other proceeds from (repayment of) current borrowings, net	–218.0	434.2
Proceeds from (repayment of) non-current borrowings, net	–1.7	3.9
Change in other non-current liabilities	–0.3	–0.6
New bonds issued	274.2	0.0
Dividends paid to company's shareholders	–48.1	–52.2
Dividends paid to minority shareholders	–43.1	–44.8
Net cash flows from financing activities	**–37.0**	**0.5**
Translation exchange differences	2.7	–17.5
Net increase (decrease) in cash and cash equivalents	**15.8**	**–70.9**
Cash and cash equivalents at beginning of period	104.5	169.1
Cash and cash equivalents at end of period	120.3	98.2
Net increase (decrease) in cash and cash equivalents	**15.8**	**–70.9**

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 31.12.2022	**0.4**	**811.3**	**1,324.9**	**–1,930.3**	**–9.3**	**–32.2**	**5.6**	**170.4**
Net profit for the reporting period			44.3				40.6	84.9
Goodwill on acquisitions and divestments				–4.5			–4.1	–8.6
Currency translation adjustments						–6.3	–8.8	–15.1
Dividend paid			–48.1				–43.1	–91.2
Shares awarded (share-based compensation)			–1.1		6.7		–1.1	4.5
Balance at 01.07.2022	**0.4**	**811.3**	**1,329.8**	**–1,925.8**	**–16.0**	**–25.9**	**22.1**	**195.9**
Balance at 31.12.2021	**0.4**	**811.3**	**1,318.2**	**–1,945.3**	**–17.1**	**–23.2**	**–4.5**	**139.8**
Net profit for the reporting period			52.4				48.2	100.6
Goodwill on acquisitions and divestments				–54.7			–49.5	–104.2
Currency translation adjustments						–13.9	–15.1	–29.0
Dividend paid			–52.2				–44.8	–97.0
Shares awarded (share-based compensation)			–0.7		5.9		–0.7	4.5
Balance at 01.07.2021	**0.4**	**811.3**	**1,318.7**	**–1,890.6**	**–23.0**	**–9.3**	**57.4**	**264.9**

Notes to the consolidated financial statements

Basis of preparation

The consolidated financial statements of dormakaba Group ("dormakaba") include 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 2022 until 31 December 2022 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 2022, 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 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.

Changes to the operating model and Group internal IT cost recharge concept

As part of its new corporate strategy Shape4Growth, dormakaba changed its operating model as per 1 January 2022 to enable a stronger focus on its customers, to increase operational efficiency, to gain scale and to increase transparency and accountability.

The transition into the new operating model contains the following major elements:

- **Global Operations and Marketing & Products** organizations are separated in the new operating model and established as Global Functions. Their financial contribution to the Group's financial performance is allocated to the respective sales Region; either directly attributable or allocated on a reasonable basis.
- **Other Organizational Changes** reflect the geographical and other structural shifts of responsibility. The change in Region Americas stems mainly from the centralization of the Safe Locks business (share of former AS EMEA segment) while the performance of the Region Asia Pacific is impacted by the assignment of the Market Middle East (former AS EMEA segment). The impact of the above changes on Region Europe & Africa are partly offset by the additional responsibility for Legic SmartCard and Connect technologies (previously reported in segment "other").
- **Global Research and Development** costs contain the development costs for global products, and are organized as a Global Function (Product Development) and disclosed separately in the new operating model.

Further details on the structural changes, financial performance measurements and steering concept are disclosed within the segment reporting in the consolidated financial statements compiled for the financial year ended 30 June 2022.

In alignment with the corporate strategy Shape4Growth the principles for internal IT cost allocation were simplified as per 1 July 2022. While in the past the charges to the segments were based on consumed services within a catalogue, the new concept 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.

A bridge of the previous year published former segment reporting and the consolidated income statement to the restated information in this report are disclosed in the chapter restatement of prior year financial information.

Segment reporting

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021 [1] (restated)	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021 [1] (restated)	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021 [1] (restated)
		Region Americas		**Region Asia Pacific**		**Region Europe & Africa**
Net sales third parties	384.6	358.2	287.6	268.2	559.7	555.4
Intercompany sales	5.2	8.0	17.6	15.2	7.0	12.3
Total sales	**389.8**	**366.2**	**305.2**	**283.4**	**566.7**	**567.7**
Adjusted EBIT (Operating profit)	**61.2**	**59.1**	**40.1**	**32.6**	**93.5**	**111.2**
as % of sales	15.7%	16.1%	13.1%	11.5%	16.5%	19.6%
Adjusted depreciation and amortization	7.5	7.8	9.0	8.6	13.2	14.1
Adjusted EBITDA (Operating profit before depreciation and amortization)	**68.7**	**66.9**	**49.1**	**41.2**	**106.7**	**125.3**
as % of sales	17.6%	18.3%	16.1%	14.5%	18.8%	22.1%

				Eliminations		**Sales Region Total**
Net sales third parties			0.0	0.0	1,231.9	1,181.8
Intercompany sales			–25.6	–31.5	4.2	4.0
Total sales			**–25.6**	**–31.5**	**1,236.1**	**1,185.8**
Adjusted EBIT (Operating profit)			**–0.8**	**–0.4**	**194.0**	**202.5**
as % of sales			3.1%	1.3%	15.7%	17.1%
Adjusted depreciation and amortization			0.0	0.0	29.7	30.5
Adjusted EBITDA (Operating profit before depreciation and amortization)			**–0.8**	**–0.4**	**223.7**	**233.0**
as % of sales			3.1%	1.3%	18.1%	19.6%

		Key & Wall Solutions		**Global Research and Development**		**Corporate**
Net sales third parties	187.9	167.8	0.0	0.0	0.0	0.0
Intercompany sales	8.1	6.5	0.0	0.0	0.0	0.0
Total sales	**196.0**	**174.3**	**0.0**	**0.0**	**0.0**	**0.0**
Adjusted EBIT (Operating profit)	**29.1**	**17.0**	**–55.7**	**–49.3**	**–21.0**	**–15.4**
as % of sales	14.8%	9.8%	0.0%	0.0%	0.0%	0.0%
Adjusted depreciation and amortization	5.1	5.2	2.5	2.1	0.9	0.9
Adjusted EBITDA (Operating profit before depreciation and amortization)	**34.2**	**22.2**	**–53.2**	**–47.2**	**–20.1**	**–14.5**
as % of sales	17.4%	12.7%	0.0%	0.0%	0.0%	0.0%

				Eliminations		**Group**
Net sales third parties			0.0	0.0	1,419.8	1,349.6
Intercompany sales			–12.3	–10.5	0.0	0.0
Total sales			**–12.3**	**–10.5**	**1,419.8**	**1,349.6**
Adjusted EBIT (Operating profit)			**0.0**	**0.0**	**146.4**	**154.8**
as % of sales			0.0%	0.0%	10.3%	11.5%
Adjusted depreciation and amortization			0.0	0.0	38.2	38.7
Adjusted EBITDA (Operating profit before depreciation and amortization)			**0.0**	**0.0**	**184.6**	**193.5**
as % of sales			0.0%	0.0%	13.0%	14.3%

1) dormakaba changed its operating model as of 1 January 2022. To enable a fair comparison with current year data, all segment information disclosed were retrospectively adjusted to the new operating model by reclassification of transactions within the segment reporting.

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021 (restated)
Net working capital [1]		
Group	**742.1**	**685.0**
Region Americas	144.4	132.0
Region Asia Pacific	135.1	132.0
Region Europe & Africa	186.6	168.3
Operations	203.8	184.0
Key & Wall Solutions	93.3	82.7
Corporate	–21.1	–14.0

1) Details on the calculation of net working capital are disclosed in the chapter alternative performance measures (APM).

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021 (restated)
Capital expenditure [1]		
Group	**39.4**	**36.2**
Region Americas	2.0	1.3
Region Asia Pacific	3.0	2.8
Region Europe & Africa	2.6	2.2
Operations	14.0	16.5
Key & Wall Solutions	3.4	3.2
Global Research and Development	4.0	4.5
Corporate	10.4	5.7

1) Details on the calculation of capital expenditure are disclosed in the chapter alternative performance measures (APM).

Reconciliation of operational figures to the consolidated financial statement

	Reporting half-year ended 31.12.2022			Reporting half-year ended 31.12.2021		
CHF million	**Adjusted**	**IAC** [1]	**Unadjusted**	**Adjusted**	**IAC** [1]	**Unadjusted**
Operating profit before depreciation and amortization (EBITDA)	**184.6**	**–14.0**	**170.6**	**193.5**	**–9.2**	**184.3**
Depreciation and amortization [2]	–38.2	0.0	–38.2	–38.7	–3.2	–41.9
Operating profit (EBIT)	**146.4**	**–14.0**	**132.4**	**154.8**	**–12.4**	**142.4**

1) Content of items affecting comparability (IAC) is described in the chapter alternative performance measures (APM).

2) In 2021/22: depreciation and amortization include CHF 2.2 million goodwill recycling from the sale of the interior glass systems business (IGS), which is treated as IAC. Details are disclosed in the chapter business combinations and divestments.

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 2022/23 and for the full financial year 2021/22 in comparison.

CHF million	Reporting half-year ended 31.12.2022	Financial year ended 30.06.2022
	Total	**Total**
Total consideration	**9.4**	**114.4**
Cash paid	9.2	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	–0.4	–9.4
Current income tax liabilities	0.0	–1.0
Accrued and other current liabilities	–0.7	–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	**8.6**	**118.0**

Alldoorco

On 1 August 2022, dormakaba acquired Alldoorco 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.

Divestments

The following table summarizes the considerations received as well as the net assets divested. The resulting net goodwill was recycled affecting net income.

CHF million	Reporting half-year ended 31.12.2022	Financial year ended 30.06.2022
	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
Amortization on goodwill - recycling [1)3)]	0.0	50.9
Result from sale of subsidiaries [2)]	**0.0**	**–55.2**

1) Goodwill is fully offset in equity at the date of acquisition and amortized over five years in the notes of the annual financial statements without affecting consolidated income. In order to determine the result from sale of subsidiaries, goodwill allocated to the disposed business is recognized at its original cost in the income statement.

2) Included in other operating income, net

3) In 2021/22: amortization on goodwill - recycling includes CHF 48.7 million goodwill recycling from the sale of the Mesker hollow metal doors business and CHF 2.2 million goodwill recycling from the sale of the interior glass systems business (IGS), which are treated as IAC.

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	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021
Items affecting comparability (IAC)	**14.0**	**12.4**
Reorganization and restructuring expenses	14.0	14.0
(Gain) Loss on divestment of businesses	0.0	–1.7
Other exceptional items	0.0	0.1

Reorganization and restructuring comprise expenses in relation to dormakaba's new strategy Shape4Growth, which changed 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 first half of financial year 2021/22, dormakaba divested its interior glass business (IGS). Details on the divestments are disclosed in chapter business combinations and divestments.

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.

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 31.12.2022	Reporting half-year ended 31.12.2021
Capital expenditure	**39.4**	**36.2**
Additions of property, plant, and equipment	25.2	25.6
Additions of intangible assets	14.2	10.6

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 31.12.2022	Reporting half-year ended 31.12.2021
Free cash flow before acquisitions/divestments	**62.9**	**15.8**
Acquisition of subsidiaries, net of cash acquired	–12.8	–80.7
Sale of subsidiaries, net of cash sold	0.0	11.0
Free cash flow	**50.1**	**–53.9**
Net cash from operating activities	103.9	49.3
Net cash used in investing activities	–53.8	–103.2

Net debt

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

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021
Net debt	**736.7**	**708.3**
Current borrowings	256.3	472.3
Non-current liabilities	600.7	334.2
Cash and cash equivalents	–120.3	–98.2

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 31.12.2022	Reporting half-year ended 31.12.2021
Net working capital	**742.1**	**685.0**
Trade receivables	468.7	429.7
Inventories	544.4	507.7
Trade payables	–183.9	–182.9
Advances from customers	–54.5	–44.0
Deferred income	–32.6	–25.5

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 31.12.2022	Reporting half-year ended 31.12.2021
Operating cash flow margin	**7.3%**	**3.7%**
Net sales	1,419.8	1,349.6
Net cash from operating activities	103.9	49.3

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.

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. For the calculation, the average of the last three published balance sheet information is considered (31 December 2022, 30 June 2022, and 31 December 2021). For the previous year comparison, the same principles were applied.

CHF million	Reporting half-year ended 31.12.2022	Reporting half-year ended 31.12.2021
ROCE (Return on capital employed)	**23.3%**	**25.8%**
Adjusted EBIT	**285.0**	**296.9**
Adjusted EBIT current half-year	146.5	154.8
Adjusted EBIT second half-year previous year	138.5	142.1
Average CE (Capital employed)	**1,221.7**	**1,150.2**
Average net working capital	726.2	636.4
Average property, plant, and equipment	407.7	427.3
Average intangible assets	87.8	86.5

Restatement of prior year financial information

The following table bridges the previous year's disclosed segment performance to the new operating model and includes the impact from the change of the internal IT cost allocation principles. Further details are disclosed in the chapter basis of preparation.

CHF million	Reporting half-year ended 31.12.2021 (restated)	Global Operations and Marketing & Products	Other organizational changes	Global Research and Development	IT cost reallocation	Reporting half-year ended 31.12.2021
	Region Americas					**Access Solutions AMER**
Net sales third parties	358.2	0.4	10.1	0.0	0.0	347.7
Intercompany sales	8.0	–10.2	0.7	0.0	0.0	17.5
Total sales	**366.2**	**–9.8**	**10.8**	**0.0**	**0.0**	**365.2**
Adjusted EBIT (Operating profit)	**59.1**	**–4.2**	**2.4**	**10.1**	**–3.2**	**54.0**
as % of sales	16.1%					14.8%
Adjusted depreciation and amortization	7.8	0.4	0.1	–1.7	2.0	7.0
Adjusted EBITDA (Operating profit before depreciation and amortization)	**66.9**	**–3.8**	**2.5**	**8.4**	**–1.2**	**61.0**
as % of sales	18.3%					16.7%
	Region Asia Pacific					**Access Solutions APAC**
Net sales third parties	268.2	–4.3	28.4	0.0	0.0	244.1
Intercompany sales	15.2	–1.8	0.0	0.0	0.0	17.0
Total sales	**283.4**	**–6.1**	**28.4**	**0.0**	**0.0**	**261.1**
Adjusted EBIT (Operating profit)	**32.6**	**6.3**	**1.0**	**0.5**	**–6.0**	**30.8**
as % of sales	11.5%					11.8%
Adjusted depreciation and amortization	8.6	2.4	0.2	0.0	1.8	4.2
Adjusted EBITDA (Operating profit before depreciation and amortization)	**41.2**	**8.7**	**1.2**	**0.5**	**–4.2**	**35.0**
as % of sales	14.5%					13.4%
	Region Europe & Africa					**Access Solutions EMEA & DACH** [1]
Net sales third parties	555.4	3.9	–28.4	0.0	0.0	579.9
Intercompany sales	12.3	–49.3	2.4	–0.6	0.0	59.8
Total sales	**567.7**	**–45.4**	**–26.0**	**–0.6**	**0.0**	**639.7**
Adjusted EBIT (Operating profit)	**111.2**	**–10.5**	**–7.1**	**35.8**	**–6.5**	**99.5**
as % of sales	19.6%					15.6%
Adjusted depreciation and amortization	14.1	–2.5	0.1	–0.5	4.6	12.4
Adjusted EBITDA (Operating profit before depreciation and amortization)	**125.3**	**–13.0**	**–7.0**	**35.3**	**–1.9**	**111.9**
as % of sales	22.1%					17.5%
	Key & Wall Solutions					**Key & Wall Solutions**
Net sales third parties	167.8	0.0	0.0	0.0	0.0	167.8
Intercompany sales	6.5	0.0	0.0	0.0	0.0	6.5
Total sales	**174.3**	**0.0**	**0.0**	**0.0**	**0.0**	**174.3**
Adjusted EBIT (Operating profit)	**17.0**	**0.1**	**0.0**	**0.0**	**–1.1**	**18.0**
as % of sales	9.8%					10.3%
Adjusted depreciation and amortization	5.2	0.1	0.0	0.0	0.8	4.3
Adjusted EBITDA (Operating profit before depreciation and amortization)	**22.2**	**0.2**	**0.0**	**0.0**	**–0.3**	**22.3**
as % of sales	12.7%					12.8%
	Global R&D					**Global R&D**
Adjusted EBIT (Operating profit)	**–49.3**			**–49.3**		**0.0**
Adjusted depreciation and amortization	2.1			2.1		0.0
Adjusted EBITDA (Operating profit before depreciation and amortization)	**–47.2**			**–47.2**		**0.0**

1) For better readability, the former segments AS EMEA and AS DACH are disclosed combined. Intersegment transactions of the combined disclosure are eliminated.

To enable a fair comparison with current year data, the consolidated income statement was retrospectively adjusted for the change in the internal IT cost allocation principles. Further details are disclosed in the chapter basis of preparation.

CHF million	Reporting half-year ended 31.12.2021 (restated)	IT Expenses reclassified	Reporting half-year ended 31.12.2021
Net sales	**1,349.6**	**0.0**	**1,349.6**
Cost of goods sold	–810.3	11.8	–798.5
Gross margin	**539.3**	**11.8**	**551.1**
Other operating income, net	8.0	–0.4	7.6
Sales and marketing	–220.2	10.8	–209.4
General administration	–126.9	–25.5	–152.4
Research and development	–57.8	3.3	–54.5
Operating profit (EBIT)	**142.4**	**0.0**	**142.4**
Adjusted EBITDA (Operating profit before depreciation and amortization)	**193.5**	**0.0**	**193.5**

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For definition of alternative performance measures, please refer to the chapter "Notes to the consolidated financial statements" of the Half-year Report 2022/23 of dormakaba.

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